

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### Review of the Crisis

(Originally published in *The Australian Social Crediter* in 1947)

(1)

Quite suddenly, during the second half of July, 1947, the daily Press gave extensive publicity to warnings that a 'crisis'—subsequently labelled a 'dollar crisis' to distinguish it from the previous 'fuel crisis' and the anticipated 'food crisis'—was imminent. That this dramatic announcement was a careful piece of stage-management is hardly to be doubted; it bore all the marks of a handout by Public Relations Officers; the identical 'simple explanation' of the situation was common to all the Special Correspondents who dealt with the matter in each of the different papers. This simple explanation is that owing to the rise in prices in the U.S.A., the thousand million dollar loan to Great Britain had been drawn on more rapidly than anticipated; on top of that, on July 15, under the terms of the loan, sterling for current transactions became 'convertible'—*i.e.*, any country which sold goods to Great Britain could demand payment in dollars, and Great Britain was bound to surrender dollars from the loan to meet this demand. Because of this provision, the explanation ran, the rate of dollar expenditure had become so high that the loan would be exhausted in a matter of weeks.

That was bad; but matters were made worse by another provision which on the whole has received somewhat less publicity. Under Article IX of the Agreement, Great Britain is prohibited from 'discriminating' against the U.S.A. in any reduction of imports. She must not cut down American imports, and then make good the deficiency by importing from Empire countries; any reduction of imports must be an all-round reduction. Everything, therefore, revolved around dollars.

(2)

To see this 'crisis' in some sort of perspective, it must be remembered that 'unofficial' observers had freely predicted it from the time when the dollar loan was first discussed as a likely possibility. The predictions and the criticisms became much sharper when the proposed terms became known, and sharper still when they were accepted by the British Government, and a Bill to authorise them was rushed through Parliament as a matter of extreme urgency, discussion of the matter being in this way effectively inhibited. The majority of the 'unofficial' observers considered that some difficulty would be experienced in repaying the loan in due course; a minority foresaw that a 'crisis' would arise in several years; and a smaller number still, who suffered the most biting scorn of the 'official' observers, predicted a 'crisis' in July, 1947, when the convertibility clause would come into operation.

The 'official' observers, who include, of course, spokesmen of the British Government—those with the best knowledge of the facts—, continued to denounce predictions of difficulties as ignorant and irresponsible until about June, 1947, when Mr. Morrison emitted a small cloud—about the size of a man's hand—saying that the twelfth hour would strike in the autumn. On the whole, however, the tone of 'official' comment was that apart from the unfortunate set-back due to the 'officially' unexpected 'fuel crisis' (now happily fading from memory, with the introduction of the Five Day Week for Miners), all was well, in fact would be magnificent were it not for the exploitation by the wicked Tories of imaginary difficulties such as food-shortages and queuing.

All of a sudden, the unexpected storm broke, heralded by no more than a low rumble from Mr. Arthur Deakin, Secretary of the largest union in the land, that he for one would be prepared to accept a "limited" amount of direction of labour.

The storm rapidly developed along the lines with which we became familiar during the war. The Press was full of grim fore-bodings; the Prime Minister would broadcast to the nation. Emergency secret meetings were held, followed by moderately full accounts in the Press of what transpired. Questions were raised: Was the Prime Minister equal to the tasks of Leadership demanded by the Occasion? Would he be drastic enough? Then—hush! The Prime Minister has a plan; he has discussed it with the Trade Unions. Next he must obtain the approval of Mr. Clayton (U.S.A.) who happily is at that very moment in Paris—a Minister can be despatched post-haste in a Specially Chartered Plane. In the meantime, so that not a moment may be lost, Parliament will sit on a Bank Holiday; and for the moment, there is nothing more to be done.

Comes Wednesday, August 6th. Unemotionally, ~~prosaically, Mr. Attlee reads his speech. It is, indeed, as the~~ Press had feared: there is a shortage of dollars. It is due to factors (blessed word) beyond the control of the Government: Rising Prices in America; the Drain on Our Resources of occupying Germany; the Unexpectedly Heavy Withdrawals under the convertibility clause of the Loan. That is the sorry situation. The Government has done everything that could be done, and far more, it goes without saying, than would have been done by the Wicked Tories had they been the Government. It is another Dunkirk, and it calls for (wait for it)—a Dictatorship, that's all.

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## FROM WEEK TO WEEK

It took mankind thousands of years to get beyond the geocentric view of the universe; and when the heliocentric view of planetary motion was first clearly formulated by Galileo ecclesiastical authority forced him to recant. The new view prevailed, however, because it accorded more fully with the ever more refined observations made possible by the invention of the telescope. This change of view marks perhaps the most significant turning-point in mankind's history. From it stems modern science and modern mathematics which, with the invention of the steam engine, are the foundations of the industrial revolution.

The prevailing view of the monetary system is closely analogous to the geocentric view of the universe. Industry is treated as if its prime purpose were to produce financial results, so that economic theory bears much the same relation to economic reality as astrology bears to astronomy, with 'monetary authorities' playing the part of the Inquisition. The very vocabulary of 'economics', used by 'statesmen' and economists alike, is reminiscent of the language of mythology—indeed, is mythological, being based for public consumption on the myth that money is a commodity. What are such terms as "overheating", "credit squeeze", "anaemic balance of payments", "crisis package" and so on doing in an alleged 'science' of economics?\*

The importance of all this lies in the *preservation* of the myth. It was not necessary for the advance of astronomy that the public at large should become astronomers; it was necessary that public opinion should cease to support the theory of geocentricity. The current economic myth, based on the popular belief in money as a commodity, is that industry exists to produce goods to compete in the world's markets, the reward for successful competition being the acquisition of the world's most valuable commodity, 'money'. But 'money' is at the very least ninety *per cent* book-keeping—a fact which is covertly acknowledged in the proposal to institute "paper gold"—a mythological term to conceal the fact that "drawing rights" on paper gold is merely the provision of international overdrafts: the creation of 'money' out of nothing.

\*See REDuctio Ad Absurdum, T.S.C. Feb. 24, 1968; *The Art of the Possible*.

The prime concern of the industry of any country should be to provide the *home* market with the goods it requires with the minimum of effort and inconvenience to consumers who, in their other aspect, are workers. To this end, international trade should be considered as a facility; what cannot be produced internally either at all, or without disproportionate expenditure of energy, must be imported. Thus international trade becomes a mutually beneficial exchange of *relative* surpluses, instead of an irrational end in itself.

A grasp of these fundamental realities should be sufficient to judge the qualifications of politicians claiming the ability to 'manage' the economy. Manage to what end? To pile up figures in international account-books, or to fulfil the inducement for the community to engage in co-operative industry—to obtain the goods and services it requires with the minimum human effort? And the first step in the latter direction is to demand that an incentive taxation system be substituted for the present disincentive system.

## Terror in Ulster

The marches and civil rights agitation that opened the Ulster disturbances must have struck a chill of foreboding in anyone who recalled the Luther King campaigns and their aftermath: forty-six people died in Detroit, arson and looting proliferated, communist agitators took hold of the movement, and non-violent civil disobedience swallowed up the moderates in a violent orgy.

And now we read that, as the death toll mounts in Ulster, the same evil figures are coming out of their holes: "The depth of the infiltration of the Northern Irish Civil Rights Association by the People's Democracy" is expected to be exposed by the Cameron Commission report. (*Daily Telegraph*, London, Sept. 8, 1969.) Miss Bernadette Devlin founded this "extreme Left-wing movement" at Queen's University, Belfast, after last year's October riots, and the movement's march from Belfast to Londonderry provoked four days of battles with the police.

*The Tablet* (Sept. 6, 1969) notices none of these things, and in praising Mr. Callagan for his "success", remarks that if working parties "come up with radical solutions and if a permanent team of British representatives with real power . . . is left behind, most of the grievances of the Catholic minority would be removed". We may indeed hope so, but should fail in perception if we forgot the petrol bombs, the foreign agitators and the People's Democracy. Mr. Paisley, who alone failed to praise Mr. Callagan, and for whom I have no particular respect, spoke in America of the need for discipline and on the dangers of conspiracy and provocation. The Union Jack even appeared on the B.B.C. in their pictures of some of the Belfast streets. The moderates in the civil rights movement, who represent the great majority of those concerned, will need to look to their laurels or they will be supplanted by the local Stokeley Carmichaels.

As if we had not enough racial and civil trouble, the World Council of Churches is to spend £312,000, some of it to 'combat racism', which usually means to manufacture incidents, and we should know from experience the grisly sequence after the incident. Mr. Evelyn King M.P. very sensibly asks about "these investigating teams to combat 'racialism'—in South Africa understandably, and of all

places in Australia and New Zealand". He points out that "the most hideous racial problems" now exist in Kenya and Tanzania, where the government tries to expel entire Asian communities on racial grounds, while the WCC says nothing of the massacre of "whole Christian communities" in the Sudan. In fact the WCC's "form of racism" falls exclusively on Europeans or European governments. He rightly calls this an "especially odious form" of discrimination, while it implies that Afro-Asians are "past praying for". (*Church Times*, Sept. 5, 1969.)

We might well apply to the World Council of Churches the robust words of a Roman Catholic in Belfast who said of the extreme Left-wing elements, "We have no time for them". (*Daily Telegraph*, London, Sept. 11, 1969.) Nevertheless they are present, another leader described them as "useful", and a few hard words will certainly not brush them away.

—H.S.

### Review of the Crisis (continued from page 1)

That's all . . . Following precedent, the Press next day is dubious. Has the Government Gone Far Enough? Is the Government Awake to the Urgency of the Situation? Is the Government Demanding Sufficient Sacrifices? For British Grit responds best to adversity, and will respond cheerfully to unlimited sacrifices.

In the propaganda symphony, there is one new theme. These immense powers are required to deal with the problem of the "spivs and drones" . . .

(3)

What are the possible explanations of the course of events culminating in the 'dollar crisis'?

The most common, the most popular, and the one adopted by the Opposition, is that it is due to the incompetence of the Socialist Administration. This explanation accepts at face value the protestations made continuously by the Government up to each successive crisis that all was well and would soon be better. It implies a fundamental agreement on the *policy* pursued, and criticises merely the *administration* of that policy. This is the 'village idiot' theory, and it is steadily propagated.

The second explanation, which is much less in evidence but still not uncommon, is that Socialism is an honest mistake. Up to a point, this is true, in so far as there are immense numbers of people—and not by any means incompetent, let alone idiotic—who are honestly convinced Socialists. It is the existence of these people, many of them occupying important and responsible positions, which rules out the first explanation. As any student of political affairs knows, a Government functions all the time by the aid of experts, and in the light of expert reports. In the face of this fact, the hypothesis of mere administrative incompetence is quite untenable.

The third explanation is well put by *The Tablet* which, however, does not appear to accept it. *The Tablet* speaks of the need of reassuring important sections of the community "that they are not being the victims of a crafty utilisation of a crisis that has been deliberately allowed to develop to this point precisely so that those powers can be taken, in

order to hasten the Socialist transformation. . . . Then blue prints drawn up long ago for a Socialist Commonwealth, going far beyond anything in the election programme of 1945, could be foisted on the country, dressed up as the emergency remedy for the post-war crisis."

The fourth and, we think, final explanation is that the crisis has been deliberately *engineered*; that the assumption of dictatorial powers by the British Government is simply a step in a coherent and long term policy.

(4)

"The present century has seen the rise into prominence, despite every effort to maintain secrecy and to preserve the appearance of spontaneity, of a vast chain of interlocked organisations, possibly, and indeed probably, inspired from a common source, which pursue a long-term policy. The technique employed is one perfectly familiar to all those who have the slightest acquaintance with 'Big' business; it consists in first creating the conditions which natural inclination would induce the majority of people to try to escape; then fans the flame of desire by propagandist means, at the same time popularising the fancied remedy, which is the 'remedy' it is desired to sell; and finally 'sells' it." (Dr. Tudor Jones.)

This was the technique employed by Hitler, and by the Communist party still. But its general manifestations, though ubiquitous, are more subtle.

A study of a number of apparently diverse political organisations will reveal that they are indeed interlocked; they are controlled by the same people, to a greater or less extent. This being so, it is evident that such organisations are no more than agencies of some group further back. This is comparatively well known in the case of the Communist organisation, for example, which sponsors a number of seemingly diverse subsidiary organisations, designed to appeal to different community groups, and not necessarily overtly Communist. We may cite the Left Book Club; certain anti-war societies; workmen's clubs; and so on. Such "agencies" serve a dual purpose; they are centres of subversive propaganda, and they are a recruiting ground for suitable agents, and even members, of the Party. Their manifest aims often have very little connection with their occult aims.

Now this technique, which is easily verified in the case of the Communist organisation,\* is a principle of very great importance. In the case of the Communists, often little trouble is taken to conceal the connection between the agency and the principal. But this connection *can* be concealed, with the result that the ostensible objects of the organisation appear to be the real ones, and no others are suspected; and further, the real controllers of the organisation are unknown to a majority of the members. The apparent organisation of a group conceals the real and effective organisation.

This same type of effect may be secured in another way, which is illustrated in the case of the Fabian Socialist Society, and this technique may be described in the words

\*The technique has been very adequately exposed in the Report of the Canadian Royal Commission on Communist spying in Canada, in the section entitled "The Development of Ideological Motivation". The Report itself is difficult to obtain now; but the section referred to has been re-printed in a pamphlet entitled *The Real Communist Menace*, by E. D. Butler, and a summary of the whole Report has been prepared by the Attorney-General's Department.

of Bernard Shaw, one of its members:

"Our propaganda is chiefly one of permeating—we urged our members to join the Liberal and Radical Associations in their district, or if they preferred it, the Conservative Associations—we permeated the party organisations and pulled all the wires we could lay our hands on with the utmost adroitness and energy, and we succeeded so well that in 1888 we gained the solid advantage of a Progressive majority full of ideas that would never have come into their heads had not the Fabians put them there."

This technique of permeation results in the warping of the policy of an existing organisation into conformity with the policy of the Fabian Society. In some respects, therefore, the Fabian Society stands in the same relation to such organisations as does the Communist Party to its agencies. But it is quite evident that the effect of the Fabian Society on another organisation may remain concealed; the "permeator" responsible may not disclose his connection with the former, and often does not, so that it is quite impossible to say where even the direct effect of the society ends. Thus ideas "that would never have come into their heads" are likely to be found in the most unexpected places.

The importance of the Fabian Society, however, goes very much further. Out of it developed the Labour Party, now known as the Socialist party; and it founded the London School of Political and Economic Science (1921).

(5)

The London School of Economics is an extraordinary institution. It is avowedly Socialist, and was endowed by Sir Ernest Cassel, one of the world's richest financiers, and of German-Jew origin, "in order to train the bureaucracy which will run our future Socialist state". (K. H. Morgan, *Quarterly Review*, Jan., 1929.) But the school is one of the official training schools for economists, who obtain positions as advisors to governments (of any complexion) and banks. Thus there is clearly no conflict of aim between socialism, and orthodox financial practice, a highly significant fact. The enormous power of finance, and particularly of international finance, is obvious; yet socialist-trained economists not only do not attack the power of finance, but defend it. This is because financial power is the great instrument of centralisation.

London School of Economics graduates are convinced Socialists—that is, they believe in State ownership and control, which includes State ownership and control of the individual. But the 'State' is actually an oligarchy of 'experts' who 'advise' the nominal Governments—the higher bureaucrats. L. S. Amery, in a recent book (*Thoughts on the Constitution*) remarks: "What we call a change of government is in fact only a change in the small, if important, element which is required to direct the general policy, while securing for it parliamentary and public support, or at least acquiescence."

That is the picture which it is vital to see clearly. The total apparatus of the 'State' is something very much larger than the ostensible Government; and the whole organisation is largely and increasingly independent of the titular Government, and its policy is in reality controlled not by that

Government, but from somewhere else. A clue to the location of this real control is to be found in a consideration of the body known as Political and Economic Planning—a semi-anonymous organisation, another off-shoot of the Fabian Society, secretly launched in 1931.

(6)

P.E.P. forms a peculiar bridge between outside influence and the Civil Service. The Civil Service is in any case now heavily infiltrated by Fabians, and products of the London School of Economics; but in addition to this, P.E.P. constructed a new link. The aim of P.E.P. was "fact-finding" in connection with a projected planned economy, and in pursuit of this objective it issues a series of "Broadsheets" dealing with various aspects of the economy. In the preparation of these documents, the group has the 'assistance' of a number of officials from the Civil Service, who contribute 'valuable information', but remain anonymous.

The broadsheets, under the title of *Planning*, were issued from April, 1933, and have appeared ever since. The first few issues bore a notice which included the following: "You may use without acknowledgment anything which appears in this broadsheet, on the understanding that the broadsheet and the group are not publicly mentioned, either in writing or otherwise." The effect of this, naturally enough, was to encourage a spate of articles advocating a planned economy, and supported by superficially impressive facts and figures, which appeared apparently spontaneously in the Press.

Space does not permit an adequate treatment of this organisation here, and we refer readers to a valuable booklet, *Our Peace Crisis*, by Arthur Rogers, which treats of P.E.P. and its allied or permeated organisations in some detail. But it would be difficult to over-emphasise the importance of this key organisation as a link in the "vast chain of interlocked organisations".

(To be continued)

### FABIAN FREEWAY

High Road to Socialism in the U.S.A.  
By ROSE L. MARTIN

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