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The Negative View of History

(Chapter III of *The Brief for the Prosecution* by C. H. Douglas—1942)

A few years ago, a reference to “inexorable economic laws” was certain to be well received in the best circles. It had a scientific sound, combined with a slight suggestion of Puritanism and of the essentially inhospitable structure of the universe. In the higher realms of finance and commerce, it became to some extent displaced by the slightly occult word, “trends,” which was felt to be even more scientific, as being a cautious under-statement. Neither of these expressions escapes the risk of ribaldry, nowadays.

But the idea was clear enough. The world is an unpredictable place. Terrible things happen, but no-one is essentially to blame for them. On the whole the mathematics of chance and probability rule us, and, if we appear to be losing on black, our only course is to put our money on red.

On this theory, wars, revolutions, depressions, business amalgamations, rationalisation and nationalisation, taxes and bureaucrats, are natural phenomena as inevitable as the flowers that bloom in the spring. An attitude of reverent agnosticism combined with disciplined acceptance is all we can adopt pending a codification of the “trends,” which clearly require data compiled and card indexed over a long period of time.

It seems inseparable from the acceptance of this theory, however, that we school ourselves to agreement with the remark, “*Credo, quia impossibile.*” We must be able to believe that the Decline and Fall of the Roman Empire had no connection with monetary inflation; that Domesday Book did not interest William the Norman’s Jewish advisers, or that the expulsion of the Jews and the suppression of the Knights Templars who became primarily bankers, had no bearing on the prosperity of England in the fourteenth, fifteenth and sixteenth centuries. We must be able to believe that the foundation of the Bank of England had no influence on the National Debt, and that the appointment of Mr. Montagu Norman as Life Governor was an accident to which his American connections, and the visit of Lord Reading to Washington in 1917, made no contribution.

Clearly, it is much easier to hold this negative view of history if we are prevented from noticing that similar events frequently have similar causes. If we are told that the fall of Rome was due to immorality or malaria, and that William the Conqueror thought of Domesday Book all by himself, that the Jews who accompanied him were “refugees from Christian intolerance” and that the Bank of England had an “American” Adviser from 1927 to 1931, if not before and after, because it wished to learn the latest methods of banking, our attention will not be so likely to be attracted to the

idea that both the economic and political fortunes of mankind may be not so much at the mercy of inexorable natural law, as the outcome of manipulation by small groups of men who know exactly what they are doing.

This distinction is vital. Consider the events of the years between the European phase of the present war, beginning with the Armistice of November, 1918, and the resumption of hostilities in 1939.

The first point to be observed is the crystallisation of policy along lines clearly recognisable as imposed by a determination to adhere to the conventional subservience of a debtor to a creditor, and, with it, “employment” as the backbone of Government. While it is probably not true to say that the United States, in the ordinary acceptance of the term, was determined to use the highly artificial position created by the insistence on the assumption of all financial liability of the “victorious” belligerents by Great Britain, it is certain that German-Jewish bankers in America were fully aware that it was much more important to win the peace than to lose the war, and that this was the weapon with which victory could be achieved.

The War Debt due from Great Britain to the United States was \$4,368,000,000. Since it was stipulated that it was payable in gold it was equivalent to £897,534,246. Without traversing the endless arguments as to whether the, as usual, disproportionate losses in men and material, in a common war, on the part of Great Britain (America’s losses in killed and wounded were 322,000; ours nearly three million) accompanied by fantastic taxation, were not a just ground for claiming that no debt was reasonably due, it is essential to understand that the benefit of the orders placed in America was immense to the Americans. Not one dollar, of course, went to pay for war material produced in Great Britain.

In 1922, Stanley Baldwin, an almost unknown politician, became Chancellor of the Exchequer. Montagu Collet Norman, from being a member of the firm of Brown, Shipley & Company, the London Branch of a powerful American financial group, was appointed Governor of the Bank of England, apparently for life. Previously, it had been customary for the Governor to be elected yearly from the more important merchant bankers of the City. Dr. Walter Stewart for a short while, and subsequently Dr. O. M. W. Sprague, both American banking economists, were installed from Washington, to “advise” him. Their advice coincided, in time, with the greatest depression in history.

The first concern of Mr. Baldwin and Mr. Norman was to visit Washington for the purpose of establishing by

agreement the terms which were to govern the service of the colossal debt. This visit was made in January, 1923, and in the party was Sir Otto Ernst Niemeyer. The terms agreed were onerous in the extreme (*e.g.* eight times as heavy as those imposed on Italy), but in fairness to the Americans it must be stated that they were apparently surprised that they were accepted. The debts owing by other belligerent nations were settled on much easier terms.

Mr. Balfour had previously stated officially that Great Britain would only ask from her allies such financial payments as would meet the demands of her own creditors, *i.e.*, the United States. The result of this was to make the United States the only and very large financial beneficiary of the 1914-1918 phase of the war (see *Hansard*, December 15, 1930) and to leave all the other "victorious" combatants heavy losers. The question of the military loser, Germany, requires separate consideration.

It was stated in many quarters that the large payments which for a time were made to the U.S. Treasury in connection with the arrangements negotiated by Messrs. Baldwin and Norman were of little consequence. This rather confusing statement—confusing, that is, to the ordinary individual whose financial means, and consequent personal comfort, are subject to the more ordinary arithmetic of daily life, emanated from the Central Bankers who no doubt based their statements on the knowledge that they could adjust taxation so that the payments were concealed. In any case, the absolute size of the payments was far from being the main issue, which was the control over British policy. This is not in doubt.

The control was exercised in two ways. In the first place, and for the first time in history, the New York discount rate became, and remained for nine years, one-half per cent. lower than the Bank of England discount rate—the "Bank Rate."

The effect of this was to secure for New York all the foreign financing which had previously been done in the City of London. The fact that the American public was sold large quantities of worthless bonds may have been poetic justice, yet did not conduce to good international relationships.

It is certain, moreover, that a direct political control of a coercive character was applied to British legislation. For the purposes of this preliminary survey it is only necessary to mention two instances, one in the realm of major foreign policy, and the second in domestic legislation.

At the moment, objective consideration of the Japanese is difficult. It would be absurd, however, to deny that the Anglo-Japanese Alliance was a major benefit to Great Britain in the 1914-1918 phase of the War. While Japan took little part in Europe (she did send destroyers to the Mediterranean, by request) she observed the letter of the Treaty scrupulously. The abrogation of it, and the Washington Naval Agreement limiting Japan to a position of naval inferiority, did two profound injuries to the British Empire. It was an unprovoked and rather ungracious blow to Japanese "face"—the most vulnerable aspect of Asiatic diplomacy. And it demonstrated to the whole of Asia, including India, that the important capital to placate was no longer London, but Washington. Nothing could have made a new war more certain.

In the domestic sphere, the most easily apprehended instance of the general policy is the horse-power tax on motor vehicles. Here again, it is not so much the monetary aspect which is important, although it is quite possible that the restriction of high-powered cars to the very rich had a profoundly disruptive social effect, playing into the hands of the agitator concerned to suggest that the poor are poor because others are not so poor. Its main effect, and its object, was to throw open the British Empire to the high-powered American car and truck, and to deprive the British manufacturer of the experience which only a home market using a type of vehicle suitable elsewhere could provide. The midget car imposed on the British public was only suitable for perfect roads, short distances and careful usage, and its small market supported a high price and large fortunes for selected producers. There is little doubt that it was also intended to kill the development of the British aeroplane engine, and the aeroplane itself, but in those objectives only partial success was achieved.

In May, 1920, a policy of what can only be described as ruthless restriction of credit was inaugurated, both in Great Britain and the United States. No attempt of any description had been made to deal with the uncontrolled rise of prices, particularly of consumer's goods, and everywhere public discontent at genuine inflation, *i.e.*, a temporary increase in money units in the hands of the public, accompanied by an equal or greater rise mainly permanent in prices, reached such proportions as to constitute a "buyers' strike." That this rise of prices was intentional and a form of hidden taxation, is certain.

Heavy taxation, calling in of banker's overdrafts and restriction of trade credits by large industrialists to their smaller trade clients, produced immediate results. Workers were discharged, unemployment rose steeply, reaching three millions in Great Britain, and ten millions in the United States, where the same policy, with, however, much lower taxation, was instituted. In Great Britain, the policy was pursued for a much longer period. Suicides doubled in Scotland and rose 67 per cent. over the rest of the Kingdom during the deflationary period of about nine years. Bankruptcies increased by 700 per cent. (See *The Monopoly of Credit*, graph p. 137.)

In the United States, however, the policy was completely reversed in six months and that country entered upon the greatest wave of industrial activity and material prosperity ever known in history, a wave which continued until October 1929.

One effect of this was to cause a drain of the highest-skilled manpower from this country to America. As an instance, one of the greatest difficulties in the Four Years War was a lack of "tool-makers," a technical term applied to the most skilful mechanics (almost the last to whom the term craftsmen can be applied). It is generally considered that a highly skilful toolmaker requires seven years' training. A large proportion of the toolmakers of this country emigrated during the restriction years, and most of them remained abroad.

It is certain that no nation in recorded history has receded so rapidly from a position of commanding influence in world affairs to one of almost complete impotence, as did Great Britain in the fifteen years which followed the

Armistice. Many factors contributed to this result, but financial policy is easily pre-eminent.

In 1925, after six years of steadily decreasing prosperity, disillusionment, and economic and political frustration, Mr. Winston Churchill, (who had become a Conservative on the practical disappearance of the Liberal Party), Chancellor of the Exchequer, restored the Gold Basis of the Sterling Financial system, with modifications to ensure that the ordinary individual could not buy gold in less than the "standard bar," worth about £1,700. (See *The Monopoly of Credit*, Chap. 6.) In effect, he could not buy gold except at the will of the Bank "of England."

In 1926 Sir Alfred Mond, of whom much more hereafter, also forsook the Liberal for the Conservative Party.

Mr. Churchill is probably the finest War Minister in history, and it is quite possible that, if we are to proceed from the assumption that this war was inevitable, the whole course of history has been changed for the better by his tenure of office. But it is evident that there is just as much historic continuity in the Whig love of "Dutch" Finance, and all those associated with it, in Mr. Churchill's peacetime activities, as in the brilliant military mind which might be expected in a descendant of Marlborough.

More than any other one factor, this influence has dominated British policy in the vital Armistice years. Mr. Lloyd George, the protégé of international Jewry, with his avowed intention to do anything to enable the pound sterling "to look the dollar in the face," *i.e.*, to have a gold exchange value of £3. 18s. 3d. per oz.; Mr. Churchill's close association with financial Jews in England and America, and his restoration of the gold exchange standard in 1925 (for which he has since publicly apologised); Mr. Baldwin's ecstatic remark that the Bank Notes and Currency Act of 1928 had for ever prevented currency reformers from interfering with finance, are evidences, of which there are many more, that the tragedy of the wasted twenty years was not due to inability to pursue any policy, which is the common accusation brought against politicians of that era—it was a fixed instruction to pursue a policy, irrespective of consequences, which can be seen to have built up Germany and enfeebled the British Empire.

In these days of coalition Governments, control by "Planners," and other modern improvements, it is difficult to realise that Cavaliers and Roundheads, Whigs and Tories, were exponents of two philosophies. The Whigs were merchants, abstractionists, the dealers in intangibles.

It is not a coincidence that the Whigs, Quakers, and non-conformists, became bankers and collaborators with the Jews, both resident and continental. They were fundamentalists. The "Old Testament" was a record of the sayings and doings of an omnipotent if somewhat irrational Ruler, who spoke Elizabethan English and had a private staircase to Mount Sinai.

Consistency was not to be expected of Him. What we should now call masochism, the glorification of pain, was explained by the idea that discomfort in this life automatically ensured bliss in a future existence. Carried to its logical conclusion, as many of Cromwell's semi-animal barbarians were prepared to carry it, the most certain way to prepare a general Heaven was to create a Hell upon earth.

This philosophy, as we shall see when we consider the

case of Germany, runs through Lutherism, Calvinism, and other Puritan movements straight into civil war and revolution. Always, it is the attack of the black-coated theorist on the pragmatist, the farmer, the sailor, the pioneer. At the root of it is a denial of personal initiative and judgment, and the substitution of a set of transcendental values incapable of, and indeed almost resenting, any attempt at proof.

Once this conception is grasped, it is easy to see how indispensable it is to the supremacy of the financial system and those who control it. What appear to be failures of policy are really the greatest successes. As Mr. Montagu Norman remarked when mild expostulations on the obvious results of his government were brought to his attention, "I do not think it is good for people to be prosperous." About this date, Mr. Norman's salary was increased by several thousand pounds.

Under the influence of Whig mentality, words become reversed. A man who kills another is a murderer, and if he does it without passion, he is a cold-blooded murderer. But mass murder in cold blood is glorious and is war. Stealing is a crime, but unnecessary taxation is statesmanship.

Many attempts have been made, in a society in which finance is dominant, to show that the Puritan strain in British history is a source of strength. It would be more true to say that it is an important factor in British development since the seventeenth century. How much of that development is tinsel, and how far it has departed from the natural genius of the English, Scottish and Welsh peoples may perhaps be easier to assess when we see the measure of its permanence.

Clown?

"The late Munich comedian Karl Vallentin—one of the greatest of the rare race of metaphysical clowns—once enacted the following scene: the curtain goes up and reveals darkness; and in this darkness is a solitary circle of light thrown by a street lamp. Vallentin, with his long-drawn and deeply worried face, walks round this circle of light, desperately looking for something. 'What have you lost?' a policeman asks who has entered the scene. 'The key to my house.' Upon which the policeman joins him in his search. They find nothing; and after a while he inquires: 'Are you sure you lost it here?' 'No', says Vallentin, and pointing to a dark corner of the stage: 'Over there.' 'Then why on earth are you looking for it here?' 'There is no light over there', says Vallentin.

"History, maybe, is the circle of light. But the key we are looking for is likely to be in a place unilluminated by the street-lamps."

—Erich Heller, *The Disinherited Mind*, Pelican.

Reviewal

Just as some might read and re-read the Bible or a worthwhile book, perhaps we should ponder over much that has appeared before in these pages. We hope that what we reprint will assist your reviewal.

Russia's Ultimate Aims

Once again we reprint our editorial for February 10, 1945. It shows the unmistakable hand of Douglas.

The Comte de St. Aulaire, from whose remarkable book, *Geneva versus Peace* we quoted recently, remarks "The League of Nations was conceived in Berlin. . . We learn this fact from Von Bulow. . . it is at Berlin that the ring is completed, after traversing Washington, Paris, London, Budapest and Petrograd. The mutual affinities of its ancestry, plutocracy, revolution, Freemasonry and Pan-Germanism, are so close that it may be wondered if there is not, beneath them all, another identity."

In this, the gravest crisis of the world's history, it is essential to realise that the stakes which are being played for are so high that the players on one side, at least, care no more for the immolation of the peoples of a continent than for the death of a sparrow.

They have no nationality, no morals, no scruples and no regrets. The League of Nations was conceived in Berlin, yes. But it was proposed and pressed by Wilson, the representative of men who had fought (well, a little anyway) to defeat the country in which it was conceived. It is not accidental that a film, and we know who controls the films, has appeared at this time which presents Wilson as a giant among statesmen, instead of, as he was, a second-rate schoolmaster completely dominated by Schiff, Strauss, House, Baruch and Brandeis.

To a world not distracted by rocket-bombs and Ministries of Fuel and Power, it would be uniformly obvious that a manipulated clamour is being raised in favour of the scum of the underworld in each country as it is "liberated". This scum has obtained arms in large quantities under the pretext of resistance to the Germans during the occupation. How much resistance was actually offered, we may, or may not, learn at a future date. We may, or may not, also learn the principles on which the arms of the resistance movements were distributed. But we already have sufficient experience of what happened in Greece, Belgium, and parts of France (always backed by a prepared clamour from the "British" Socialist Party) to be assured that a massacre of the Right has been prepared. The text-book is available to anyone who supposes that we are alarmists. It is written by Stalin, and its title is *Problems of Leninism*. In a valuable commentary which should be read by everyone, (*What are Russia's Ultimate Aims? out of print*).

Mr. H. W. Henderson remarks "No one acquainted with Communist tactics in Germany before the advent to power of Hitler, can fail to be impressed with the fact that unity between the Communist and Socialist Parties could have kept the Nazis out. This was however rendered impossible by the actions of the Communist Party, acting under instructions from Moscow." Now, the Russian Revolution, and its spate of murder, was financed from New York with the assistance of Germany by some of the richest men in the world. And these same men are those who have persistently opposed effective monetary reform with the obvious intention of retaining an army of discontent for use against the Right. That is to say, there is a working coalition between the scum of the underworld and the richest men in the world to murder those from whom alone redemption for

the underworld can come, in order that any threat to the power of the financier may be removed. The underworld will be dealt with just as easily as Stalin deals with any opposition, when the underworld has done its job.

The quotation referred to, with Douglas's comments, are repeated from our "Week to Week" notes for February 3, 1945:

"Russia . . . is the victim of a syndicate organised to destroy the nations. . . Why are the New York bankers, along with the German General Staff the responsible authors of the Russian Revolution? . . . The solidarity of faith which obtains between the New York bankers and the Bolshevik leaders, and the feelings inspired by the sufferings of the Jews in Czarist Russia, are not a sufficient explanation of this paradox. . . However, are we not paying too great an honour to freemasonry when we attribute to it the greatest share in the genesis of the League and in responsibility for its acts? Is not this secret society a society with limited responsibility, not only by reason of its mental weakness, but also because it is above all else the instrument of forces more secret still, and more to be feared? Is it not unjustly accused of all the sins of Jewry? And if freemasonry is but an instrument, then President Wilson was but the instrument of an instrument."

The preceding quotations are taken from *Genève contra la paix* by the Comte de St. Aulaire, Ambassador to Great Britain (1920-1924). The English translation is published by Sheed and Ward. It must be remembered that it is written, not by a propagandist, but by a trained professional diplomat of wide experience. It should be read by every serious student of contemporary events.

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