

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### GLOBAL FINANCIAL TYRANNY

"It may be that Great Britain will again save the world, this time from global financial tyranny which is clearly the objective now being pursued." These words concluded the editorial in the last issue of this paper. Since they were written, they have been given added force by the course of events at the Madrid summit of the European Community in June of this year.

The main purpose of this meeting was to consider the Delors Report on Economic and Monetary Union in the European Community. This document had been commissioned by the European Council at its meeting in June 1988. The Committee which produced it was composed mainly of European central bankers under the chairmanship of M. Jacques Delors, a French socialist who is currently President of the European Commission. Not surprisingly therefore, its Report outlined in considerable detail the three stages of a carefully designed blueprint to establish economic and monetary union within the Community.

The main features of this plan were: the progressive transfer of control over economic and financial policies from national to Community institutions; the extension of membership of the European Monetary System (E.M.S.) to make it fully comprehensive of all members of the Community; the promotion of the European Currency Unit (E.C.U.) into a common European Currency; and the establishment of a European Reserve Fund which would pave the way for an eventual "European System of Central Banks", destined without doubt to develop into the European Central Bank.

It is important to note that these proposals went far beyond the scope of the Treaty of Rome which initiated the Common Market, and also beyond those of the recent Single European Act. Consequently a new Treaty (or a series of separate treaties) would have to be agreed between the member countries in the Community in order to give effect to them. In this connection, of particular significance to the ultimate objective of total centralisation of power into Community institutions is para. 39 of the Report which reads (in part): "The Committee agreed that the creation of an economic and monetary union must be viewed as a single process. Although this process is set out in stages which guide the progressive movement to the final objective, *the decision to enter upon the first stage should be a decision to embark on the entire process. A clear political commitment to the final stage . . . would lend credibility to the intention that the measures which constitute stage one should represent not just a useful end in themselves but a firm first step on the road towards economic and monetary union. It would be a strong expression of such a commitment if all members of the Community became full members of the E.M.S. in the course of stage one and undertook the obligation to formulate a convergent economic policy within the existing institutions.*" (Emphasis added.)

In other words, this was a deliberate attempt to

steamroller the Community into a binding agreement in principle to the whole of the Delors Report, thereby consolidating the domination of international bankers over the Community in the same way as the Federal Reserve Board in the U.S.A. dominates the White House and the Congress. A fitting comment by Patrick Minford appeared in *The Sunday Telegraph* of 30th July: "The Delors Report is a conspiracy of centralism, mounted by central bankers and bureaucrats in an assault on consumer choice and democratic rights." But he added, "But let us choke back our indignation and ask, as Mrs Thatcher did, for an alternative."

Herein lies the danger. Social Crediters will recall the campaign to "SAVE OUR SOVEREIGNTY" at a time (1970) when Mr Heath was assuring the nation that our sovereignty was not being imperilled in any way. Pursuing alternatives means examining other ways more acceptable to electors but designed by the conspirators to achieve their ends by other means, i.e., spurious alternatives. The lack of interest shown by the electorate in the U.K. European elections is encouraging, but it must be transformed into an active anti-membership demand while the international legal position still permits that prospect. We are at the crossroads, and the Prime Minister will require the overwhelming support of the people and her Cabinet if she is to succeed in what she says she is determined to prevent — the elimination of national sovereignty and all that that implies.

As might have been expected following her Bruges speech in September 1988, Mrs Thatcher gave the Delors Report short shrift at Madrid, consenting only to an exploratory examination of all the implications of Stage 1, which is concerned with closer convergence of national economic and monetary policies. As for Stages 2 and 3, she has in effect condemned them outright, telling the Commons on 29th June that "Stages 2 and 3 of the Delors Report would involve a massive transfer of sovereignty which I do not believe would be acceptable to this House".

The Prime Minister has since shocked many of her party by the recent reshuffle of her Cabinet, in particular the removal of Sir Geoffrey Howe from the Foreign Office. It remains a matter of some speculation as to what extent, if any, she was influenced in her decisions by the continuing problem of preventing further dilution of national sovereignty to the institutions of the European Community. Both Sir Geoffrey and Nigel Lawson are said to be more favourably inclined than Mrs Thatcher to Britain joining the E.M.S., a step now shown by the Report to have been imbued with more significance than its purely technical one.

The centralisers, the one-worlders, the international socialists — call them what you will — once identified must be rooted out if the end they conspire to produce is to be defeated. It can be assumed that after 10 years in the highest office, Mrs Thatcher knows this.

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## BANKS WRITE OFF DEBTS

The big four British clearing banks have "made provisions", as it is euphemistically put, for bad debts owed by Third World and Latin American countries to the tune of nearly £2 billions. The individual figures and the percentages of outstanding debt covered by these write-offs are:

	1989 debt provisions (£ millions)	Percentage of outstanding debt covered
Lloyds	464	47
National Westminster	395	48
Barclays	233	48
Midland	846	50.4

For any ordinary business, writing off losses of such magnitude would have meant lower profits and reduced dividends, if any, if not actual bankruptcy. It is a measure of the hypnosis induced by "High Finance" that such financial juggling evokes such little comment. Yet not only has no depositor in these banks lost a penny, but annual profits and shareholders' dividends have actually been increased in most cases substantially. Nothing could more clearly explode the myth, if it is still anywhere believed, that banks can lend out only what they take in in deposits. As the *Encyclopaedia Britannica* puts it succinctly, "Banks create credit. It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks."

But why should such charity not begin at home? These banks undoubtedly have large holdings in British Government securities — part of the National Debt. They acquired them by the simple expedient of writing a cheque against themselves — in other words, creating credit out of nothing on the strength of the nation's capacity to produce real wealth in goods and services. Writing off these holdings would be just as easy as writing off their Third World debts. And it would save the Treasury and the taxpayer millions of pounds in interest each year.

"But the essential point in the position of banks, which is so hard to explain, and which is grasped by so very few people, is that their true assets are not represented by anything actual at all, but are represented by the difference between a society functioning under centralised and

## Global Financial Tyranny (Continued from page 1)

She must be well aware of the political forces behind the calls for European unity, ominously epitomised by M. Jacques Delors' recent pronouncement that "national parliaments would have to give way to the embryo of a European government within seven years". That she has put a brake on the drive to ever greater centralisation of power in the face of almost unanimous hostility from other Community members speaks volumes for her patriotism. But, as President Mitterand has already indicated, the pressures on her will continue to mount as they pursue their objective of centralisation.

In resisting these pressures, the Prime Minister must also know that in the last resort she can rely on the overwhelming support of the electorate. If Mrs Thatcher will take the British people into her confidence and tell them the facts and the truth about this coming battle, it can be won.

## THE DELORS REPORT

The full text of this important Report is published in "On Target", available from Intelligence Publications (U.K.), 26 Meadow Lane, Sudbury, Suffolk, CO10 6TD. Single copy £2; 2-10 copies £1.70 each; 11-50 copies £1.40 each; over 50 copies, £1 each.

## FROM DIOCLETIAN TO DELORS

"The leading idea of Diocletian's system was an absolute centralisation, the suppression of all local political life, of every vestige of ancient liberties; in one word, Autocracy. Diocletian was the founder of the Byzantine regime.

It was indeed no very considerable change. The reformer did but consecrate by appropriate institutions the tendencies of the situation and usages which were already established. Such a system had the same results that it always has; the centralising organ was developed at the expense of the body which it was supposed to direct, the fiscal system at the expense of general prosperity and management at the expense of energy. The Empire was soon a prey to the malady of its government; the time was to come when it died of it."—Abbé Duchesne, *The History of the Early Christian Church*, Vol. 11, Ch. 1.

## REFORMERS

"Men reform a thing by removing the reality from it, and then do not know what to do with the unreality that is left. Thus they would reform religious institutions by removing the religion. They do not seem to see that to take away the creed and leave the servants of the creed is simply to go on paying the servants for nothing."—G. K. Chesterton in *Generally Speaking*.

## Banks Write off Debts (Continued from column 1)

restricted credit and a free society unfettered by financial restrictions. . . . The true assets of banks collectively consist of the difference between the total amount of legal tender, or Government money, which exists, and the total amount of bank credit money, not only which does exist, but which might exist, and which is kept out of existence by the fiat of the banking executives."—C. H. Douglas (1924).

## WHO IS GORBACHOV?

by Marcel Clément\*

What we have already said gives the beginning of an answer to this question. Gorbachov's whole life, his formative years and his access to supreme power all took place within the closed universe of dialectical materialism. He loves his country, the motherland of "the workers of the whole world". He seeks its greatness and the extension of its power and influence over the satellite peoples within and outside its borders. His way of establishing his absolute power, his purely verbal declarations of respect for "collective leadership", seem to be evidence that his ambition for total power is proportionate to his qualities of leadership. There is no sign here to suggest that Gorbachov is in any sense a traitor to the system in which he has been formed.

One can (and should) read and re-read his own book, *Perestroika*.<sup>2</sup> In this he refers indeed to "the disastrous state of the Soviet economy". But he makes it clear, from one end of the book to the other, that for him there is no question of any "disillusion over socialism" or of a "crisis as regards its ideals or its ultimate aims".

Far from it! "The full potential of socialism has not been sufficiently used," he writes. It was on this point that he defeated Mr Ligachov. For Mikhail Gorbachov, "glasnost" and "perestroika" constitute "underlying processes making for development in our socialist society". He sees the latter as "a unique community of more than a hundred nations and nationalities, a solid social protection for 280 million persons in a territory covering a sixth of the earth".

On this basis the author, making no effort to mince his words, sets out what is wrong with the Soviet Union — the breakdown in public morality, alcoholism, drug abuse, the weakening of the party's leading role in society, inertia of the leadership, the distribution of "perks" and favours, contempt for the law, compounded by forged documentation, bribery, servility and toadyism. These are his own words, used throughout the book!

But — and this is the essential point — it is not Marxist-Leninist socialism that he denounces as responsible for these abuses. On the contrary it is human failings, laziness and selfishness that have thwarted, or at least delayed the development of socialism. It is SOCIALISM, BASED ON DIALECTICAL MATERIALISM that must be restored to its pristine purity and full efficacy by means of glasnost and perestroika, seen as the indispensable means for restoring the situation in the present historical context.

### Glasnost and Perestroika

What of glasnost ("transparency", "openness")? In the context of Communist Russia it constitutes a revolutionary innovation. It opens the door towards a "democratisation of Soviet society", at least in the restricted sense that it extends a right of protest and criticism to the citizen, worker or member of middle management, a right which can be — and has been — exercised in the press, films and on radio and television. Its aim is to combat corruption and inefficiency.

What Gorbachov's book does not make clear is that this "openness" is targeted EXCLUSIVELY on problems of detail, individual injustices, cases of incompetence in the administrative, political and even military fields and the exposure of scandals hitherto hushed-up even though matters of common knowledge. Such "openness" can strike high in the hierarchy and go a long way, with consequences such as sending Sakharov and Walesa to Paris to celebrate "human rights". It can lead to the condemnation of the leading party figures of the 70s and early 80s, those responsible for arbitrary decisions, a hidebound and tyrannical bureaucracy.

In plain language, the purpose of glasnost is to penalise incompetence, and to progressively exclude the men of the Brezhnev era from the party, the army and (although no one says it aloud) the K.G.B. and G.R.U.,<sup>3</sup> in which executions for treason are still pitilessly carried out.

At the same time, "russification" seems to be an element in "glasnost". The plenary session of the Central Committee in January 1987 led to the almost total elimination of non-Slavs from this organ of the Soviet Communist party. The whole world knows about Sakharov's liberation, but no one outside the Soviet frontiers knows the names of the Ukrainian, Baltic or Caucasian prisoners of conscience or those from Muslim central Asia! These "nationalists" still languish in the labour-camps; none of them were among the first beneficiaries of any measure of liberation.

Thus "transparency", or the right of public criticism, can only be exercised in the name of Lenin, its father (Gorbachov quotes him as calling for "More light!" on page 103 of his book). Its sole purpose is to strengthen and consolidate socialism. It is a legitimate instrument for the repression of nationalist aspirations. And finally, it is considered as a means for restoring hope in the future to a people that had lost will-power and dynamism and had become colourless, hypocritical and self-centred (but among whom secret conversions to Christianity have become increasingly numerous).

Official hopes are embodied in perestroika, reconstruction or "re-structuring". In return for the greater "openness" of glasnost, the Soviet citizen is urged to work harder, more responsibly and more productively, in what is seen as a full-scale struggle against "social apathy", inspired in part by a reinforced educational campaign.

The effect of glasnost is to weed out the inadequate, apathetic and corrupt elements from positions of influence. Perestroika is intended to lead to a responsible and active renewal, one that takes account of the importance of the human factor. The two together, it is hoped, will produce uskorenje (literally "acceleration"), an improvement of the Soviet economy both in quality and in speed of production.

What are the results so far? In 1986 economic growth reached 4.1 per cent, but fell to 2.3 per cent in 1987, and 1988 is not likely to prove much better when the figures are released. This is hardly surprising when one realises, for

\* Marcel Clément is the editor of *L'Homme Nouveau* in which this article was first published, 15th January, 1989. It is here reprinted from *Apropos* No. 5A, 1989 (Editor: A. S. Fraser), Burnbrae, Staffin Road, Portree, Isle of Sky, IV51 9HP. Slightly abridged, and in two parts. Part I appeared in the July-August issue.

<sup>2</sup> Monsieur Clément is referring to the French edition of Gorbachov's "*Perestroika — new views on our country and the world*", published by Flammarion, Paris, in 1987 (Trans.).

<sup>3</sup> i.e., Soviet military intelligence (Trans.).

example, that after the suppression of six ministries concerned with agriculture and employing a personnel of 6,000, their place has been taken by the Gosagropom (State Agricultural Service) . . . with a staff of 5,000!

The real risk Gorbachov is running is that of undermining the dogma that "the Party is always right". So far he has managed to control this. But the results of his policies within the country have been mediocre, if not totally negative. This is borne out and has been made public by those who, in Armenia, were prevented from taking effective action by an incompetent, suspicious and uncaring bureaucratic apparatus.

### The Danger to Peace in the Medium Term

Gorbachov thus has not, in the four years of his new internal policy, succeeded in really revitalising the Soviet people. Yet, over the same period, thanks to his public (though ambiguous) recognition of his country's economic failure and his apparent disengagement on the international plane, he has managed to persuade the western governments of his peaceful intentions — and this would seem a dangerous assumption to make if the following examples of international Soviet activity are taken into account.

Thus it is now accepted that the explosion that destroyed the Challenger space-shuttle at take-off in January, 1986, was the result of sabotage in the factory.

Thus the previous Kola base<sup>4</sup> has been replaced by a naval base and strategic airfield capable of disrupting communications between the U.S.A. and its European allies in the North Atlantic.

Thus again, Mr Gorbachov has announced that he is withdrawing 500,000 men and 10,000 tanks from the eastern and western fronts. But our contemporary "*Magistère-Information*" wrote on 15th March, 1988, that 23,000 Soviet tanks (i.e. 50 per cent of the total) were of the types T54 and T55 dating back to 1947. So all he is doing is sending his worn-out tanks to the scrapyard!<sup>5</sup> As for the half-million men, this figure is neatly equivalent to the increase in military forces that Mr Gorbachov has obtained from his Warsaw Pact partners. Likewise, his promise to destroy his chemical weapons involves only an eighth of his total stock!

Further, the Soviets have brought into service 6,000 tanks of the latest types compared with 1,000 for the whole of NATO. And the latest NATO figures indicate that Warsaw Pact forces have 8,250 combat planes deployed in Europe against 4,077 for the western alliance.

Finally, the apparent solutions of regional conflicts in a number of areas that have coincided with these arms negotiations have generally resulted in neutralising the rear bases of pro-Western resistance, as in the following cases:

● In Pakistan, the Geneva agreements outlawed American support for the Afghan mujaheddin. For nine

years the U.S.S.R. failed to withdraw its forces from that country. But General Zia was assassinated for not respecting the agreements and for continuing to supply arms to the anti-Soviet resistance.

● In Nicaragua the Sandinista government accepted a cease-fire purely to deprive the Contras of support from the U.S. Congress. Once they had secured this, they resumed the civil war. . . .

● In southern Africa the humbug has become flagrant. War gases have been used recently against Unita in Angola. Stocks of the same gas had been seized in Afghanistan. The build-up of Cuban forces in Angola led South Africa to sign an agreement quite acceptable in principle — but its timetable is less so. South Africa will have to leave Namibia on 1st November, 1989. Elections held immediately thereafter will give the Marxist SWAPO (South-West African People's Organisation) every chance of terrorising the voters and taking the territory over. As for the departure of the Cuban troops, this is to be spread over 30 months, and even this will only apply to those who by then have not been naturalised as Angolans.

In return for what can only be seen objectively as this series of western setbacks, Europe's response in this New Year is to lend the Soviet Union slightly more than 5 billion dollars to help it modernise its economy! The bankers are concerned only with the money; a little more attention given to geopolitics would help them to think more clearly. . . .

Going behind these individual applications of Soviet policy, the basic essentials of Gorbachov's position would seem to be the following. He still has to overcome the resistance to change of the conservatives in the party nomenklatura. But the armed forces and the K.G.B. are wholeheartedly behind him. He is master of a global strategy whose aims at this moment are to bring about an abandonment of Europe by the Americans and to deter Europeans from building a concerted European military force. As far as it is possible to know, the Soviet secret services have never been as active as they are now in pursuit of these *two goals*. Perhaps President Reagan, in his keenness to give a memorable final curtain to his term of office, has overstepped the bounds of prudence (in the arms reduction talks, for example), giving insufficient weight to the realities underlying the "attractive persona" projected by Gorbachov.

Hence it is important to take all available information into account as we seek an answer to the question "Who is Gorbachov?" A political leader of exceptional quality, a diplomat of the first order, a Russian imperialist — he is all of these. But above all he is a very intelligent Communist; he has taken the measure of a world too wrapped up in its own comforts to look the facts in the face, and he seems to be succeeding in the feat of persuading that world to see him as a peace-loving statesman solely concerned with solving his country's pressing internal problems, and so to give him its uncritical trust.

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<sup>4</sup> M. Clément must be referring here to the Severomorsk base near Murmansk, devastated by unexplained explosions in May, 1984 (see *Approaches* No. 88, pp. 20-26 (Trans.).

<sup>5</sup> Quite soon after M. Clément published this article, Gorbachov stated publicly that at least 50 per cent of his tank reductions would be of the latest types. But before we start dismissing all the figures Clément quotes, we should remember that throughout these arms reduction talks a standard Soviet ploy has been to announce partial and misleading figures for its own reductions, obviously designed to strengthen "pacifist" and "unilateralist" agitation in NATO countries, secure in its ability to deny to its own population any knowledge of the true balance of forces (Trans.).