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BRITAIN'S ENEMY — INFLATION

by Ivor Benson*

Britain being in many ways a microcosm of the West, what happens in British politics in the next few years will have lessons of the greatest importance for the whole world.

One way of justifying that generalisation is to state that the Government under the leadership of Mrs Margaret Thatcher is the only one in the Western world which has exhibited any signs of resistance to a global political trend which has continued uniformly and without interruption since the end of World War II.

Two important questions are likely to be answered in the next two or three years: 1 — Does Mrs Thatcher and those who surround her with their advice know what they have taken on?; and, 2 — Will they be able to muster the moral fortitude and political strength to resist the pressure?

Mrs Thatcher's restatement of her position at the recent meeting of the Conservative Central Council at Scarborough is worth quoting in full:

● In a few weeks we shall be in the midst of an election for the European Parliament. Major issues face us about the direction which Europe should take. There is no doubt about where we Conservatives stand. We haven't rejected socialist policies so decisively in Britain, only to see them imposed from Brussels. With the same disastrous consequences which socialism brings with it where it's practised. We want a Europe based on willing and active co-operation between independent sovereign states, not a federal Europe. We know that Europe's future prosperity depends on policies which encourage enterprise. We shall fight against a Socialist Europe with its attempts to establish a new bureaucracy, new restrictions and new controls on our lives. We want more open trade both within Europe and with the rest of the world, provided everyone plays by the same rules. We want freedom of movement within Europe. But not freedom for drugs, illegal immigrants or terrorists. (End of quote, Mrs Thatcher.)

Whether Mrs Thatcher knows it or not, that statement represents a counter-revolutionary stance which is sure to bring against her and her Government a concentration of world-revolutionary power-centralising forces. She will also need to know that since all great power in the world today is derived from the *control of money*, the main struggle will take place on the battleground of economics.

More precisely, it is going to be a struggle to preserve Britain against the politically destabilising influences of inflation. . . .

Mrs Thatcher had a good deal to say at Scarborough about the economic benefits conferred by 10 years of Tory rule, but all she said about inflation was that the Government was confronted by two choices — “a temporary rise in interest rates or a long-term rise in inflation”, adding rhetorically: “And that's really not a

choice at all. Not for a government which believes in honest money and sound finance.”

Of all the problems confronting the Government, says *The Daily Telegraph* in a leading article, “inflation is by far the most fundamental, if only because fear of it is shared by the Government as much as by anyone else”.

The Telegraph then makes a comment which may have puzzled its readers: “Only one thing disturbs the voter more than inflation's resurgence under a party sworn to extinguish it: the fear of ideologically motivated government”.

What voter is disturbed by the “fear of ideologically motivated government”? If the writer of that leader knew the meaning of the word “ideology” he would know that it is precisely the ideological component of Mrs Thatcher's programme in the last 10 years which has virtually “wiped socialism off the face of Britain”.

Mrs Thatcher's ideology may not be comprehensive enough or deep enough to enable her to deal with inflation as she has dealt with the mess her Government inherited from the socialists, but there can be no denying the ideological character of many of her public utterances during the last two years.

So what does “ideology” mean? *Our definition*: an ideology is a coherent system of ideas and values. *The Concise Oxford Dictionary* calls it “science of ideas . . . ideas at the basis of some economic or political theory or system”.

Certain derogatory propagandist associations (“fascist”, “communist”, “antisemite”, etc.) should not be allowed to alter the meaning of a most necessary word. We can have an ideological approach to politics and economics, or a purely pragmatic one, meaning that every problem is dealt with as it arises on a purely factual ad hoc basis.

Trying to cure the problem of inflation by increasing the interest rate is a good example of the hit-or-miss pragmatic approach — always accompanied, as only to be expected, by much “fog” and “confusing information”.

It is an ideological approach that exposes the truth about inflation — and it is the truth about inflation that threatens enormous vested interest. Hence the vetoing of any ideological approach is the main line of defence for those who profit from inflation. And so the method prescribed exclusively all over the world is to define inflation as no more than a mechanical disorder of the monetary system which can be rectified by purely mechanical means.

The feared and detested truth, which only an ideological exploration at depth can expose, is that inflation is essentially the product of immoral conduct, in some cases even intentionally hostile.

If Mrs Thatcher has serious intentions about “honest money”, she should find out quite soon that there is, in fact, no such thing as “fighting inflation”; it is the *cause* of it that must be fought, and that is something far removed

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DANCING TO THE BANKERS' TUNES

We link this editorial to the perceptive article by Ivor Benson reprinted on page 1. Coming from a writer who, so far as we are aware, does not profess to be a Social Crediter, it nonetheless exposes precisely the true nature of the issues now confronting the British Government and Mrs Thatcher in particular.

The Government's proclaimed priority is "to maintain downward pressure on inflation". Its preferred means of doing that is by manipulating interest rates. Despite successive rises to the detriment of all borrowers, commercial and domestic, the efficacy of this mechanism remains in doubt. Money is dear, but credit is still plentiful, and it will remain so as long as borrowers are prepared to pay the price to the money-lenders. They may have no option. The gamble on inflation lies in whether the inevitable price rises stemming from high interest rates will be more than offset by other factors, notably reduced demand for loans, particularly in the housing market.

Only an occasional voice is raised in favour of "credit controls", at the mere mention of which, says the *Sunday Telegraph* (4th June), "the Treasury lip curls". So the money-lenders are left with a free hand, not only to lend, but to create the wherewithal to do so.

It is precisely here that the true nature of their special function needs clarification and exposure. By "lending" money, they facilitate the mobilisation of resources already latent in society, in itself an essential service. But, by issuing it only as a debt repayable at interest, and claiming it as their own, they arrogate to themselves effective control over all economic activity so financed. And such control extends to governmental debtors, over-riding their electoral legitimacy.

In respect of British Government debt, Research Report No. 9 of the independent Economic Research Council (December, 1981) exposes this confidence trick. "It is right," says the report, "that the banks should be fully recompensed for the valuable services they perform, but if we examine these closely we would see that this is essentially book-keeping. It is misleading to describe the banks' services in financing Government expenditure out of newly created credit money as 'lending'. The word should not have

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from all the surface phenomena of a disordered monetary system. What she will be fighting, if she fights at all, is a powerful and deeply entrenched *debt system*. And she cannot fight the debt system without taking on the whole of the Western world's consumerist *market mechanism*, of which debt creation is an inseparable component.

Money is not made "dishonest" by some mechanical maladjustment of the monetary machine; it is made dishonest only by dishonest dealing. And such dealing is no less dishonest because hordes of people are innocently involved in the conduct of it.

Interest-bearing debt is virtually by definition *dishonest money*, but we are all forced to handle it. That is an alarming fact, but it is one with which all will have to come to terms sooner or later.

"The final battle for Christianity will be over the money problem, and until that is solved there can be no universal application of Christianity" — Honore de Balzac.

been used in this connection as it creates a false picture of what really happens. As a result, we have allowed private institutions to usurp the right to issue our money and to make very handsome profits thereby."

Similarly, who really pulls the strings is exposed (unwittingly) by James Srode in the *Sunday Telegraph* (4th June). He says "Yet for all that the White House wants a general decline in both interest rates and the dollar, the White House and Treasury have been extra careful not to offend the governors of the Federal Reserve Board, in whose province such policy adjustments lie. . . . And there is still a debate about whether as well as by how much to liberalise American credit market conditions. Fed officials have made no secret that the vote within the seven-seat governors' board stands at three-all with chairman Alan Greenspan holding an uncommitted casting vote." For all its official-sounding name, "the Fed" is actually a cartel of private banking institutions.

Referring to Mrs Thatcher, Ivor Benson is therefore quite correct when he says "What she will be fighting, if she fights at all, is a powerful and deeply entrenched debt system". He poses two questions: "1. Does Mrs Thatcher and those who surround her with their advice know what they have taken on? and 2. Will they be able to muster the moral fortitude and the political strength to resist the pressure?"

There falls a duty on all Social Crediters to do everything within their power to help her to a true understanding of the problem and to support her in whatever effective steps she can take to tackle it. Reginald McKenna, former Chairman of the Midland Bank, left no one in any doubt as to where control over monetary policy (and therefore also economic policy) lies when he said on 25th January, 1924, when addressing the shareholders: "The amount of money in existence varies only with *the action of the banks* in increasing or diminishing deposits. We *know* how this is effected. Every bank loan and every purchase of securities *creates* a deposit, and every repayment of a bank loan and every bank sale *destroys* one" (our emphasis: Ed.).

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.

WHO IS GORBACHOV?

by Marcel Clément*

Who is Gorbachov? This is perhaps the most serious problem for the future of the whole world, the gravest one now facing the head of the Catholic Church. It is a serious one, too, for the world's political leaders, whether of great, small or medium-sized powers. Gorbachov is not only "the man of the year"; barring accidents, he bids fair to be, opposite the Vicar of Christ and his Church, the "man" of the last quarter of the 20th century.

Going back 180 years, one may ask what sort of questions were being asked by Pope Pius VII, the Tsar, the Emperor of Austria or the King of England when France's First Consul decided to make himself Emperor. The Revolution had destroyed a thousand-year-old order in France. Everything had to be rebuilt from scratch. There was warfare everywhere, in the Vendée as well as on all the frontiers. Even before he made good his claim to total political power, Napoleon had revealed himself as an unbeatable general in victory after victory. Nothing could stand against him. He was as brilliant in negotiation as in terrorising his opponents. He could use cunning as well as the mailed fist.

The Rise to Supreme Power

It may be argued that there is no connection here with Gorbachov. But we should look more closely, and first of all consider the man, his context and his rise to power.

Just as the 1789 revolution had, 10 years later, left a bewildered people, a ruined economy, an unprecedented constitutional, legislative and administrative void and was just at the end of a civil war that had practically become a genocide, so the 1917 revolution of 70 years ago has left the Russian people as though paralysed, a victim to widespread alcoholism, with a corrupt and impotent administration and authoritarian and ineffective social mechanisms. They are in addition faced with a brutal resurgence of internal national agitation and the burden of maintaining an external empire of satellite nations, and are even striving to dominate additional satellites, though with doubtful chances of success. Even so, the U.S.S.R. remains one of the two most formidable powers in the world, possibly even the most formidable. Its language makes it a difficult country to understand. And its First Consul is about to become Emperor this year.

For the question facing us as to who Gorbachov is and what he wants derives its importance above all from his irresistible rise to absolute power. His policies are incontestably something quite new as far as the Soviet world is concerned. Hitherto, and ever since Lenin's day, all the masters of the Kremlin have been almost exclusively explicable in terms of the Marxist-Leninist system. However hard they tried to discredit their predecessors, their efforts to claim that they stood for "change" never carried much credibility. Moreover, they all achieved power at an age when innovation and risk-taking had little attraction for them. Lenin was born in 1870, Stalin in 1879, Khrushchev in

1894, Brezhnev in 1906 . . . and his reign did not end until 1982!

Gorbachov was born on 2nd March, 1931. He was 14 in 1945 . . . , and 23 in March, 1953, when Stalin died. He was 33 in 1964 when Brezhnev became Secretary of the Central Committee of the Soviet Communist Party, and 46 when the new constitution was promulgated on 7th October, 1977. He was 51 when Brezhnev died on 10th November, 1982! His adult experience of Communism fell largely within the Brezhnev era, 1964-1982; he was admitted to the central committee in 1971 and the Politburo in 1979. This was a period of victorious global strategy abroad, and of growing economic and social weakness at home.

Under Andropov (1982-84) and Chernenko (1984-85), Gorbachov patiently organised his own advancement to supreme power. On 11th March, 1985, a secret ballot elected him general secretary of the Party's central committee and general secretary of the Politburo. The constitutional reform brought in last June means that he will shortly become President of the new-style Supreme Soviet, and thus will enjoy — for life — the chairmanship of the defence council, the right to nominate the prime minister and chief state officials, the elaboration and control of foreign policy and the right to introduce new legislation. . . . On these bases, Gorbachov has made it clear that the principle of "collective leadership" will be maintained (for "key questions"). As to the "democratisation" now in process, its limits are fixed and have been published: a "powerful" central authority and a single party! Such is the corpus of administrative resources with which Gorbachov has equipped himself in order to carry out his policies of glasnost ("openness", "transparency") and perestroika ("re-structuring", "reconstruction").

All this needed to be said. If we consider the man purely in terms of his rise to power, he seems to be of extraordinary stature. He knew how to pick the right moment. He did not unmask any of his practical judgments or his ultimate intentions until he had achieved power. And when he did so in 1985, it only took him four years to make it absolute. Simultaneously, and purely through his personal attitude — and that of his wife — he has strikingly altered the image of the U.S.S.R. as perceived in the outside world. At the same time as his grasp on power strengthens, his youth, style and vocabulary are increasingly making him look like the man of democracy, of the liberalisation of the regime. As soon as he took power he put an end to the repressive restrictions imposed on the Sakharovs: on 7th December, 1985, Yelena Bonner was permitted to travel to America for medical attention. In the following year 46 dissidents were released. From then on the eyes of the world have been turned hopefully towards the zero option, Afghanistan, Angola. . . .

It is quite certain that "something" is happening in the U.S.S.R. That "something" already existed latently, potentially, before Gorbachov. But neither Andropov nor Chernenko had the youthful vigour or the personality needed to set it on foot. Mikhail Gorbachov, for his part, has taken responsibility both for the internal reforms and the new external impact. He is taking enormous risks, including the whole process getting out of control, and he is

* 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 Skye, IV51 9HP. Slightly abridged, and in two parts. Part II will appear in the next issue of *The Social Crediter*.

aware of this. So far nothing has got out of control, though the Russian people remains notably unenthusiastic.

The Russian Nationalist

Insiders often call our President's Elysée Palace "the castle". De Gaulle has something to do with this, and the usage, which dates back to the days of the monarchy, has not died out. For the underlying feelings of a people are often unaffected by superficial changes. France is fond of princesses, and the president, whoever he is, is still in a sense a king.

The same can be said of the U.S.S.R. The 1917 revolution brought down a regime that had been incapable of or resistant to change for centuries. But Gorbachov, even more than Lenin perhaps, is still the Tsar of all the Russians. He personifies the whole country.

By this I mean that to understand this man — the aim of my article — we must first of all evaluate his strength of personality, his intelligence, his will-power, his whole character, including his weaknesses (he has them, like any one else). But immediately after this, we must take into account the imperatives of geography. Mikhail Gorbachov is a Russian. He is also, and this is not negligible, a Communist. But he is a Russian who is also a Communist, not a Communist who by chance happens to have been born in Russia. . . .

What is more, there is a Russian nationalism. The 1917 revolution and its repercussions over the seven following decades have merely intensified this nationalism. The motherland of the Communists is not some abstraction like the proletariat; it is Moscow, the mystic capital. To be welcomed and honoured there, . . . is an important event. Whether one likes it or not, the "proletarian" revolution, however ideological, has taken root within the vocation, or "manifest destiny" of the Russian people, a vocation with supernatural overtones, strongly marked by a duality derived from its vast territorial extent between the confines of Europe (that "tiny headland" of an Eurasian land-mass that it neither knows nor understands) and the far eastern islands of Sakhalin. The development of Marxist-Leninist imperialism is inextricably interwoven with Russian nationalism. And the latter has always been expansionist — towards Poland and the West, towards the warm-water ports of the Indian Ocean and, more recently, towards a more peripheral form of colonisation stretching from Cuba to Saigon. At the same time the eastern Slavs now represent only 75 per cent of the total population of the "expanded empire"; present demographic trends are by no means in their favour. The Tadzhiks, Uzbeks and Kirghiz in Soviet Central Asia and the Balts in the north-west are, some of them (as in Tadzhikistan), doubling their population every 20 years; 37% of the women in those areas have more than seven children each! The riots in Alma-Ata in 1986 and the more recent ones in Yerevan (before and after the natural calamity that struck Armenia) bear witness to the revolt of the nationalities. There are 15 Soviet Socialist "republics", and national aspirations (or religious ones in the case of Islamic or Jewish minorities) give rise to internal problems of colonial domination, which as the case of Armenia has just shown, Russian imperialism does not hesitate in settling by sending in the tanks.

Thus Gorbachov's primary role, before that of world statesman concerned with international peace, is that of a Russian Tsar, imposing his authority on the peoples and

religions grouped together under the significant name of Union of Soviet Socialist Republics, a name in which the word "Russian" does not appear, as though to conceal the fact that the U.S.S.R. is rooted in the older "Rossiya".¹

President of the Supreme Soviet

All this needed to be said. The facts speak for themselves. Gorbachov is a born leader. He has patience and "prudence"; he can conceal his game and judge the right moment to assert himself. He is young. For him, Communism is not just a youthful memory. It has been his constant background ever since he was born in 1931. He is a Russian and he loves his country. He has the stature needed to direct its fortunes, and he has its greatness at heart. We would not be being unjust to the leaders of the world's governments if we judged that, compared to him, there is not one who has had the same training in political prudence, wields the same power or can count on such a stable future. Gorbachov's freedom of action is not hampered by elections or the rivalries of other politicians; in both these respects his hands are free. Nor does he depend on public opinion. It must be said that in their secret hearts there are not many people left in the U.S.S.R. who still believe in the economic success of Communism.

We have one last question to ask: is this leader of the Russian empire a real "communist"? Is he thoroughly imbued with dialectical and historical materialism, a master of Marxist-Leninist praxis . . . or is he a secret democrat on the western pattern, working to bring about the advance of the U.S.S.R. towards freedom with the benevolent complicity of the capitalist countries?

¹ The largest of the U.S.S.R.'s "constituent republics", which covers ¾ of the land area and contains 55 per cent of the population, is in fact the R.S.F.S.R., the Russian Soviet Federated Socialist Republic (Trans.).

(To be continued)

RECOMMENDED READING

- | | |
|--------------------------|---|
| Abraham, Larry | Call it Conspiracy. |
| Allen, Gary | None Dare Call it Conspiracy. |
| Douglas, C. H. | The Brief for the Prosecution.
The Development of World Dominion.
Economic Democracy.
The Monopoly of Credit.
The Policy of Philosophy.
Programme for the Third World War.
Social Credit. |
| Monahan, Bryan W. | The Moving Storm.
An Introduction to Social Credit.
The Survival of Britain.
Why I am a Social Crediter. |
| Sutton, Antony C. | National Suicide — Military Aid to the Soviet Union.
Wall Street and the Bolshevik Revolution.
Wall Street and the Rise of Hitler. |

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