

# **The Money Manufacturers**

**by Clare Macdonald**

**National Front**

**10p**



THE

# Money Manufacturers

***AN EXPOSURE OF THE ROOT CAUSE OF  
FINANCIAL AND ECONOMIC CRISES***

by  
**Clare Macdonald**

***Published by the  
National Front Policy Committee***

## **CONTENTS**

|                                      | <b>Page</b> |
|--------------------------------------|-------------|
| <b>I</b> INTRODUCTION                | <b>1</b>    |
| <b>II</b> THE FRAUDULENT SYSTEM      | <b>2</b>    |
| <b>III</b> THE INTERNATIONAL OCTOPUS | <b>11</b>   |
| <b>IV</b> THE SPONSORS OF SOCIALISM  | <b>13</b>   |
| <b>V</b> CAPITALISM AND COMMUNISM    | <b>16</b>   |
| <b>VI</b> THE WAY OUT OF THE TRAP    | <b>22</b>   |

# **1. INTRODUCTION**

This little book sets out to expose and explain in simple terms the cancer which lies at the heart of the monetary and banking system and is the root cause of the many economic ills that beset us today.

One of these evils is the bogey of inflation which (whether it be “creeping” or “galloping”) plagues, not only Britain, but every country in the Western world, including the United States of America.

The £100 which you saved up a few years ago and put by for a “rainy day” has already lost a slice of its original purchasing value. What is the use of saving, you ask in despair. Better to exchange it now for something tangible — before it crumbles away like fairy gold. Why do prices go up all the time? Even a wage increase helps for only a short while, then prices rise again and you are back to Square One.

Yet, consider the enormous expansion which has taken place in commerce and industry in the post-war years and the great technological advances which have been made with whole vast new industries opening up in synthetic fibres, plastics, chemicals, electronics and aerospace — somebody ought to be reaping the benefit from all this increased productivity. The question is — WHO? Is it the bosses? Is it the workers? The answer may surprise you.

## **2. THE FRAUDULENT SYSTEM**

### **CAPITALISM**

This is a term which is loosely used to cover two very different systems and it is important not to confuse one with the other.

### **FREE ENTERPRISE CAPITALISM**

John Brown receives a cash gratuity at the end of his Army service and decides to invest it in a pig farm which he develops into a successful business. He achieves this with his own money, earned and saved, his own skill and hard work, and at his own risk; he increases the country's food supplies and thereby benefits the community as well as himself. Alternatively, for example, he might buy a dry cleaning business, in which case he supplies, instead of goods, a useful service to the community.

### **LOAN CAPITALISM (FINANCE CAPITALISM, MONOPOLY CAPITALISM, INTERNATIONAL FINANCE)**

All these names are used to describe the system whereby Bank Credit, the money of a modern community, is brought into being in the form of interest-bearing loans issued to the Government and to industry, trade and agriculture. Bank money is created by the bankers — as God created the world — out of nothing! It has no intrinsic value and its cost to the banker is no more than that of a drop of ink and the time consumed in making a ledger entry.

**This is the biggest swindle in history!**

We propose to prove the truth of this assertion in the pages that follow.

### **THE ORIGINS OF BANKING**

From early historical times the money of each country was issued by the monarch (or State) in the form of metal coins which were put into circulation free of charge or interest and in sufficient quantity to serve the trading needs of the people.

Towards the end of the Middle Ages a new practice developed which was to have immense consequences. Aware of the dangers of robbery, the merchants began to lodge their stocks of coin and bullion

with the goldsmiths who were known to have the best strong rooms and also had a reputation for complete honesty. Moreover, instead of sending messengers carrying gold for the purpose of discharging debts to each other, they found that handing over a receipt signed by a reputable goldsmith was equally acceptable, since it was known that such a document could be exchanged for real money at a moment's notice. So far, so good. This was how the use of cheques originated.

It was not long, however, before the goldsmith woke up to the possibilities for exploiting the situation. Realising that he always had large stocks of coin and bullion in his strong room, since it never happened that all his clients would ask for the whole of their money simultaneously, he began to issue his own receipts as though they were real money, and furthermore, not merely to use them for the purchase of necessities, but to lend them out at interest. In doing this the goldsmith was morally and technically committing a fraudulent act. He was creating paper money whose value was equal to that of the coinage, being fully exchangeable for it, but he was doing so **not on the basis of his own holdings of precious metals**, which were only a small part of the valuables in his vaults, but on the security of coin belonging to his clients and held by him only for safe-keeping.

But soon this was not enough – he grew more greedy and more daring. He began to lend out his paper money to a total nominal amount far in excess of his clients' deposits of coin, being assured, from long experience that all this paper would never be presented at the same time. Whilst he was lending his spurious money at interest, he was thereby amassing real wealth for which he had paid nothing more than ink and paper. He began to acquire land, houses and other property and was able to increase his stocks of coin, which enabled him to expand his lending even further.

The goldsmiths, now turned bankers, had discovered a formula by which they could enrich themselves with an ease and at a rate which no one else could match.

Another crucial change came when the kings or governments of countries at varying stages of history surrendered the prerogative of issuing the nation's currency and handed it over to private bankers. It would take too long to describe here the circumstances in which the individual surrenders took place. In England it was William III who brought the Dutch bankers with him when he ascended the throne and the establishment of the Bank of England followed soon afterwards as the first private institution empowered to issue a national currency. The Government itself soon became its debtor. In France the change came with the Revolution. The 18th century saw the rise of the House of Rothschild in Germany, which was later to set up branches in the chief European capitals. In America the fatal deed was the Federal Reserve Act of 1913. In each case it marked the end of freedom and the beginning of the fraudulent system.

## HOW THE SYSTEM WORKS

An enormous amount of money is required to finance the commerce of a modern nation, but only a tiny fraction of it exists in the form of actual cash, i.e. bank notes and coins. The remainder, over 95%, is Bank Credit, loaned into circulation at interest and withdrawn from circulation when the loan is repaid. It is obvious therefore that the community must suffer from a **perpetual shortage of money** which can only be satisfied by the issue of fresh loans at interest to take the place of the old loans which have been repaid. Thus all economic activity is capitalised by perpetual debts at interest.

Let us follow this process stage by stage and see what happens.

United Chemicals Ltd., a thriving young company, wishes to expand. As its cash reserves from heavily taxed profits are insufficient to buy a larger factory and expensive modern machinery, the company seeks a bank loan. The bank manager, having examined the balance sheet and satisfied himself that the firm is creditworthy, asks for a suitable security, in the form of shares, insurance policies, property deeds, etc., to be lodged with him against the proposed loan.

All being well, the loan is granted. The bank manager now holds a security worth, say, £50,000 against the loan of £45,000 he has authorised. He has **not** lent this money from his customers' deposit accounts, nor has he taken the £45,000 out of his vaults to hand to United Chemicals. Nothing has changed, except for the creation of book entries in respect of the loan and the security now reposing in his safe.

The United Chemicals man walks out of the bank with just a cheque book and an authority to draw up to £45,000. In due course he uses this authority to buy the new factory and machinery — **not from the bank, of course, but from the community**, whose real wealth in terms of property and goods is thereby diminished by £45,000. This results in the community's currency being "watered down" in purchasing value, because the total amount of credit now in circulation as a consequence of his cheques has gone up, whilst the total amount of available goods and property has gone down. (It may be another year or more before United Chemicals' new factory starts to produce goods for the community.) In other words, a dose of inflation has been injected into the country's economy.

Furthermore, as United Chemicals has to pay interest to the bank on the loan, they are obliged to recoup this charge eventually by incorporating it in the price of their goods — so that in the long run it is the community which actually pays the interest to the bank.

**Everything you buy in the shops today carries this heavy invisible tribute to the banks — YOU pay it.**

United Chemicals repays the loan at the end of the specified period. The bank then extinguishes the credit entirely and that money ceases to exist until a fresh loan is issued in its place. If, on the other hand, United Chemicals gets into difficulties and is unable to repay the loan in full, the bank takes over the deposited security, sells it and



keeps the proceeds, or a sufficient part thereof, which are added to its deposits.

The bank risks little or nothing and ends up with a profit, whilst the community suffers a fall in the purchasing value of its currency. The transaction just described is only a small one. Consider how much greater the damage when bank lending to the Government is involved.

## THE DYNASTY OF DEBT

When banks lend a government "imaginary" money (credit) they have created for the purpose, they are **lending the nation wealth that is its own and collecting interest on their loans into the bargain!** These financial wizards put the real assets of the nation into a hat and pull them out again in the form of debts to banks!

To be paid interest for lending something that is not one's own property to lend in the first place would seem to be beyond the wildest dreams of usury — yet this is perfectly legal under our present system. The old trick of the goldsmiths has been perpetuated but on an infinitely grander scale.

It should also be noted that when the bankers create their loans, they do not at the same time create an extra bit of money to pay the interest on the loan! So, where is that to come from? Only from further loans. In other words, at any moment of time, the nation owes more money to the banks than the total exchange media in existence — a deficiency which can only be met by the issue of fresh bank loans at interest, which must lead to further monetary shortages. When our old friend United Chemicals puts up the price of its goods in order to pay for that bank interest, the buying public, unable to "create" extra money, are left with two choices. They can either do without the goods (or buy less) or they can demand a wage rise from their employers, who in turn must seek a bank loan if they can't pay the extra wages out of their reserves or current profits. What a mad merry-go-round!

Ask yourself, is there any earthly reason why (omitting that tiny portion which exists in currency coins and notes) the whole of the enormous amount of money required to run the ordinary daily business of the country should have to be issued as a **VAST INTEREST-BEARING DEBT on the nation for the benefit of the bankers?**

The present monetary system is not only expensive, charging interest on practically all the money used by the community, but also inefficient, creating a constantly increasing shortage of money. It would have been reformed long ago had it not proved so richly rewarding to the financial sector who have a vested interest in keeping the public in ignorance and shrouding the whole subject in clouds of technical jargon. Another good defensive tactic can be seen in the cries of "monetary cranks!" which go up whenever the subject of reform is broached.

Quite apart from the fact that the creation of money should never be left in private hands, let alone exploited for profit, a national economy which is rooted in debt can never be healthy.

## THE NATIONAL ECONOMY

Let us turn back now to the question we asked at the beginning of this book. Who has been reaping the benefit of the increased productivity of British industry.

The ready answer of the trade union agitator, which he is liable to believe for want of information to the contrary, is — the bosses! The owners of industry. The shareholders. But the true facts do not bear this out; real profits from industry are not going up in step with the growth of the national product. Dividends, either reduced or passed, or at best stagnating at the same level (which means that, allowing for inflation during the interval, they are really less in value than last time) are making investment unattractive and hardly worth the risk. The Stock Market is lifeless — the small investors prefer to put their money into Building Societies and the big insurance companies are looking round for properties rather than shares.

What of the worker? His living standards have not risen proportionately to the amount of new wealth created as a result of technological advances and increased means of production. Those workers who are not in trade unions and therefore have no organised bargaining power, old age pensioners and other people on fixed incomes are certainly much worse off.

The national cake is becoming bigger year by year, although perhaps not as quickly as we would like. But the worker's slice is not increasing, nor is that of the employer or the investor.

Whose slice is increasing? The very simple answer is — the international bankers.

It is the increasing burden of debt and interest that represents the hidden increment in the economy that is draining it of its life and which ensures that the fruits of greater production do not go to its creators.

The National Debt, Taxation and Inflation are linked together as grimly and inexorably as The Three Fates.

### (1) THE NATIONAL DEBT

In time of war bankers create unlimited credits to the Government in the form of "war loans", mainly for the production of armaments. As most of the war loans are held by the banks, their repayment would withdraw money from circulation, neutralising the benefits of increased government spending; hence they are added instead to the National Debt, which is serviced (with interest payments) by the nation to keep the system going.

Poor old nation — milked again! As the only guarantee of the National Debt is the credit of the Government, any well-conducted nation could use this same guarantee to back an issue of the identical amount of **paper money**; the increase of the money in circulation would be no greater than before, but the nation would be spared the **inflationary consequences of servicing the (unnecessary) debt.**

## **(2) TAXATION**

Taxes are levied, not so much to pay for public services as in order to sustain the political, economic and social system of the moneylenders.

Sir Roy Harrod, the distinguished economist, in a letter to The Times (17/8/70) put his finger on the crucial point. This is what he said:—

**"I believe that many people do not appreciate that this (the enormous Budget surplus) is something absolutely fabulous, out-of-this-world, many times as great as this country, or any other, has ever seen before. It was £2,444 million last year and £2,958 million is planned for 1970/71. I believe that this Budget surplus has been the main cause of the wages explosion that we have recently had, which is said to be going to continue. The exorbitant taxation pushes up prices and the cost-of-living. Wage earners are not going to be had for mugs, and so we get a pernicious wage-price spiralling . . . The reason why we have the surplus is that it makes life easy for those who have to manage the National Debt in an age in which gilt-edged securities make little appeal to most investors. IT IS THESE DEBT MANAGERS, AND NOT MINISTERS OR CIVIL SERVANTS IN OTHER DEPARTMENTS, WHO DETERMINE OUR BASIC POLICY."**

Which just about crushes any hopes of future significant tax cuts! The Government, unable to service (pay interest on) the National Debt by persuading the public to invest their savings in gilt-edged stocks, can only fall back on taxation to get their money.

## **(3) INFLATION**

As we have just noted, heavy taxation in the Budget pushes up wage demands. How are all these vast wage increases financed? The Bank of England Quarterly Bulletin in its latest issue shows that Bank lending shot up in the first two quarters of 1970 by £215 million and £514 million, for companies. These debts, public and private, all bear **interest payments** which become a further cost.

**WHICHEVER WAY WE LOOK, THE SAME MONSTER FACES US — BLOATED DEBT SWELLING EVER LARGER AS FRESH LAYERS OF INTEREST CONTINUALLY INCREASE ITS GIRTH.**

**Note for Ratepayers:** Nearly every local council in the country is up to its eyes in debt to the banks. They not only have the old loans

to pay back, but on top of that **further loans** which have been taken out **in order to pay the interest on the original loans**. There is not the slightest hope of their ever being able to pay off this load of debt, and this can mean only one thing – that the local rates will increase every year in perpetuity.

It is the nature of usury that it needs an ever expanding market; this parasite cannot live indefinitely on one and the same victim only. In recent years the bankers' need for more and more borrowers has become so acute that they openly urge people to contract debts in many and repeated advertisements. We can see the same motive at work in their eagerness to persuade America and Britain to make loans to underdeveloped countries by way of "overseas aid".

The whole process is rather reminiscent of those pernicious "chain letters" which promise rich profits to the participants, the system being kept afloat only by continually bringing in fresh people and so transferring the debt from one group to the next as long as possible – until someone breaks the chain.

But surely, our reader may ask, if banks were allowed to lend without restriction, the outcome would be such raging inflation that the system would have collapsed long ago?

Quite right, there is some limitation. But this is fixed by the banks themselves. Every day the top bankers meet in the City of London (and in the other capitals) to decide how much credit shall be put into circulation, this being allocated among the various banks according to their size. The purpose of this is that we may have what is laughingly known as "controlled" inflation (how controlled is "controlled"? ) instead of totally uncontrolled inflation! Are we supposed to feel grateful for this small mercy – which is rather like bleeding a man slowly to death instead of clubbing him over the head? Inflation must be **stopped** – not "controlled".

Banks have found from experience that they can safely lend **ten or eleven times** the amount of money they actually hold in the form of cash and deposits – and don't forget they always demand a good security for the loan. To be allowed to "create" imaginary money ten times the value of what you actually hold and then charge interest on it isn't bad going!

But surely, our reader comments once more, the banks render a useful service and are therefore entitled to make a profit. They are indeed, but within reasonable limits.

## **FOR PROFESSIONAL SERVICES**

It should be realised that bankers in their business capacity seldom lend anything of their own; their function, apart from creating credit, i.e. **book-keeping**, is limited to the exercising of professional judgment in the selection of creditworthy borrowers. This service would be adequately rewarded by a fee or commission, **but in no circumstances**

should it warrant, in addition to fabulous material gains, the granting of virtual economic overlordship.

Lest any of our readers should be under the impression that banks are now obliged by law to reveal their actual profits, we hasten to disillusion them. All that the banks publish is a tiny portion of their profits, based on the small nominal capital and linked up with the dividend to shareholders (which is in reality only a slightly variable interest rate and not a true share in the profits at all). Bankers' books are not subject to external audit by any official, accountant or individual, not even a Government nominee!

The accumulated profits of the banks are astronomical and to a great extent unspendable — since they would buy up all the property and goods in existence. Bankers live discreetly within their own circles and shun the limelight. They do not flaunt their wealth to the vulgar gaze, although now and then you may chance to read of a banker's wife who has been robbed of a £100,000 necklace or some such incident. There is a limit to the number of chateaux, limousines and yachts one can conveniently use, but when every desire has been gratified, there still remains the one great pursuit that never palls — the lust for power.

## THE INVISIBLE ESTABLISHMENT

It is obvious that, apart from increasing wealth, the bankers hold immense political power in their hands, since they alone decide who shall receive credit and who shall be refused, and for what activities it shall be used. On an international level this means that even governments (being borrowers) can be manipulated and coerced into acts against their own national interests. When the British Government did such a shameful "scuttle" over Suez in 1956 it was because the refusal of a U.S. dollar loan was held as a threat over the heads of our political leaders — and they crumpled into submission. This weapon has been employed again and again; in reality it is not governments who rule but the bankers.

Disraeli said "Governments do not govern, but merely control the machinery of government, being themselves controlled by the hidden hand." Discretion prevented him from adding three more words: "of the bankers".

We are not talking, of course, of that nice harmless chap who is the manager of your local branch of Barclays round the corner — he is just a paid employee who is doing his best to earn a living like the rest of us. The odds are that he hasn't even a clue about the gigantic racket in which he is a very tiny and insignificant cog. The vast majority of men in the banking profession are simply technicians carrying out a skilled job, which they perform very efficiently, without troubling their heads to investigate the deeper issues involved, let alone question the moral motives of the top echelons of financial power.

The men of whom we are speaking are silent and invisible; they

prefer to operate behind the scenes, and whenever they need a spokesman, they have the subservient mass media at their beck and call. But do not imagine that these men of immense power, because they are unseen, do not exist; their invisibility is their greatest protection.

Even bankers, normally the most reticent of men, sometimes let the truth slip out. Here are some quotations, two of them from bankers, which you might find interesting.

“The banks create money when they lend it or make a purchase. Those people who have control over the credit of a country hold in the palm of their hand the fate of that country and determine its policies.”

*(Reginald McKenna, former Chancellor of the Exchequer and Chairman of the Midland Bank, in a speech made in 1924)*

“Bankers win on both the swings and the roundabouts of this monetary circus, for the real assets they demand as security for the credits they encourage their clients to borrow in boom periods, during which they earn the corresponding interest, become theirs outright when their clients go bankrupt in the succeeding depression. For the past two and a half centuries, bankers, lending money that is not theirs, nor even deposited with them, have in this way been getting outright possession of an ever larger proportion of the world’s capital wealth and income.”

*(Andrei Krilenko, Money and the Modern World)*

“Allow me to issue and control a country’s money and I care not who writes its laws.”

*(Nathan Rothschild, 1777/1836)*

“It is as well that the people of the nation do not understand our monetary and banking system – if they did, I believe there would be a revolution before tomorrow morning.”

*(Henry Ford, Snr., in MY LIFE)*

### **3. THE INTERNATIONAL OCTOPUS**

The debt pattern which we have observed on our own domestic scene is repeated on an international level. Our government must bow to the International Monetary Fund, which we were forced to join at the end of the last war as one of the conditions of the American Loan Agreement. Each year around Budget time the I.M.F. send their team across to inspect our national accounts and see that we are obeying their orders.

There is little doubt that the ultimate objective of the I.M.F. is to act as an International Reserve Board (like the Federal Reserve consortium of private bankers ruling over the American currency) which would exercise sole sovereign power over note issues and credit throughout the world. They are already working hard for the establishment of their own international unit of currency to replace the dollar and the £. There is absolutely no limit to their aspirations!

Our governments have borrowed money heavily from international finance and for this "created" paper money must pay back the principal and interest in real wealth, gold, the production of our industries and shares in our best companies. The international financiers are thus in a position to arrange take-over bids and mergers. American finance is buying up British industry at the rate of £2 million a day. It was the Wall Street "paper dollar" take-overs of French concerns which aroused the wrath of President de Gaulle! Huge multi-national companies are being formed with bankers' money whilst small firms are being driven out of business through shortage of capital, high interest rates and penal taxation.

#### **BALANCE OF PAYMENTS**

Bankers are always urging highly industrialised countries, such as Britain and America, to export more than we import so as to have a "trade surplus". They do this for their own benefit – not ours. What can you do with a trade surplus – you can't eat it or wear it! All it means is that we have given away, for nothing, to a foreign country goods (materials and labour) which could have been used for the benefit of the home market.

The ideal to be aimed at is to balance exports with imports as nearly as possible in an economic exchange of the goods or services which different countries can provide better or more cheaply than the rest. Then everyone is happy – except the bankers. Without countries which regularly produce surplus exports and thus create the opportunity

for continual loans (for example to "underdeveloped" countries) the international financial brotherhood would soon be out of business.

Any exports sent out in excess of the value of imports are wasted. International trade should be for the common good, not a system whereby the products of countries' skills and efforts are thrown away solely to enable bankers to go on reaping where they have not sown.

There is nothing new about the bankers' strategy regarding export trade, as we can soon discover if we take a look back into history. The Napoleonic wars left Europe in chaos and Britain virtually unscathed. She controlled the seas. She had raw materials and skilled labour and was thus able to take advantage of the fruits of the industrial revolution. Then, as one historian puts it, the financiers moved in — those people who make individuals rich and nations poor. They batted on the country's prosperity.

They shipped the products of this country to the far corners of the world while our own people suffered poverty the like of which we would find it hard to believe were it not for the records still available to be read.

Something to remember the next time you hear the word "exploitation" mentioned in argument!

International finance acknowledges no loyalty to any country, only to its own twin pursuits of profit and power.



## **4. THE SPONSORS OF SOCIALISM**

If the true causes of the evils of Finance Capitalism have been concealed from the masses all over the world, its effects certainly have not. They have been felt by the masses in terms of grinding poverty and social injustice. This has very naturally had its reaction in the form of an immense universal movement demanding radical change.

Hence Socialism.

Socialism, whether in the extreme form prevalent behind the Iron Curtain, i.e. Communism, or the milder form represented by the Labour Party in Britain and its equivalents in other Western countries, has appealed to many of the most idealistic minds on this earth. In practice, however, it has consistently failed to bring to the masses the prosperity supposed by its doctrines and promised by its leaders. In economic performance it has usually produced poorer results than Capitalism.

### **ORTHODOX SOCIALISM – A RED HERRING**

This is because Socialism, in the orthodox form that millions have come to understand it, is a political red herring.

Orthodox Socialism attacks only the iniquities, real or invented, of free enterprise capitalism, i.e. the capitalism of private ownership of the means of production and private profit deriving therefrom; it either ignores or relegates to secondary importance the **capitalism of finance**.

In every orthodox Socialist book of reference one will find the same dreary, repetitive but unproven theme: that the poor are poor because the rich are rich, that the workers have too little because the employers have too much, that wages are low because profits are high, that poverty and social injustice exist because wealth and production are privately owned and that the reversion of these things to public ownership will hasten in a society of abundance for all and complete social justice everywhere. These doctrines, apart from being untrue, help nobody concerned in the work of production. They do not help employers and they certainly do not help workers.

They only help Socialist parties to win power.

Why do Socialist parties, such as the Labour Party, direct their attack at free-enterprise industrial capitalism and not at **Finance Capitalism**? Why do trade unions organise strikes to disrupt essential industries and services but take no action against the **great finance houses and banks**?

Because from very early on in its development orthodox Socialism has been a tool of the very same forces that control finance Capitalism. If this be disbelieved, let us point out certain facts that are perhaps unknown to the average working man who puts his cross alongside the name of his Labour candidate at election time. Such as, for example, the facts concerning financial sponsorship of Red Revolution.

International bankers in America, Germany and Sweden supplied the money, and the men for the Russian Revolution. Trained street gangs of thugs from New York slums were imported for the job of leading the riots in Moscow, Petrograd, etc. On October 20th, 1918, at a meeting in Moscow of the Central Executive Committee under the Chairmanship of Sverdlov, Communist dictator Lenin said: "I am frequently accused of having won our revolution with the aid of German money. I have never denied the fact, nor do I do so now."

Far more important than the German money, however, was the New York money channelled to Moscow through the German banks. Jacob Schiff, a partner in the Wall Street banking firm of Kuhn, Loeb and Co., contributed \$12,000,000; his firm has been strenuously denying it ever since, but the facts cannot be refuted.

A document from the archives of the French High Commissioner in Washington states:—

"In February 1916, it was learned that a revolution was being fomented in Russia and that the following persons and business concerns were engaged in this destructive enterprise:—

- (1) Jacob Schiff
- (2) Kuhn, Loeb & Co. (Directors: Jacob Schiff, Felix Warburg, Otto Kahn, Mortimer Schiff and Jerome Hanauer)
- (3) Guggenheim
- (4) Max Breitung.

"In April 1917, Jacob Schiff publicly declared that it was thanks to his financial support that the revolution in Russia had succeeded. In the Spring of the same year, Schiff commenced to subsidise Trotsky.

"Simultaneously Trotsky and Co. were also being subsidised by Max Warburg and Olaf Aschberg of the Nye Bankers of Stockholm, the Rhine-Westphalian Syndicate and Jivotovsky, a wealthy industrialist whose daughter later married Trotsky."

The Wall Street bankers' provision of credit facilities to the Revolution did not go unrewarded; between the years 1918 and 1922 no less than 600 million roubles worth of Russian gold was transferred to Kuhn, Loeb & Co. in return for the foreign loans they had created for the Bolsheviks.

Turning now to the financial backers of the Labour Party in Britain, we find that these have by no means been confined to the trades unions but include such Socialist millionaires as Lord Sainsbury, Lord Campbell, Leonard Matchan, Sidney Bernstein, Robert Maxwell, Harold Lever and the late Victor Gollancz.

Why, then, have the finance-capitalists sponsored Socialism? The very simple answer is because orthodox Socialism represents no real threat to them, for its policies do not include the appropriation of the assets of the great international finance houses, and because orthodox Socialism serves as a convenient safety valve for the discontent of the working masses, a means of diverting their attention towards imaginary exploiters and away from their real exploiters.

The idea of Socialism is in itself not necessarily wrong. The great question is — what are the institutions that should be socialised? Should we socialise the great and small productive industries and services, which, when freed from the everlasting bondage of debt-interest, can benefit their employees just as much as their owners by higher profits making possible higher wages. Or should we socialise the forces by which money emission is carried out?

The former usually achieves nothing except to make industries and services less efficient and put the burden of their losses on to the taxpayer instead of their owners.

It is the latter which need to be subject to public control. This does not necessarily mean the nationalisation of all banks and finance companies, only the withdrawal of their mandate to create money. Such concerns have a useful and proper function like any other public service, and for that function and the expertise used in carrying it out should be entitled to fair remuneration. But their function should not include the lending of money that they do not possess to lend, i.e. creating money which did not previously exist. That function can only be properly exercised by the State. It is the socialisation of the institutions for the creation of money, not the socialisation of the means of production, that is essential to overcome the real iniquities of Capitalism.

## 5. CAPITALISM AND COMMUNISM

The different conceptions of Communism which men form in their minds depend on the quality and quantity of their information. Some just don't know, or they know only what the mass media permit them to know – which is the same thing.

Many people have a mental picture of Capitalism and Communism as two hostile giants glaring at each other across a great abyss. Life might perhaps be a lot simpler if this naive view happened to be true, but nothing could be further from reality!

As we have already described in the preceding chapter of this book, a vital link exists between International Finance and Communism – a link which has existed right from the first inception of the Russian Revolution and continued up to the present day. It could be compared to the bond between mother and child, with the milk of finance flowing from the parent to nourish and sustain the offspring.

As a result of the establishment in 1913 of the Federal Reserve Board, the United States had come fully under the control of the great financial houses. President Woodrow Wilson, having been foolish enough to let himself be inveigled into supporting the Federal Reserve scheme (which meant his handing over the issue of the American currency from the U.S. Government to a consortium of **private bankers**, headed by the alien-born Paul Mauritz Warburg) later on found himself obliged to extend recognition to the Russian Revolution and the Communist Government which followed it.

The sixth of his "Fourteen Points" for the peace settlement after the war assured Russia of "... a sincere welcome into the society of free nations under institutions of her own choosing, and more than a welcome, assistance also of every kind that she may need and may herself desire."

Financial aid to Communist Russia was thus established and has continued ever since.

In 1919 when President Wilson fell from favour, the Congress of the United States refused to recognise Soviet Russia and issued a decree forbidding the supply of loans to Moscow. This ban lasted for 12 years until the election to the Presidency of Franklin D. Roosevelt restored the original situation, ensuring recognition of the Soviet Union and also Moscow's free access to the New York money market.

It must be pointed out, however, that in practice the 12 year ban had little effect – the bankers evaded it. Although direct loans from New York were illegal, there was nothing to prevent finance from being fed to Russia through the international network of the banking houses in London, Paris and Hamburg, and this is precisely what happened. The

German banks, in particular, were heavily involved in obtaining loans for millions of dollars from America and passing them on to Russia.

Over the years Communism has provided the New York based financiers with a convenient excuse for peddling their loans, and some penetrating remarks on this subject are made in George Knupffer's book "The Struggle for World Power":

"There is a semi-automatic compulsion, rooted in the character of Capitalism, which has inclined the American Governments for a long time towards pro-Soviet policies. The existence of Communism and the fact of its rule over half of Europe and Asia has enabled **American finance, which controls the State, to sustain an economy based on subsidised overproduction. Massive armaments, subsidies to many countries and other related forms of expenditure keep up the high level of production and financial expansion; all this provides a money-lender's paradise. If the Soviet were to collapse, then with them would go this whole artificial economic structure.**"

## SUBSIDISING COMMUNISM TODAY

Not only the Soviet Union, but also the whole Iron Curtain bloc, is in the throes of mounting economic troubles, due to the extreme inefficiency and structural backwardness of most of their agriculture and industry. At the same time, at an astronomical cost and with enormous waste, the Soviet has created a gigantic military machine which goes far beyond her defence needs. The economic crisis is made worse by the huge military expenditure, and it is obvious that she is finding increasing difficulty in creating sufficient resources to support both industrial development and military spending.

The Kremlin leaders know how desperately they need Western help to solve their pressing domestic economic problems and to compensate for the drain on their resources caused by military expenditure. It must be admitted that they seem now to have found the perfect formula for eating their cake and still having it. They are seeking (and getting) Western economic co-operation whilst at the same time maintaining the greatest war machine the world has ever known, far beyond anything Nazi Germany had in 1939. We are to subsidise them while they arm to the teeth – against whom?

An article in "The Times" recently announced that the Confederation of British Industries, following talks with the Russians, is proposing a scheme under which British firms would build and finance four industrial projects in the Soviet Union at a total cost of £504 million. This kind of money can, of course, only be created by banks. If the plan goes through, Rio Tinto Zinc will set up a giant copper and smelting complex in Eastern Siberia, Guest Keen and Nettlefold will provide a forging plant and the British Steel Corporation an iron processing plant, whilst the fourth group, still unnamed, is to build a rail freight container link between Leningrad and the Pacific coast. All this to assist those who have sworn to "bury" us and still mean it.

We don't happen to stand in need of £504 million pounds' worth of vodka, caviare or tinned crab from the Soviet — so just what are we going to get in exchange for all that valuable plant and technical expertise? More inflation, that's what. Whether the British firms in the consortium eventually make a profit on the deal or not is their affair; in the meantime a huge amount of created money will be put at their disposal to spend on materials and labour for the project, thereby causing still more inflation of our national currency.

It seems a very peculiar thing that a British Government (it happens to be a Conservative one at the moment but the Socialists would be just as keen) should favour a project which involves raising £504 million to benefit the Soviet Union, whilst at the same time they are quite unable to find sufficient money to provide housing for hundreds of thousands of British people who are living in squalid, insanitary, damp and often rat-infested hovels. Peculiar, that is, until one remembers that it is the bankers who rule the Government.

There is a great shortage of investment capital for many firms in Britain which cannot afford to modernise or renew machinery which is wearing out. There is also a great need for more investment of British capital in the Dominions of Canada and Australia, to avoid letting them come under American domination. If we are investing capital in overseas industries, that is where it should go — to our friends, not to those who are stirring up trouble for us in every part of the world, including Britain.

Turning to the Iron Curtain satellites, we find that dollar loans have been made to countries such as **Czechoslovakia, Hungary and Poland**. We quote from the "Evening Standard" the story of a little excursion in the early summer of 1970:—

"A party of Western bankers flew from London to Budapest today to clinch a near 30-million Euro-dollar fund raising operation for the Hungarian government. It is the second time in just over a year that Western banks have arranged a major loan for Hungarian industrial development. In April last year a 15 million Euro-dollar loan was raised for the aluminium industry . . .

"Once again the big loan has been arranged by the Bank of London and South America which has strong business links with the Eastern bloc. BOLSA chief Sir George Bolton has encouraged business for many years with the Hungarian National Bank, chiefly to finance trade between Hungary and South America.

"The big loan announced today is believed to be the largest set up by Western banks for an Eastern bloc country. Around 12 British, Continental and North American banks are putting up the funds between them."

The article points out that the current loan is to be used by Hungary's pharmaceuticals industry which is a big foreign exchange earner to the tune of \$25 million a year. Nothing like helping one's competitors, is there?

Yugoslavia has received no less than 350 million dollars in loans

from the World Bank (HQ in Washington and twin to the I.M.F.) between 1961 and 1970, for the purpose of building railways and roads and modernising her industry.

In October 1961 the Kremlin boasted "In the current decade the Soviet Union will surpass the strongest and richest capitalist country, the United States, in production per head of population." That this prophecy was not fulfilled will not surprise anyone who is familiar with the Soviet's rigid and repressive industrial system, infested with bureaucrats and planners whose plans often have an extraordinary way of conflicting with those of other planners, with dire results. It is an atmosphere which severely discourages any spark of individual initiative or originality, or any kind of adventurous risk-taking; the penalties for mistakes are heavy and no one is going to "stick his neck out". Thus free enterprise will always be more productive than the system of the collectivists.

Having failed to make good this boast, the Soviet bloc countries are turning to the two richest capitalist families in the world – the Rockefellers and Rothschilds – to help them with the financing and know-how to attain their project goal in the 1970's.

It has been reported in the "Washington Observer" that the Rockefellers and Rothschilds are organising a new world-wide mutual fund venture which will funnel thousands of millions of dollars' worth of money, technology and equipment into Communist countries.

Needless to say, all this bounty is to be provided by the West. The Rockefeller-owned International Basic Economy Corporation (already operating in South America and behind the Iron Curtain) and N. M. Rothschild & Sons are to set up a jointly-owned and operated investment trust which will be known as the International Investment Co. and will provide the foreign credit Yugoslavia needs for building iron works at Prijedor where rich ore reserves have recently been found.

This is only a curtain-raiser to other Rockefeller-Rothschild investment promotions behind the Iron Curtain to boost sagging Communist regimes' national economies.

Let us be quite clear as to exactly what all this financing of trade with Iron Curtain countries means to us, the people of Britain.

The international bankers create a loan so as to enable a Communist country to import from Britain technical expertise and advanced plant and machinery of a quality which they are quite incapable of producing themselves – otherwise they would do so. There has to be a loan because the Communists are unable to offer us in exchange a sufficient quantity of goods, food or raw materials of a kind that we ourselves require, or would wish to accept. The individual British firms who receive the export orders make some sort of profit, often not very large, on the deal and are duly paid by the bankers. At first glance this may seem fine. But look a little deeper. What do the bankers use for payment to the British exporters? The "imaginary"

money of the loan they have created, of course. This newly-created money naturally dilutes the purchasing value of the whole community's money, since no extra consumer goods have been made available to us as a quid pro quo – and our goods are in Poland or somewhere! The workers (and the owners) of the export firms are paid with money which is already diminishing in purchasing power as they receive it, but it is the community at large which has really borne the brunt of subsidising these exports.

Some may say – well, at least it keeps our workers in jobs. But wouldn't they have been better employed in making something to benefit people here? The labour and materials used to provide factories and equipment for Communists could have been devoted to building decent houses for Britons or better schools or modern hospitals . . . the list is endless. Instead we are being milked of the products of our skills and industry and inventiveness which we virtually give away for nothing. All we get out of such deals is more inflation of our currency. Money has no value in itself – without goods to match, it is worthless.

In addition, we are bolstering up tyrannical Communist regimes, mitigating the effects of their inefficiencies and so helping to protect them from the anger and discontent of their enslaved peoples. It should also be remembered that any foreign exchange or foreign credit the Communists manage to get their hands on is very useful to them for financing the vast "diplomatic" espionage networks, subversive activities of all kinds and propaganda "fronts" which they maintain in countries such as Britain and America for the purpose of undermining us.

## **THE BANKERS' AIM – WORLD GOVERNMENT**

The top international bankers who financed and established Communism as a world force and also direct that other world force known as Finance Capitalism have made use of both as their twin mechanisms for achieving world domination. They know that their usury-Capitalism system cannot hope to exist for ever in its present fluid and expanding forms; moreover, they are not really interested in an everlasting struggle for its survival. The constant need for creating new loans so as to sustain the structure, as well as the political need for avoiding excessive unemployment, are leading irresistibly to a growing inflation everywhere.

Already now the National Debt of the United States is greater than their total wealth, immense though it is, and the debt grows relentlessly by many billions every year. Similar conditions exist in other countries, including Britain. Sooner or later money will fall in value to such an extent as to make commerce in goods and services and the accumulation of money for investment in business impossible and the system will collapse in chaos.

The bankers plan to replace it with a Socialist/Communist World Government, which would be controlled by themselves,



operating through a trained Elite of bureaucrats and so-called "intellectuals". The two sheep pens will be merged into one and the people of the Communist countries will share a common slavery with the nations of the West and all other countries.

The Lords of High Finance naturally do not regard matters in quite the same light as we do. They arrogantly believe that it is only right and proper that they should be in control of all mankind. Their favourite and noble-sounding excuse for their power-mania dream of the One-World Government is that it will stop wars. Peace is the bait they dangle before the naive and gullible whilst they plan their global take-over. There is nothing unusual about this; tyrants have always managed to produce respectable moral reasons for their actions. At the present time we are being conditioned for World Government through the "educational" process of the work of the United Nations Organisation and its offshoot UNESCO.

In 1950 James Paul Warburg of the powerful banking family said: "The great question of our time is not whether or not One World can be achieved, but whether or not One World can be achieved by peaceful means. We shall have World Government whether or not we like it. The question only is whether World Government will be achieved by consent or conquest." (For "whether or not we like it" substitute "whether or not you like it", which is what he really meant.) You can be sure that the Money Moguls intend to be in control of the World Government, otherwise they wouldn't be promoting it!

What a prospect for humanity – a world populated by hordes of rootless, docile labour units without racial or national identity, drab spiritless slaves of vast impersonal production plants, directed hither and thither at the command of their overlords – who will undoubtedly be most careful to preserve their own racial and family identities. It is well known that the "great" international banking families make a practice of intermarrying with first cousins or else with each other's dynasties.

The decimalisation of our currency, the metrication madness and Britain's proposed entry into the Common Market are all essential parts of the internationalists' plan. The Six Common Market countries, including a somewhat reluctant and rebellious France, have just taken the first step towards unification of their monetary systems, a process expected to be completed by 1983. This is a significant advance nearer to a world monetary system controlled by the bankers. Armies, policemen, civil servants and secret police carry out the instructions of those who pay their wages. When this comes about, then the Financial International will be masters of the world, and George Orwell's prophecy of "1984" will be upon us, the World of Big Brother.

Is there anything we can do about it before it is too late?

## **6. THE WAY OUT OF THE TRAP**

There is only one course of action which can save Western civilisation from moral and material bankruptcy and eventual enslavement under the Socialistic World Government of the Money Power. We must undertake the total reform of the monetary system and the abandonment of the practice of glorified pawnbroking known as Loan Capitalism on which our society is founded.

We outline below our main proposals for reform:—

- (1) Restore to the Crown the power of the issue and creation of moneys in all forms.
- (2) The system must be supplied, debt and interest-free, with an amount of credit, notes and coins sufficient to keep the economy running smoothly, this being determined by an independent, permanent expert commission, and once created, this money must remain in being and not, as now, cease to exist whenever credits are repaid to banks.
- (3) By law all debts, whether public or private, should be subject to repayment within a reasonably short time or amortization (repayment in instalments).
- (4) If new money is **spent**, not **lent**, into circulation, taxes will be reduced to a small fraction of their present and growing extent and the National Debt will gradually disappear. In any event that portion of the National Debt accumulated by usury should be annulled.
- (5) Banks should only be allowed to lend moneys they have earned or borrowed, i.e. their own or their clients' money, but should not be permitted to **create** money. Their other professional functions would remain.
- (6) The whole system of external trade and foreign payments should be overhauled to make it a means of promoting the exchange of goods and services, only when these are genuinely needed for the improvement of living standards of the trading nations, instead of being as at present a wild chase after often unattainable favourable trade balances in the exclusive interests of the financial sector.
- (7) With the release from the debt and tax burden and with the issue of money in accordance with the needs of exchange the country would experience lasting prosperity, with no slumps and unemployment. Money, instead of being our tyrant Master, would become our public servant.

*Printed and published by the National Front,  
50 Pawsons Road, Croydon CR0 2QF, Surrey.*

