

"All that is necessary
for the triumph of
evil is that good
men do nothing . . ."
— EDMUND BURKE



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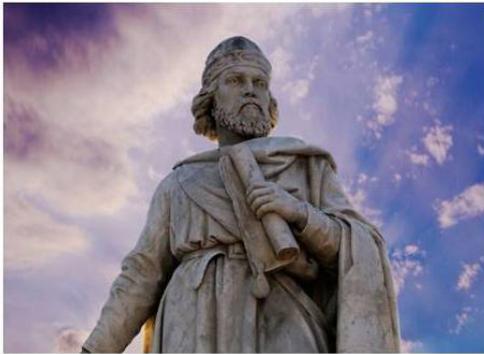
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REMARKABLE ANNIVERSARIES FOR A REMARKABLE LADY

On the 6th of February, Her Majesty will celebrate 65 years as our sovereign head of state and on the 21st of April she will celebrate her 91st birthday and on the 20th November she and the Duke of Edinburgh will celebrate their 70th wedding anniversary. Remarkable anniversaries for a remarkable lady indeed.



Statue of Alfred the Great at Wantage in England

In the 6th century, after the rule of Rome had ended there lived a philosopher called Boethius. He wrote a number of books, some drawing on the philosophy of Plato and Socrates. One of his books was called 'The Consolation of Philosophy'. King Alfred the Great was so taken with this work that he had it translated into English which was a huge task for those days. He wrote an introduction to his translation: "What I set out to do was to virtuously and justly administer the authority given me. I desired the exercise of power so that my talents and my power might not be forgotten. But every natural gift and every capacity in us soon grows old and is forgotten if wisdom is not in it. Without wisdom no faculty can be fully brought out, for anything done unwisely cannot be accounted as skill. To be brief, I may say that it has always been my wish to live honourably, and after my death to leave to

those who came after me my memory in good works." These are words which could well have influenced the long reign of Alfred's direct descendant, our own Queen Elizabeth.

May God bless Her Majesty.

Philip Benwell, National Chair of The Australian Monarchist League

CORY BERNARDI TO START HIS OWN 'CONSERVATIVE' PARTY by Betty Luks

The mainstream media is all agog at Senator Bernardi's decision to quit the Liberal Party and start his own 'Conservative' group. I have in my possession a copy of the 1949 Liberal Party's Statement of Liberal Beliefs - "WE BELIEVE". All I can say is the original Liberal Party's beliefs were based on what I would have thought 'conservatives' stood for. Let's look at a few of 'headings' of the Statements of Belief:

3. WE BELIEVE IN THE INDIVIDUAL.

9. WE BELIEVE THAT THE "CLASS WAR" IS A FALSE WAR.

10. WE BELIEVE THAT LIBERALISM MEANS FLEXIBILITY AND PROGRESS.

12. WE BELIEVE THAT NATIONAL FINANCIAL AND ECONOMIC POWER AND POLICY ARE NOT TO BE DESIGNED TO CONTROL MEN'S LIVES.

13. WE BELIEVE IN THE GREAT HUMAN FREEDOMS

In 1968 Eric D. Butler wrote a brilliant paper on *The Achilles Heel of the Conservative Movement* which we take much pleasure in reprinting in two parts over the coming editions of *NewTimes Survey*.

Readers will be able to compare Senator Bernardi's claims to 'conservatism' with what the word once meant.

Whether it is Cori Bernardi or Pauline Hanson, or any other group claiming to speak for 'traditional conservative Australia', Eric's paper will be of help to determine the truth or falsity of their claims.

THE ACHILLES HEEL OF THE CONSERVATIVE MOVEMENT by Eric D. Butler

Introduction

This article was published in *The Canadian Intelligence Service* in October of 1968. It has been reproduced at this time because it may well be that desperate people now need its message more than at any previous time. The author, Mr Eric Butler, is the well-known Australian lecturer and writer on international affairs, politics, economics and history. He has spent much of his life directing the attention of 'conservatives' to a weakness in their movement - a failure to understand the realities of finance, and how their ignorance in this field is continuously, and effectively, used to hamstringing them. Mr Butler claims that no conservative movement can halt the growth of the Welfare State, Socialism or Communism, until it promotes a change in the basis of credit creation and its control. He warns that centralised credit control is a powerful instrument being used to create a programme of economic and political centralism, leading ultimately to the World State, or to the collapse of civilisation. The result of failing to observe such warnings has been that the true conservative has largely been drawn into the dialectical left/right debates designed to obscure the root cause of the present political and economic discontent.

Verbal champions of freedom have often persuaded him to offer his allegiance to alleged 'conservative' or 'Right-wing' political parties, who, while continuing to further the causes of revolution, publicly maintained the pretence of "anti-Socialism." This has produced, as intended by those in charge, the required degeneration in the social morale and credit, issuing in "the sort of irrational and furious discontent which can be channelled into revolutionary violence." But the famous British historian, Sir Arthur Bryant, in his preface to his excellent *Spirit of Conservatism*, maintains that "With the 'malice which the rage of party stirs up in little minds,' the true Conservatism has no part." In his preface to Sir Arthur's book, Colonel John Buchan describes the true Conservatism: "It is not an abstract dogma, for it is always close to facts. It is based upon certain fundamental principles, but inside these principles it cultivates a wise opportunism. Above all things, it is a spirit, and the fruits of that spirit are continuity and unity."

There is still in New Zealand, a tough core of common sense and mutual faith which may yet save the nation from the worst extremes of Socialist tyranny. But like a rudderless ship, the true conservative movement is powerless to make a constructive contribution towards reversing current trends toward the Socialist State without grasping the realities of finance.

David Thompson, New Zealand League of Rights

The Achilles Heel of the Conservative Movement

The domination of international affairs by Communism since the end of the Second World War, and the results of Socialist and Welfare State programmes in most non-Communist nations, have produced a reaction in the form of groups, movements and journals advocating conservatism as the only basis upon which a genuinely free and progressive society, with security for the individual can be developed. This conservative movement is strongest in the United States, where it finds a variety of expressions ranging from movements like the controversial John Birch Society to what is regarded even by its critics as the "respectable" National Review, edited by the entertaining Mr William F. Buckley, Jr.

In spite of controversy between individuals and groups inside this conservative movement, and the presence of a genuine "lunatic fringe", there is no doubt that this movement has had a tremendous impact inside the U.S.A., while also making a stimulating contribution to conservative movements throughout the rest of the English-speaking world.

One of its most valuable contributions has been to make available a wide variety of excellent books at prices which make a large circulation possible. Classics by great conservatives of the past, men like Edmund Burke, have been republished. A number of well-produced journals offer valuable information and comment on a wide variety of subjects of interest to conservatives. No one has appreciated, and enjoyed all this development more than I have.

I have no patience with those who cannot see that any efforts which help to hold up the Communist advance, so far from being merely "negative" do provide a chance against a certainty. They make it possible to preserve a base of sufficient freedom from which the Communist threat can be fought. But while I agree that where the enemy is at the gates, it is no time for protracted debate on how to reconstruct the city being defended, it is a matter of life and death to make certain that no support is given in any way to enemy tactics by failure to do what is necessary for adequate protection.

No Achilles heel must be left exposed.

The Achilles heel of the conservative movement everywhere is its failure to grasp the financial and economic realities of the modern industrial age. Conservative principles of limited, decentralised constitutional government; free, competitive enterprise, with expanding freedom for the individual; must continue to be eroded so long as there is no realistic challenge to the basic causes which make increasing centralisation of power in all spheres inevitable.

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It is a failure to deal with these basic causes which makes defence against the most deadly Communist tactic - economic warfare - impossible.

I have read extensively, and with much benefit, from American conservative journals, including those dealing with "Christian economics," but I have yet to read one article indicating a clear grasp of how the finance-economic system actually works. I have read many excellent articles on the importance of the consumer control of production through the "money vote", but no examination of where or how these "money votes" originate, and whether modern industry automatically distributes sufficient to meet the total prices of the goods produced by industry.

I have studied articles on the astronomical private and public debt structure, but those conservatives deploring this, and rightly so, appear to be ignorant of the fact that without an alternative to a progressive expansion of the community's money supply through progressive debt, the American economy, like every other modern economy, would collapse in complete chaos. No alternatives for expanding purchasing power without debt are offered.

It is true that some conservatives make references in general terms to the necessity of Congress exercising its "constitutional right to control currency and credit," with attacks on the Federal Reserve system, while some of the more informed, like Mr Gary Allen in the John Birch monthly, 'American Opinion', of May, 1968, name the figures associated with the international financial firm of Kuhn, Loeb and Company, and stress the nexus between these international financiers and International Communism. But there is no analysis of the mechanics of credit creation and issue through the banking system, and the enormous power exerted over a nation's credit - its productive capacity - by those creating financial credit against this real credit.

Inflation is correctly described as an immoral and socially destructive development; but generally by specific reference or by inference, it is stated that inflation is caused by "excessive wage demands." As with most increased taxation, increased wages must be charged into costs by industry and reflected in higher prices to the consumer, but the basic cause of inflation is the prevailing concept of expanding financial credit.

Generally speaking, demands for wage increases are an attempt to sustain the eroded purchasing power of the dollar.

Because Socialist economists are familiar with the mechanics of credit creation and issue, they are in a strong position to use the credit system to produce increasing friction through inflation, which they can then exploit. Until their conservative opponents make themselves familiar with this subject, they will always be

on the defensive, with many of them making statements which, without being offensive, can only be termed dangerous nonsense.

I find it embarrassing to read of conservatives attempting to argue that the expansion of financial credit in a modern, rapidly expanding industrial society, should be related in any way to the rate at which a comparatively rare metal, gold, can be mined. Does anyone really believe that if the U.S.A. suddenly lost all its gold, that the American people would be unable to make use of their vast natural resources, operate their advanced technology, and provide themselves with the consumer goods they desire? The question has only to be asked to see how silly it is.

But someone will immediately raise the question of international trade and the "favourable balance of trade." In a report issued on May 29, 1942, the London Chamber of Commerce observed that "It is an obvious absurdity that nations should regard it as necessary to export their real wealth, not for the purpose of paying for imports, but in order to solve their domestic unemployment problem by passing it on to other countries. Exports with this end in view are nothing more nor less than an excuse for distributing wages to people who otherwise would be unemployed." The Chamber submitted that "international trade must now be raised to its true function: that is, nothing more nor less than an exchange of goods and services of a mutually advantageous character."

This was realism from a group of the world's most experienced businessmen, who also observed that the manipulation of exchange rates stems basically from the drive to obtain a "favourable balance of trade." It is elementary that not all nations can have a "favourable balance of trade"; if some have this "favourable balance," then others must have an unfavourable balance.

The Communist Empire is not over-interested in the fact that it has an unfavourable balance of trade with the Western Nations. Long-term financial credits extended to the Communist Empire simply mean that the production system of Western nations is put to work to provide urgently required production for the Communists. The credits are, of course, distributed in the nations producing and exporting the production and help to maintain domestic purchasing power. From a realistic point of view, the Communists gain and the exporting nations lose. Exactly the same process takes place with "foreign aid" programmes and the financing of under-developed nations.

It is to the credit of many American conservatives that they are opposing exports to their deadly enemy, the Soviet Union, and "foreign aid" and various types of loans (most of which will never be repaid) to countries which either waste the assistance, or use it to implement Socialist dictatorships.

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But under present financial policies, there is tremendous resistance to stopping foreign loans, and other forms of “foreign aid,” because in the absence of a constructive alternative, large numbers who obtain financial returns through these activities are going to suffer.

Like Canadian and Australian wheatgrowers, who in recent years have been exporting much of their production to Red China, American wheatgrowers whose wheat has been exported to the Soviet Union are not Communists. But so long as they receive purchasing power from this exporting, and are provided with no real alternatives for achieving a financial income, they are going to rationalise the truth that they are working for the Communists. They are ready victims for the subtle propaganda line that “trade leads to better understanding.”

The primary cause of striving for a “favourable balance of trade” is a chronic deficiency in the flow of purchasing power, becoming progressively more acute in industrial nations as they move further along the road of semi-automatic production, using solar energy.

Most conservative criticism of the Fabian Socialists and the financial and economic policies of the Fabian Socialist Keynes, ignores the fact that because Keynes and his followers grasped the flaw in the finance-distributive mechanism in the “capitalist” system, they have been able to exploit this successfully to advance their own policies.

Reviewing William Buckley’s book “The Jeweller’s Eye” in the Toronto “Telegram” of August 3, 1968, Socialist Earl Berger makes the following pertinent comment:

“He (Buckley) is distressed about the growth of the welfare state, but does not examine the failings of the free enterprise system which make the growth of a socialist support system necessary.”

Until the conservatives can answer this type of comment realistically, they are always going to be on the defensive. The drive for export markets, “foreign aid” programmes, including long-term credits, increased domestic spending by governments on capital works, Welfare State schemes, instalment buying of consumer goods, are all simply methods used to overcome the deficiency of purchasing power.

Influenced by the writing on “Imperialism” by the early Fabian socialist, J.A. Hobson, Lenin grasped the implications of the “Capitalist” nations attempting to make their domestic economies work through a “favourable balance of trade.” He predicted that the “deaf mutes” would “fling wide open their doors, through the emissaries of the Comintern and Party

Intelligence agencies will quickly infiltrate into these countries disguised as our diplomatic representatives ... Capitalists the world over and their governments will, in their desire to win the Soviet market, shut their eyes to the above- mentioned activities. . .”

Lenin predicted that the “capitalists” “will furnish credits . . . they will be labouring to prepare their own suicide.” Subsequent history has dramatically confirmed the Lenin prediction.

The economic realities of export drives are generally not understood because of ignorance about finance. It is a thought-provoking fact that one of America’s biggest export drives was during the Second World War; much of the nation’s economy was geared to a flood of war production, all designed to “export” instruments of destruction against the Germans, Italians and Japanese. So vast was America’s productive capacity that although millions were in the armed services, being fed, clothed and paid, with millions more devoted to producing “exports” to pour against the military enemy, the average real standard of living in America was higher at the end of the war than it was at the beginning. From a realistic economic point of view, the colossal military “export” drive was sheer economic loss. But it did accomplish what Roosevelt’s Socialist New Deal had been unable to achieve before 1939, primarily because a much greater volume of new financial credit was created and spent into circulation via tremendous war production and the payments of millions of servicemen.

One of the disasters of the Second World War was that it conditioned people in America and other non-Communist nations, to accept the Socialist teaching that their economies could only work with increasing expansion of purchasing power through Government, or Government-sponsored projects, and the Welfare State. Two American economists have been reported as arguing that even if elaborate space projects have little other real-use, they do provide an unlimited export market into space, thus assisting the American economy to work.

The essence of Fabian Socialist financial policy, which has the support of the big international financial groups, is that financial credit is created and distributed through sophisticated forms of economic sabotage, including exports to the Communist empire to prevent it from collapsing, with increasing control of the individual through economic centralisation, this being used to justify political centralisation. High taxation, including that most insidious form known as inflation, and death duties are used to ensure that no one can obtain genuine independence. Those who complain are asked do they want as the alternative - another Great Depression, which it is taught was the result of “uncontrolled free enterprise,” “trade cycles” and, of course, “the wicked profit motive.”

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If conservatives are going to counter the Socialist brainwashing of the past 50 years, they will have to start with an explanation of what really happened in 1929, and stop perpetuating some of the myths some conservatives accept.

CAUSE OF THE “GREAT DEPRESSION”

The Great Depression in the USA, and in all other countries, was primarily the result of those controlling credit creation through the banking system, suddenly and without warning, drastically reducing the rate of credit creation while at the same time destroying purchasing power by calling up loans and overdrafts. Republican Congressman Louis T. McFadden, put the matter clearly in 1931 when he told the American Congress:

“The international financiers sought to bring about a condition of financial despair and anarchy, so that they might emerge as rulers of us all.”

As a former President of the Pennsylvania Bankers’ Association, and a Chairman of the House of Representatives’ Banking and Currency Committee Mr McFadden was well qualified to speak on finance and associated matters.

Addressing the Democrats in Congress on January 31, 1934, he told them that they had “seized the public resentment” against the disastrous policies of the “self-styled financial experts” and had then “turned over the process of government to the very same individuals who had wrecked us as financial experts, giving them barely time to change their clothes and re-christen themselves economic experts. You asked and received unlimited power in the name of emergency and then turned that power over to the men you had denounced as criminals. . . Men who acquired fortunes by swindling the public as individuals are now placed in official positions.”

This type of comment, Mr McFadden’s exposure of the financing of Soviet Russia through Germany by Wall Street international financial groups, and the relationship of these groups to advancing Socialist programmes in the English-speaking world, resulted in a massive campaign by these financial groups and their New Deal allies to successfully drive McFadden from Congress in 1934.

After Americans had experienced nine years of unparalleled economic activity and expansion, with the highest material standard of living any people in the world had enjoyed up until that time, just prior to the start of the Great Depression late in 1929, prices were still at a profitable level. It’s not a fall in prices that caused the depression, as has been sedulously propagated, but the action at the end of October by the New York banks when they suddenly called in nearly every overdraft and advanced the rate of “call money” from a normal 3 per cent to thirty per cent or more.

“Call money” was day-to-day money generally used by industrialists to pay wages.

The reaction was immediate as borrowers threw their considerable securities on to the market in an endeavour to meet bank demands, and to finance wages. But there were few buyers because of banking policy.

Total national income in the U.S.A. dropped from 82 billion dollars in 1929 to 48 billion dollars in 1932. The overall result was over 200,000 bankrupt firms, over 12 million people were unemployed, and an appalling drop in the standard of living. A prosperous and confident people were delivered a disastrously disruptive attack on their society, not because of any defects in their highly developed free enterprise production system, but because of a policy of financial restriction.

It is instructive to recall that President Hoover, by profession an engineer, and therefore more of a realist, indicated that he realised that the basic cause of the developing disaster was financial when he sent an official memorandum to the Chairman of the Federal Reserve Board, Mr Eugene Meyer, suggesting he reconsider the Board’s policy. Mr Meyer merely acknowledged receipt. No action was taken. He subsequently became Chairman of Roosevelt’s Reconstruction Finance Corporation.

It is important to note that 10,000 of the smaller banks had failed in the U.S.A. by early 1933, and that after Roosevelt had first closed all banks, only selected banks were permitted to re-open. This major step towards centralization of the American banking system, and credit control, met with the approval of the Warburgs who had brought the Federal Reserve system into the U.S.A. from Germany.

One of the virtues of the old American banking system had been the prohibition of branch banking by the mammoth Wall Street banks, with the result that there was real competition between the thousands of small banks, and a fostering of local, decentralised economic development. But the weakness of the smaller banks was that in any “run” on the banks, they were the first to close their doors because of their inability to meet their depositors’ demands to be paid in cash of some type. Which brings us to the subject of credit creation by the banking system, a subject which conservatives are generally either ignorant about, or do not mention.

Upon the outbreak of the First World War, even the Bank of England had to close its doors when a “run” took place. Depositors and those possessing Bank of England notes believed the convention that the Bank could meet all its liabilities in gold sovereigns. But, as Macaulay points out in his history of England, modern banking practices started when goldsmiths started issuing more receipts than gold and other valuables held. These receipts were the lineal ancestor of the modern bank note.

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Eventually, some dishonest gold-smith discovered from experience that it was safe to issue more receipts than gold and other deposits of wealth, because more and more people were content to use the receipts rather than be constantly withdrawing the gold. But what started as a fraud developed into a much more flexible money system. The process became the basic convention of the modern bankers, the descendants of the goldsmiths.

It is a long time since gold sovereigns were used as money, while what is today termed “cash”, either in notes or coins, is a very small proportion of the total money supply of any modern country. The great bulk of money is today created in the form of bank, or financial credit with the cheque system (late 1960s-early 1970s...ed) providing the most flexible financial system possible.

THE CREATION OF CREDIT

A large number of authoritative statements can be quoted concerning the creation of money in the form of bank credit by the banking system, but the following are sufficient for the purpose of this article:

“I am afraid that the ordinary citizen will not like to be told that the banks can create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know that this is effected. Every bank loan and every bank purchase of securities creates a deposit, and every repayment of a bank loan and every bank sale destroys one.”

The Hon. Reginald McKenna, Chairman of the Midland Bank, England, 1924.

“It is not unnatural to think of the deposits of a bank as being created by the public through the deposits of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on overdraft or purchasing securities a bank creates a credit on its books, which is the equivalent of a deposit.”

Report of the MacMillan Commission on Finance and Industry, Great Britain, 1931.

“You will find it in all sorts of documents, financial text-books, etc. today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create credit.”

Mr H.W. Whyte, Chairman of the Associated Banks of New Zealand, giving evidence before New Zealand Royal Commission on Banking, 1955.

“That is what they are for (to create the medium of exchange) That is the banking business, just in the same way that a steel plant makes steel. . The manufacturing process consists of making pen-and-ink

or type-written entry on a card or in a book.”

Mr Graham Towers, Governor of Central Bank of Canada, giving evidence before the Canadian Committee on Finance and Banking, 1939.

The uninformed will immediately respond by asking why, if the banking system creates money in the form of credit with pen and ink, is there any limit on this credit creation? But convention still operates and, as the MacMillan Report observed, banks observe a general ratio of one unit of cash to every nine units of credit created.

See also-ed::

Robert Klinck - Root of All Evil youtube video here: https://youtu.be/_YyYOK7PJEA

Money Creation in The Modern Economy - Bank of England Report here: <http://alor.org/Library/bank-of-england-money-creation-in-the-modern-economy.pdf>

Trading Banks also treat credit created by Central or Government banks as cash, which means that the broad rate of credit expansion by the trading banks is governed by the policy of Central Banks.

The Great Depression was used to develop the system of Central Banks everywhere, with the International Financial group in accord with the Socialists. For example, it was symbolic of the nexus between International Finance and International Socialism that Sir Otto Ernst Niemeyer, associated with the Bank of England, and Professor Theodore Emmanuel Guggenheim Gregory, a Socialist economist from the London School of Economics, visited Australia and New Zealand during the Great Depression to “advise” the Governments on the necessity for developing a “strong” Central Banking system.

It was only after the banking system had been centralised as a result of the Great Depression, that credit started to be made available at a faster rate - BUT ON TERMS. And the terms in the U.S.A. were acceptance of the Fabian Socialist New Deal.

Then came the next international crisis, the Second World War, which was used to centralise control of banking and credit still further. Out of the Bretton Woods agreements of 1944, came the World Bank and the International Monetary Fund. It was appropriate that the principal architects of this further centralisation should be Soviet agent, Harry Dexter White (Weiss) of the American Treasury Department, and Fabian Socialist Economist J.M. Keynes, and that their good work should be endorsed by international financiers like the Warburgs and Rothschilds.

The British Socialist Party accepted the Bretton Woods agreements, the only substantial opposition coming from a section of the Conservative Party. Lord Rothschild found no difficulty in leading the Socialists in the House of Lords.

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Today a member of the Warburg group, Sigmund Warburg is Fabian Socialist Harold Wilson's "private financial adviser." He has urged Mr Wilson to get Britain into the European Economic Community, another programme of centralisation. I have seen little realistic criticism of this programme by American conservatives. The first concept of a United States of Europe was put forward by Leon Trotsky.

"PAPER GOLD"

The latest move in creating a complete International Credit monopoly came with the proposal to create a new international currency termed "paper gold." But it was necessary to pave the way with another crisis, this time about gold. It has become obvious that even with an increase in the price of gold, this metal cannot be mined at the rate necessary to meet the requirements of international trade. Thus the necessity for "paper gold." "U.S. News & World Report" of April 15 explains that "this new money... is to be created billions' of dollars worth out of thin air." The article says, after asking the question, is this 'paper gold' "to be created by a stroke of a pen? ", that the "new money will be backed by the full faith and credit of nations." Which brings us to the nub of the whole question of credit-creation "out of thin air."

CREATION OF CREDIT

Like any other form of money, financial credit - or "paper gold" - has no value whatever IN ITSELF. It is not wealth. But it is created against real wealth and real credit, productive capacity. It is merely the bookkeeping which enables the real credit to be used. But instead of the bookkeepers being the servants of the community, they have become the masters. This is not a criticism of ordinary banking officials and managers. They are generally not overpaid. But the very honesty and integrity with which they operate the credit system, helps to provide a protection against effective action to correct a policy which insists that the community must go increasingly into the debt of those who issue financial credit.

Communities and nations are going progressively into deeper financial debt in order to make use of their own productive capacity. Those controlling the highly centralised banking system are therefore in the position to dictate the policies of nations. The British Tory leader, Benjamin Disraeli, warned against making "debt a national habit" which he pointed out "has made credit the ruling power."

The "ruling power" is now becoming a highly-organised international power, with a policy of progressive monopoly, leading to the World State. This power can only be broken by communities ceasing to borrow necessary financial credit from the banking system; by challenging the policy which insists that in order to use

their own real credit, which today is largely a common heritage, they must borrow financial credit, pay interest on it, and accept the conditions laid down by those controlling credit policy.

Consideration of a credit system which will provide a community with adequate financial credit without a progressive increase in debt, necessitates some understanding of the working of the present finance-economic system. An excellent summary was provided in a Vancouver Board of Trade Report issued in 1943.

"The system which has been evolved and which is in use at present is basically sound. In order to induce individuals to co-operate in the production of goods, money is created and issued to them as incomes for their services. The sum total of all money paid out in all stages of the production of an article constitutes its price. In this way units of money are related to goods and the other material wealth of a community. Thus the individual is provided with an inducement to join the co-operative effort of production.

As prices are created in the process of production, so an accurate record can be kept. The individual then has a claim to any of the available goods and services he may choose

From the foregoing, it will be plain that money should be issued as goods are produced, and it should be withdrawn as goods are consumed.

"The efficacy and simplicity of such an arrangement would be valid provided that:

- (a) The amount of money issued to finance production was controlled to the extent to which the people wished to use their productive resources (their real credit) in supplying themselves with the goods and services they wanted;
- (b) The total amount of money in the hands of the people at any time was sufficient to enable them to be able to buy all the available goods and services."

C.H. Douglas

The question of whether industry does automatically distribute, in any given period, sufficient purchasing power to meet the prices created over the same period, is a vital one which conservatives must face if they wish to make any constructive contribution to solving a basic problem. Many conservatives appear to assume that there is no problem of a deficiency of purchasing power, which leaves the Socialists with the initiative to exploit the problem to advance their strategy.

It is significant that from the beginning of the Socialist movement, there has never been any real criticism of monetary policy, only of producers of real wealth, "the exploiting capitalists."

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The Socialists have feared any adjustments to financial policy which would enable the private ownership free enterprise system to work satisfactorily, depriving them of conditions to exploit for their revolutionary programme. It was for this reason that immediately the British engineer and costing expert, Major C.H. Douglas, emerged at the end of the First World War with a detailed analysis of the defects of the credit system, and concrete scientific proposals for correcting these defects in order that steps could be taken towards “a society based on the unfettered freedom of the individual to co-operate in a state of affairs in which community of interest and individual interest are merely different aspects of the same thing,” (Economic Democracy), that the Fabian Socialists and Communists violently opposed the policy which came to be known as “Social Credit.”

American conservatives are certainly not encouraged to study the works of Douglas when the conservative group responsible for the widely-distributed and generally valuable publication “Keynes at Harvard,” can state (p. 67) that “Major Douglas was an old line socialist who developed the theory of social credit. This theory was adopted by the government of Alberta, Canada, and proved to be disastrous.” This type of false comment can only cast doubt on the integrity of those making it.

The following is one of the many penetrating, critical comments on Socialism made by Douglas:

“Socialism, or to give it its correct name, Monopoly, is not a production system, which is exactly what one would expect from its origins... It is a legalistic system based upon a power complex supported by a set of abstract slogans which its policies and results contradict, where they have any concrete meaning. The idea so skilfully inculcated that confiscation of property will assist in the distribution of wealth is, of course, completely without foundation. Socialism is a restriction system, as any examination of Socialist practice in the Trade Unions will confirm, and it has two well-defined fundamental principles - centralisation of power, both economic and political, and espionage”.

“That is to say, every advance towards Socialism is an advance toward the Police State.” - “*The Big Idea.*”

In a discussion with the famous Fabian Socialist, Sidney Webb, Douglas dealt with every objection raised concerning the practicability of his monetary proposals, only to be told in the finish that Webb did not like their PURPOSE. The proposals suggested by Douglas were not designed to produce a Utopia - a concept which Douglas specifically repudiated - but to place the individual in a position where in a voluntary association with his fellows, he could effectively control his own destiny and develop in freedom.

Social Credit is not a “theory” which “proved to be disastrous” in the Canadian Province of Alberta. The attempt to implement Social Credit financial policy in Alberta was defeated by the Federal Government having the proposals declared unconstitutional. So far from these proposals proving “disastrous,” they were never implemented. And the massive campaign of opposition in which once again there was a nexus between the Socialists and the International Financiers, demonstrated that there was deep fear that if these or similar proposals were introduced, they would prove successful.

*This article will be concluded in a future edition
of NewTimes Survey-ed*



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