

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



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DOUGLAS SOCIAL CREDIT: UNTYING THE GORDIAN KNOT **By M. Oliver Heydorn**

The financial and economic problem that has plagued civilization since the dawn of the industrial age may be described as a Gordian knot¹, i.e., as an intractable problem that cannot be solved within its own conventional framework, but only by thinking outside of the box. Those few of us who have studied both the problem and Douglas' response to it in-depth have become convinced that Douglas, like a modern-day Alexander, cut this Gordian knot and discovered the correct path for the harmonious resolution of this problem.

The irony, however, is that when it comes to effectively and efficiently communicating Douglas' brilliance to a wider public, the Douglas Social Credit vision for our financial system and economic life may itself be likened to a Gordian knot (not in itself, but in deciding how best to explain it). There are so many issues, positions, evidences, and arguments bound up in the problem and so many potential misapprehensions, prejudices, ideological blinders, and confusions on the part of the newcomer, that it normally takes an individual, even those who are well-disposed, countless hours of intense study to decipher exactly what Douglas was on about and to fully appreciate the ingeniousness and elegance of his proposed solutions to our various (but often intimately and intricately related) social problems. Over the years, I have attempted, by various means and with various degrees of success, to drastically cut down the time and effort necessary for the would-be learner to understand DSC. After the lengthy pondering that was occasioned by last month's attempt ("Douglas Social Credit by Way of Metaphor"), I think I have now found, in its broad outlines,

what is perhaps the shortest, most direct route that has ever been articulated.

1. Technological Labour Displacement

Our point of departure, the very best entry-point for discussing DSC, is the following observation: technology is displacing labour. Ever since the beginning of the human race, men have designed tools and implements to make various tasks easier or even possible. Consider, for example, the invention of the wheel, the harnessing of fire, the use of the plough, etc. More particularly, since the dawn of the industrial era, a new stage in this process has been reached: the use of power-driven machinery has allowed a few people, perhaps even just one person, to do the work of 10, 20, or 100 or more men. Machines have been displacing labour and the desire to save on labour hours is one of the key motives for the development of this kind of technology in the first place. As Douglas once put it in *Credit-Power and Democracy*:

The industrial machine is a lever, continuously being lengthened by progress, which enables the burden of Atlas to be lifted with ever-increasing ease. As the number of men required to work the lever decreases, so the number set free to lengthen it increases.²

Thus, over the course of the industrial revolution, the percentage of the population required to till the soil and raise animals as farmers has steadily decreased. Whereas 90% of the US population, for example, lived on farms in 1800, the use of machine production steadily displaced labour from the farms as one farmer became, with the aid of technology, capable of doing the work of 10, 20, or 100 men. Thus, by 1900 only 40% of the population were involved in agricultural production and by the year 2000, only 1% were needed as farmers. With the contemporary advancements in automation, information technologies, and artificial intelligence, the tendency of all machinery to displace labour is being greatly intensified and what has happened to the peasant population (its drastic reduction in proportionate size and its displacement from the fields to the cities and towns) is bound to be repeated in analogous ways in many other domains of production.

We are not now making any judgements in terms of whether this is good or bad, right, or wrong, what the causes or the consequences are, or how we should respond to its reality I merely want to insist that this observation should be regarded as incontrovertible by anybody, by everybody: technological development throws people out of work.

2. The Two Fundamental Problems Created by Technological Labour Displacement

Now, the displacement of labour by technology, although it is a physical reality, bears various serious financial implications under the existing financial system. Indeed, because of the way it is designed, the current financial system,

the economy's software, "reads" the phenomenon of labour displacement in a manner which gives rise to two major problems.

2. a) Technological Unemployment

In the first place, while it is true that, as Douglas said, when people are thrown out of work by the machine they are then set free to produce more machines or improve the efficacy and/or efficiency machines even further, there are also definite physical limits to this process of labour re-absorption.

The first limit is within the domain of consumption. Human beings can only eat so many meals, wear so many clothes, live in so much space, go on so many trips, and so forth. There comes a point in the development of a civilization (a point we have long since passed) when, thanks to the help of machinery, we simply cannot meaningfully employ everyone in the production process because we can produce all that we need to survive and flourish without calling on the whole of the available labour force. In 1924 Douglas was, as a professional engineer, able to stipulate in reference to his native United Kingdom that:

*"The primary fact on which to be clear is that we can produce at this moment, goods and services at a rate very considerably greater than the possible rate of consumption of the world, and this production and delivery of goods and services can, under favourable circumstances, be achieved by the employment of not more than 25 per cent of the available labour, working, let us say, seven hours a day."*³

The second limit is within the domain of production.

As technology becomes more and more complicated, the number of persons who have the natural gifts, education, and experience necessary, or can acquire them, to work in this field becomes smaller and smaller. Thus, even if people are being thrown out of work by machines, a smaller and smaller number of them can be retrained to design, build, and maintain the machines that have thrown them out of work.

Thus, for these two reasons, technologically labour displacement tends, quite naturally, to result in unemployment. Now, in and of itself, unemployment is not necessarily a problem or would not be a problem if it were not for one of the reigning axioms of the existing economic and financial systems, namely, "being in receipt of an income is normally tied to employment of some kind". In order to get money, you have to work for it. You are only excused from the obligation to work if you are too old, too young, or too sick, or if there are no jobs available for which you are suited. It is true that you can also escape the obligation to work if you have a large enough inheritance, or own enough shares, or otherwise enjoy a sufficiently large unearned profit from something you own, but the number of people who fall into those kinds of categories is predictably very small. Unemployment is ultimately only a problem insofar as it constitutes

unemployment, because without money you can't get access to goods and services. If we don't want the unemployed to starve, steal, or beg, we need to either take away the unemployment or take away the unemployment.

Thus, we have the recurring problem that as technology displaces labour, some portion of the labour that is being displaced cannot be meaningfully re-absorbed and re-deployed towards other productive activities and is deprived of an income as a result. Technological displacement becomes technological unemployment. This creates a social and political problem of the highest order, so much so, that if it grows too large and/or is not addressed by some means (e.g., the dole) it can seriously threaten the stability of the social order.

2. b) The Growing Price-Income Gap

In the second place, and according to the ground-breaking analysis of the price system provided by C.H. Douglas, the displacement of labour by technology and the progressive development of real capital which this implies is "read" by the existing financial system in such a way that it generates a chronic, underlying deficiency of consumer income relative to the corresponding flow of remunerative prices coming forth from production. Indeed, this is one of the central claims of Douglas Social Credit: there is a price-income gap and this gap is caused, in the main, by how the financial system accounts the costs associated with real capital, and that as technological displacement intensifies (as technology advances), the gap between the rate at which costs/prices are generated in the economy as compared with the rate at which corresponding incomes (wages, salaries, and dividends) are simultaneously being distributed by the same productive processes likewise increases.

How exactly does this gap emerge? Our current financial system is a debt-money system, i.e., all or virtually all the money we have access to is injected into the economy alongside a debt or a debt-equivalent. Furthermore, most of the money supply exists in the form of bank credit. It is created whenever a bank makes a loan or purchase, and it is destroyed whenever that loan is paid back or sold to the public. So we have money being created, moving outward from a bank as it is spent in production on labour, raw materials, real capital and so forth, and returning to the bank as production is sold. There are two broad channels that this money, this producer credit, can follow in its journey outwards from the bank. It can follow the A path, where it is spent on labour and is thereby simultaneously transformed into wages and salaries, or it can follow the B path, where it is spent exclusively to cover business overheads (for raw materials, intermediate products, real capital and so forth). As money is sent down the A and B paths, corresponding costs are generated (because the business must recover all money spent in prices in order to remain in business), but whereas all the money sent down the A path is transformed into consumer incomes, only a portion of the money sent down the B path is matched with consumer incomes

when production is being maintained in a steady state of self-repeating motion. The basic reason for this is that real capital has to be paid twice according to standard accountancy practice: once to cover the cost of its manufacture and a second time to cover its depreciation as it is consumed in the course of production. All of the money sent down the B path (to cover such depreciation costs) is not distributable as concurrent income. In a hand labour economy, you pay a man to do a job (once) and then charge the consumer to cover the man's wages. In a capially-intensive economy you pay for the machine (to obtain it) and then you charge the consumer to cover the cost of obtaining the machine as well as for the use of the machine as it does its job (so it can be replaced when worn out). In this sense, machines are twice as costly as labour, but they multiply the power of production by many times more than twice.

The imbalance between the flow of prices and incomes in an economy that relies on real capital as a key part of its productive profile means that the financial system is not self-liquidating. It's deprived of homeostasis and so there is an inherent pressure that is active there that has to be neutralized or responded to in some adequate way. Otherwise, a certain portion of what is produced will not be sellable to the public (it will be wasted), which means that businesses won't be able to cover all their costs, and they will either have to downsize or go bankrupt, thus resulting in increasing unemployment and a downward deflationary spiral.

3) Three Possible Ways of Responding to this State of Affairs:

Now, there are three possible ways of responding, in principle, to this state of affairs, i.e., to the phenomenon of technological labour displacement in conjunction with the two major problems it creates: technological unemployment on the one hand, and an increasing price-income gap that is characteristic of an increasingly non-self-liquidating financial system on the other. All of these responses have various potential advantages and disadvantages.

3. a) The Radical Luddite Response

To begin with, there is what we might term as 'the Radical Luddite Response': we can destroy or prohibit as much technology as is necessary in order to ensure that we will all be kept sufficiently busy in provisioning for ourselves the necessities of life. Considering that, in Merrie England, for example, the average peasant is often reported as having worked only 15 weeks of the year and having enjoyed 150 official holidays per year, the level of technology we would have to revert to in order to fully eliminate the threat of technological unemployment might be very primitive indeed. But assuming we agree to move in this direction, we deal with the two problems: unemployment and the price-income gap by eliminating one of the underlying causes, i.e., by eliminating, or at least sufficiently limiting, technological labour displacement. That is, if we cease relying on machines in the course of production, we will

need everyone to work very hard to do the work that the machines are now doing and, if we were to live in a hand-labour economy, with little real capital (i.e., no AI, no automation, no machines, few tools, etc.), the price-income gap would likewise be eliminated or kept to a minimum. The current financial system would remain in place.

Advantages and Disadvantages of the Radical Luddite Response

The upside of the Radical Luddite Response is that it deals with the two threats that stem from technological labour displacement, technological unemployment and the growing price-income gap, quite effectively by eliminating the physical cause. But at what cost? What's the downside? Well, we would have to do without all or most modern conveniences (electricity, cars, trains, buses, planes, central heating/cooling, indoor plumbing, running water, radio, television, computers, modern medical science, etc., etc.) Are we prepared to just drop everything and henceforth live like the Amish – well, actually more primitively than the Amish because even the Amish will make use of higher technology in a desperate situation? Psychologically, I can't see that the greater majority of the population would be willing to return to high infant mortality, high maternal mortality, fetching water from a well, and so forth. It's not psychologically attractive, let alone feasible, and therefore not enforceable on a mass scale. For this reason, I think we have to consider the Radical Luddite solution as a non-starter to our pair of problems.

3. b) The Conventional Response

Alternatively, we can respond to this situation along the lines of what we actually do at present throughout the whole world. We continue to allow and indeed incentivize machines to displace labour. We respond to the resulting technological unemployment by irrationally insisting on the maintenance of a policy of full employment. So everyone who can work and needs to work for an income must work. We therefore create as many jobs as possible, both in the private and public sectors, even though the work that these people perform is not necessary for the provisioning of the goods and services that we need, but is merely necessary as a means for distributing income to people who would otherwise be unemployed. This means that a large portion of the work in our existing society is, in terms of a realistic assessment of its relationship to the production of what we actually need to survive and flourish, useless, witless, redundant and/or destructive. It is economic waste and sabotage on a colossal scale.

To this end, political parties and governments come to regard their chief function as the creation of jobs, either directly, by expanding the public sector, or indirectly by allegedly creating the kind of economic conditions which will favour the expansion of private sector (businesses) and more jobs via economic growth.

There are, of course, variations on this theme or possible adaptations of the manner in which we basically deal with the threat of technological labour displacement. Proponents of MMT (Modern Monetary Theory) often talk about a federal job guarantee as a last ditched effort to maintain full employment in the face of technological labour displacement, while others put forward a conventional Universal Basic Income as a means of dealing with the spectre of poverty and social exclusion when a policy of full employment cannot be incarnated in practice.

All of these conventional approaches to technological unemployment operate more or less within the context of the existing debt-based monetary system. The price-income gap is filled by relying on some economic agent: governments, businesses, or consumers, to borrow more debt-money into existence from the banking system in order to provide more buying power, directly or indirectly, to consumers, thus balancing the flow of incomes with the flow of remunerative prices. No monetary reform is countenanced.

Advantages and Disadvantages of the Conventional Response

Now, the great advantage of the conventional response to the technological displacement of labour is that it does solve – superficially at any rate – the twin problems of technological unemployment (by putting people to work doing anything at all – even to the extent of digging holes and refilling them) and the price-income gap (by filling it with debt-money).

However, the disadvantages, the opportunity costs of this response, are both numerous and heavy. Sometimes too much money is created to fill the gap, resulting in demand-pull inflation. At other times, too little money is created and the economy hobbles along suffering from bankruptcies, unemployment, and economic stagnation. The inherent volatility of the system can also cause periodic financial crises, when, after a period of excessive borrowing, banks become over-extended and face liquidity constraints where currency is concerned.

Filling the gap with debt-money also puts someone (business, consumer, or a government) in the position of debt-slavery (as they are depended on to provide the economy with additional money). Furthermore, since these compensatory debts have to be serviced out of incomes (directly or indirectly), consumers find that they cannot maintain their standard of living unless they receive wage, salary, and pension increases to make up for the incomes they lose in debt servicing charges. These increases must eventually be recovered in increased prices, thus provoking a wage-price spiral or cost-push inflation. It is for this reason, i.e., the fact that we run a 100% debt money system and thus try to fill the gap with more debt-money, that the dollar has lost 95% of its purchasing power in the last 100 years. Naturally, this puts those on fixed incomes and those with savings in a bad situation and it puts all of us on an

economic treadmill as we seek to recover losses from inflation.

Because money remains artificially scarce in this system, it generates conflict as people vie over existing funds to meet their expenses and to avoid having to be the ones who have to borrow at interest. Employers are fighting with employees, taxpayers with governments, family members with each other and so forth. Much time, energy, and good will is burnt up in this entirely unnecessary jockeying for position.

Filling the gap with debt-money also means heavy taxes and heavy government intervention in the economy; it also translates into an ever-increasing mountain of personal, business, and government debts that are, in the aggregate, unrepayable. The maintenance of full employment as a means of distribution, and the constant economic growth which filling the gap with debt-money demands, is grossly inefficient and constitutes a general category of what can only be considered as economic waste and sabotage, while it simultaneously places people in a position of on-going servility or wage-slavery.

Forced economic growth also necessitates, or is at least facilitated, by a growing population. If the native population can't afford to replace itself by having the requisite number of children, then people must be imported to pick up the slack and maintain the economy's momentum. The cultural and social conflict often caused by mass migration is well-known in history.

At the same time, the environmental fallout from all of this excessive production and consumption and its accompanying pollution is colossal in scope. We cannot adequately care for the environment when we run the financial and economic systems under such intense artificial pressure.

Finally, since filling the gap by exporting more than you import is a particularly advantageous way of doing it (since you simultaneously get rid of some surplus production while obtaining additional purchasing power to spend on the remaining domestic surplus production), countries are led to compete with each other for international trade under the existing financial system. But this is a zero sum game. For every country that succeeds in exporting more than it imports, there will be a loser who imports more than he exports, and ends up, in consequence, with an even greater gap problem. That international trade has become, under the influence of the conventional response to the price-income gap, a struggle between economic life and death explains how and why economic competition of this sort can easily devolve into military competition, i.e., war.

Why is all of this dysfunction tolerated? Simply because filling the price-income gap with more and more debt-money is very lucrative for the banking system. The kind of debt needed to fill the gap on an on-going basis is long-term debt on which compound interest can be charged. The greater majority of the population thus end up paying more interest directly (on consumer loans) and indirectly (through taxes and prices of goods on government and business

loans) than they ever receive on deposits held at a bank or via bank shares (should they own any). The banking system thus acts as a wealth-centralizing system, redistributing earnings from the bottom 80 or 90% of the population to the top. If that were not bad enough, the decisions as to who gets the precious debt-money that the economy needs in order to function, how much they are to receive, and under which terms, is also determined by the banking system. Thus, power over policy (both economic policy and everything else which depends on economic policy) is also centralized in the hands of a few. What is of personal advantage to the financiers is, necessarily, at the disadvantage of the common individual and of the common good because the benefits which accrue to the former only arise at the expense of the latter.

3. c) The Douglas Social Credit Response

Finally, there is the Douglas Social Credit response to the phenomenon of technological labour displacement and the two problems which, in conjunction with the reigning financial system, then arise: technological unemployment and the recurring price-income gap.

To begin with, Douglas Social Credit enthusiastically embraces the displacement of human labour by machine labour insofar as this process is actually compatible with human design and furthers human flourishing. Technology has the potential to serve the human person by freeing him from tedious, dangerous, or repetitive tasks so that he can refocus his attention on more meaningful activities:

“[T]here is absolutely no virtue in taking ten hours to produce by hand a necessary which a machine will produce in ten seconds, thereby releasing a human being to that extent for other aims, but it is essential that the individual should be released; that freedom from other pursuits than the mere maintenance of life should thereby be achieved.”⁴

Having said that, we can certainly admit, in principle, that there may be definite limits which the public authority, the authority responsible for the common good, would need to impose on certain labour-displacing technologies or certain types of technologies generally if, by their nature or use, they do substantive harm to individuals, society, or the environment. So the caveat here is that the DSC approval of technology is not a *carte blanche* approval.

Now, with respect to the issue of technological unemployment, Douglas Social Credit holds that the only rational way of dealing with it is to recognize that, generally speaking, it is not a threat but a blessing. It is the financial and economic systems which need to be adapted to the new reality, namely that, thanks to technological development, full employment as a policy is neither necessary (to provide us with the goods and services we need) nor is it meaningfully possible (many jobs are useless, witless, redundant, and/or destructive). Thus, DSC proposes that the policy of full employment should

be replaced with a policy of the minimum employment necessary. If we can produce all that we need to survive and flourish at our current level of comfort with only 25% of the available labour force actively employed, then that is what we should have ... a 25% employment rate. Why? Because this would be the most physically efficient set-up and economics is supposed to be about efficiency – getting the most with the least, the biggest bang for the buck, or obtaining the desired outcomes with the least amount of effort.

In order to ensure that those whose labour is no longer required in the productive system retain access to goods and services, DSC proposes the introduction of a National Dividend, a periodic payment issued independently of employment status to every citizen considered as a shareholder in his society. This dividend, in conjunction with a system of compensated price discounts, should ensure sufficient buying power to provide for the needs of the unemployed. It would also provide them with a secure platform upon which they could supplement their incomes, if so desired, by producing goods and offering services outside the industrial economy. Hand-crafted goods, personal services, creative pursuits of all kinds would be expected to expand enormously.

But where is the money to come from, eh? This is one of the key points on which a National Dividend differs from a Universal Basic Income (as conventionally conceived). The dividend is not financed via redistributive taxation (we are not robbing Peter to pay Paul), nor by an increase in public indebtedness. Instead, Douglas realized that we can take advantage of the second problem which technological labour displacement creates, i.e., the ever-growing gap between incomes and prices, by solving it in such a way that we kill two birds with one stone.

Since the present financial system creates an excess of production debts over and against the volume of incomes which it simultaneously distributes, the best way of filling that gap is to augment the volume of consumer credits so that the surplus debts can be finally cancelled once and for all. Attempting to borrow yourself out of debt with additional debt-money is futile and worse than futile for the reasons previously discussed. Instead, we can create debt-free additional consumer credits to match the outstanding production debts as these come forward for liquidation at the retail counter. Breaking the debt-only paradigm would balance the price system and restore homeostasis, a basic stability to finance. The system would become self-liquidating once again, something it hasn't been for centuries.

A National Credit Office would therefore be tasked with the responsibility of firstly measuring the size of the price-income gap in any given period via a National Profit & Loss Account. The excess or surplus of goods and services with remunerative prices attached would form the backing for the creation of additional consumer credits to represent this surplus and would be distributed directly to consumers (*via* the dividend) or indirectly (*via* the compensated price

discounts). All of this compensatory activity on the part of the NCO would, of course, be conducted in lieu of all existing palliatives, including, especially, the debt palliatives. So long as just enough compensatory consumer credits are created (not too much) and profit-margins can be regulated (either by sufficient competition or by compensated price discount contract negotiations between the NCO and businesses), there would be no danger of demand inflation.

So the bottom line is that by reforming the financial and economic systems in line with reality and natural law, by making them honest systems, i.e., systems that accurately reflect what is going on in the physical world, we can respond to the issues posed by technological labour-displacement in a creative manner which will advance the well-being of both individuals and society as a whole. If we are producing more goods and services than we can automatically pay for (via the incomes distributed by the same productive processes) because of how the financial system reads the effects of technological labour displacement, then the financial system needs to create additional consumer credits to faithfully represent the surplus. Furthermore, if, again because of technological labour displacement, we can produce all that we need to survive and flourish with fewer and fewer people working, then the financial system needs to recognize this reality by distributing those additional consumer credits in a such way that those whose employment is no longer required will nevertheless retain access to the flow of goods and services. The dividend is an acknowledgement that everyone is a rightful recipient of a dividend independently of employment status, a dividend that offers the opportunity for increasing paid leisure quite simply because it is what a highly advanced productive system can physically afford us.

Advantages and Disadvantages of the Douglas Social Credit Response

Douglas Social Credit thus responds to the twin problems posed by technological unemployment by adapting the financial system to a) provide an income to everyone, including those whose labour is no longer required in the formal economy, *via* the introduction of a National Dividend and to b) fill the recurring price-income gap that is caused by the replacement of labour by real capital with debt-free compensatory consumer credits (*via* the dividend and the discount). This two-pronged approach allows us as a society to embrace technological labour displacement freely, and to the extent that it is consonant with human flourishing and well-being. The phenomenon of technological labour displacement thus ceases to be a threat to the social order and becomes the basis for the potential flourishing of a culture and a civilization of an unrivaled superiority.

Beyond that, all of the problems that were elucidated in the previous section would either no longer be problems under a Douglas Social Credit system, or, at the very least, we anticipate that they would be greatly attenuated. The Douglas

Social Credit monetary reform breaks the private monopoly of credit by having the National Credit Office issue the volume of money needed to balance the price system in the form of a dividend and a discount. In doing so, it destroys the power, wealth, and privilege centralizing function of the existing banking system. Thus all of the other problems that can result from the centralization of power are also neutralized: economic conflict, political centralization, etc.

The Douglas Social Credit monetary reform also breaks the debt-only paradigm by issuing that compensatory credit debt-free. All of the problems caused or induced by compensatory debt-money (whether it is in excess, insufficient, or just right) in the present system: inflation (both demand-pull and cost-push), financial crises, financial instability, the increasing mountains of debt that are, in the aggregate, unrepayable, debt-slavery, forced economic growth with all its economic waste, sabotage, and environmental degradation, would no longer exist. In the same way, there would no longer be any need to seek a 'favourable balance of trade' and thus the main impetus to economic war and indeed military conflict would be removed.

As far as putative disadvantages are concerned, the only one I can think of is that those who presently benefit so immensely from the existing system and its attendant dysfunction would no longer be able to do so. Many powerful, but numerically small, vested interests would stand to lose much of their position, wealth, privilege, and power – which is why these sectors of society do not support Douglas Social Credit and would fight tooth and nail to prevent its adoption. This is, however, a very small price to pay for a much healthier and more functional civilization. The good news is that the on-going and indeed accelerating technological displacement of labour that gave rise to the invention of Douglas Social Credit in the first place is going to force the issue. In the end, when most jobs have been automated, we will either have to adapt the financial system along Douglas Social Credit lines, or ... well, the alternative is a dystopian nightmare that beggars any description. So we have to choose: the blessing or the curse. Douglas Social Credit or the World Economic Forum's "You will own nothing and be happy". May we choose wisely. ***

References:

1. The metaphorical use of the term 'Gordian Knot' stems from an ancient Greek legend: "In ancient times, there was a country that had no legitimate king. An oracle decreed that the next man to enter the city with an ox-cart should become king. A poor peasant named Gordius arrived in the public square with his wife, an ox-cart and, indeed, he was declared King. In gratitude to the gods, he dedicated his ox-cart to Zeus, tying it to a post with a highly intricate knot, later known as a Gordian Knot. Another oracle foretold that the person who untied the knot would rule all of Asia.

People came and went from the city for centuries and no one was able to loosen the knot. Then in the 4th Century B.C. while wintering in Gordium, a young man approached the ox-cart, but could find no loose end to unbind the knot. After careful consideration, he took his sword and unfastened the knot by slicing it in half. That young man was later known as Alexander, the Great!" <https://amdphd.com/the-legend-of-the-gordian-knot>

2. C.H. Douglas, *Credit-Power and Democracy* (Melbourne: The Social Credit Press, 1933), 21.

3. C.H. Douglas, *Social Credit*, rev. ed. (New York: Gordon Press, 1974), 18.

4. C.H. Douglas, *Economic Democracy*, 5th ed. (Sudbury, England: Bloomfield Books, 1974), 60.

ENHANCE YOUR CRITICAL THINKING

By Neville Archibald

I've often spoken about the need for all of us to improve ourselves. In this age of misinformation, outrageous lies are passed off as real and some of the more insidious claims just appear in front of us. Claims of the hottest month or the most bushfires are not backed up by facts, just claimed. Nor are they looked at in terms of cause. We hear repetitively that correlation does not equal causation when it comes to Covid job injuries, yet causes of bushfires and hottest days seem to be immune from this chant, even when both variables are suspect. Their claim has to be true, because ... well ... just because!

This "just because" attitude is found everywhere and we tend not to question it at the time, it just rolls over us, adding to our daily brainwashing quota.

To illustrate a point, the latest for me is a Workcare ad about farmers and fatigue. Unsaid, but implied, the ad depicts overwork and fatigue as the fault of the farmer and his demise. I guess in some ways it is true.

"It's never you, until it is!" they say.

"Putting in another seventeen hour day in a row, you push through then you push on, 'these crops won't harvest themselves' ". a young bloke thinks, remembering his dad.

These words really put it in perspective for me. Putting this blame on the farmers who work long hours. That they have to, to make ends meet, is not of course, mentioned. That to me is the real crime.

This is where YOU must think about what is really being said.

In this ad the government is telling us, it is the farmers fault for working so hard. For doing what he has to, to stay afloat. Let's put this in perspective.

Back in the 30s a herd of 20 cows in a dairy would see you earn enough to raise a family on and pay off the farm.

Then in the 60s, 70 cows were needed for the same.

In the late 70s it had jumped to around 250 just to make ends meet.

What sort of difference is that? Now herds are measured in the thousand and no longer the preserve of a family business. They have become essentially industrial or factory farms. Something that we have cried out about with battery hens in cages, but accepted, none the less, as a sad part of modern farming. WHY?

So what really is up with a system that forces these sorts of changes.

How can the production ability per person increase so much, yet its worth be so little over the passing years. Don't explain it away as inflation, for how many other industries have seen this.

This scenario plays out in nearly all agricultural pursuits, wheat crops were a smaller acreage for the same ability to raise a family. Even now in vegetable farming, producers are growing more than ever and yet still are unable to make ends meet. So where is it going? Much is attributable to the middleman taking too much. No regulation sees supermarkets and banks reaping obscene profits from these very people.

The main culprit of course, is that we no longer control our system of accounting. Our money supply, our ability to exchange our own goods and services with our own ticketing system (Aussie dollars). It is not ours anymore. Even our politicians will tell us they are at the mercy of the banking system.

When I say we must think when we hear a politician talk, I am serious. Very few will confront this issue at all. They will talk all around it invoking the gods of finance and speaking in tongues, like another language. That of black magic finance. If they don't speak on the issue, they will denounce the question as though it was offensive in the extreme.

It is the drip, drip, drip of these ads and their like, their unsaid implications that are conditioning us to accept things as they are. We should be railing against the real issues.

Why does our system continue to fail us? Why do proposed fixes never solve the problem of increasing debt, both nationally and privately. If working harder and longer hours cannot save you, who really is to blame?

Further Reading to arm yourselves:

The Story of the Commonwealth Bank, D.J. Amos

The Pirates of Finance, Stanley Allen.

What is money for?, Ezra Pound.

available in PDF at alor.org

RESPONSE TO JOHN RUDDOCK MLC OF THE LIBERTARIAN PARTY by Neville Archibald

John Ruddick MLC, of the Libertarian Party, recently posted an article regarding NSW REZs. (Renewable Energy Zones) onto Facebook. An initiative from both major parties REZs, it seeks to forcibly acquire productive farming land for renewables and the associated transmission lines. There is a lot of concern in and around the Dubbo area of central NSW. In responding to this he raises very legitimate points and describes a lot that I agree with.

It is in his last few lines however that are where we differ greatly.

He says “The private sector would never get the numbers so ghastly wrong ...” and finishes with, “We need a separation of the state and the energy market.” A correct appraisal of a problem but an entirely incorrect solution, if we are to survive the global takeover we face.

As I wrote in reply to this post we don't need a separation, we need a loyal and patriotic Australian Government, as opposed to what we have – a globalist controlled puppetry show.

Essential services such as power generation are not the concern of private industry, where only the big globalist corporations can afford it. This is a step in the same direction as the current and past governments have been taking us. They are our politicians and should be doing our bidding, if not then they are committing treason and should be dealt with accordingly.

We should not be handing over vast resources and essential infrastructure to foreign owned and controlled “private” enterprise in the naive belief that things will be better. The elite world controllers will not thank us if we do, unless it is a golden handshake. No, they will screw us even harder and we will have no recall, no election possibilities to make a change, no matter how corrupted they may be.

To follow this line of thinking and allow free market economics to run everything is playing directly into their centralist hands. A group that owns and controls our monetary system, in charge of everything, means world dictatorship by those same elite who want us to eat bugs and own nothing and be happy. Stalin never had it so good!

Who Owns The Wealth: The Wealth of a Tree!

As an example let us consider trees for a moment.

Think of an insular example like building. If we have a large number of homes to be built and we decide to make wooden homes, just an isolated example here, no need to consider roofing or appliances etc it still serves as an example.

Firstly we need wood. Do we have enough trees of the right quality? If so, what replacement rate is needed to keep up with projected demand (growth rates also need to be looked at). In other words if we looked at the whole cycle from seedling trees to the ultimate need, do we have an ability for ongoing supply? If so how many trees are required? That would be the determining factor for the number of homes to be built. A simple consideration really.

This could easily be made available to the building industry to pursue home production. The actual process does not need to be controlled by government, all industries involved in the procedure would go on as normal, just an available supply of money is needed to get the end result. This money should not be

created as a debt to be repaid with interest but as a realisation of the actual physical wealth and the debt cancelled across the durable life of the homes.

This avoids the continual increase in debt to the provider of the created money. It is at this point we must realise that the money provider does not own the wealth. It has simply created money to enable this wealth exchange. The owners of the trees, the timber cutters, mills and chippies who turn this raw material with tools into housing are the real owners of the wealth.

The provider of the means of 'exchange' to complete the cycle, gets an accounting fee, no more. They most certainly do not get to say they own every step of the process and every home produced.

Each step in this example has a smaller breakdown associated with it. The chippie has a debt to tool-up, but his labour will pay this off in the same way. The timber mills also have costs as normal and the whole process is repeated within this sphere as well. As it currently stands the banking fraternity creates the money to do all of this and effectively pretends it owns this real wealth produced, simply because it made finance available to realise it.

If this were a homesteader in the early years of this country, they would have cut down, processed and built the home by themselves with no input from anyone. As long as they had the means to feed themselves, they turned this asset, a tree, into a home without anyone coming along and saying that it's mine, I allowed you to do it. Sadly this is how our current financial system is operating.

If we leave it alone to continue, we will be revisiting a financial collapse or war to cover it up through future generations to come. This is the blind spot that Libertarians have and refuse to address. The end position. If we continue on this pathway, WE WILL own nothing and 'be happy'.

Central Bank Digital Currency is the final nail that our globalist controlled governments require, of which the Libertarians offer no resolution to restore our ancient rights and freedoms - from unfettered multi-generational financial debt.*

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