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"Ye shall know the truth and the truth shall make you free"

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EDITORIAL

THE FEDERAL TREASURER'S "GOOD STORY"

Speaking at an Accountants' luncheon in Sydney last week, the Federal Treasurer, Mr. Harold Holt, said that the Federal Budget next month would be "quite a good story" and that the Government was "budgeting for quite a considerable deficit." These statements by Mr. Holt clearly indicate that the current policy of an increased rate of financial credit expansion is to be continued. Obviously there can be no substantial reduction in taxation, either direct or indirect, but merely a little political window-dressing designed to encourage the electors to believe that the Government is really determined to reduce taxation.

The basic fact to grasp concerning the present totalitarian credit and economic policy is that it must inevitably continue to increase the price level. While the present economy can only be made to operate by a continuous expansion of new financial credit, created by the banking system, this expansion must, under present financial rules, result in class warfare continuing as wage-earners struggle to increase their wages to try and offset rising prices. We notice with interest that an Australian banker, Mr. Talbot F. Beckwith, Australian Manager of Scottish and Australian Bank, Overseas Department, who just recently returned to Australia from an overseas tour, pointed out that although there was now a "minor economic boom" in America, "there was fear in both America and Canada that wage inflation might follow".

Both America and Canada have adopted increased deficit budgeting in order to try and prevent their sagging economies from collapsing into chaos, but in spite of the increases in productivity and efficiency still urged by our local "experts", inflation has continued. We predict now that Mr. Holt's "considerable deficit" will produce the same inflationary effects in Australia. And all inflation, whether "controlled" or not, is a disguised and insidious form of taxation with far-reaching social, political, and economic consequences. At the appropriate time Mr. Holt, or his successor, will, of course, inform the taxpayers that the time has arrived for the imposition of another restrictive financial programme. Amongst other things, this will at least restore, but more probably increase, any taxation reductions granted in the coming Budget.

As explained by the founder of Social Credit, C. H. Douglas, particularly in one of his earliest works, *Credit Power and Democracy*, inflation is a mathematical certainty while if it is insisted that

new financial credit is used exclusively to finance continuous capital expansion. Douglas also predicted the anti-social effects of inflation, which are undermining the very fabric of Western Civilization. Inflation is morally evil because it robs the individual of that which is rightfully his. It robs him of the potential leisure and economic and social stability, which the culmination of thousands of years of the industrial arts has made physically possible. Instead of mechanisation being used to free the individual from work as a necessity, it is being deliberately used to absorb his time in unnecessary economic activity — such as firing rockets into space. Measured in terms of finance, we notice with interest that it is estimated that it will cost approximately £500,000,000 to put a man on the moon. If the individual were permitted a free choice of how he would prefer the economic equivalent of this amount of finance to be used, we have no doubt that he would "vote" for something much more individually satisfying.

Mr. Holt's deficit financing simply means that the Government proposes to issue I.O.U.'s, Treasury Bills, in order that sufficient new financial credit is created to finance the Government's increasing activities - - most of them designed, of course, to maintain "full employment" and thus to try and maintain sufficient purchasing power in the hands of consumers to buy the consumer goods which industry is turning out in an ever-increasing volume with progressively less labour. But in a very real sense, all capital production, whether really necessary or not, reduces the actual or potential standard of living measured in terms of consumer goods and free time. Capital production merely to maintain "full employment" is a modern version of the building of the pyramids by slave labour.

(Continued on page 2)

NEWS SECTION

Federal Treasurer's Frank Admission:

Older readers of this journal will recall how before the war any requests to the Federal Government to provide any information concerning the investment by financial institutions in Government loans were greeted with the curt reply, "It would not be in the public interest to answer such requests." But in a statement issued from Canberra on July 7, the Federal Treasurer, Mr. Holt, provided some significant facts about national finance.

Mr. Holt was observing that the Federal Government's deficit for 1958-59 was £80,500,000 less than budgeted for. He said that "the position had been altered radically by the exceptionally large loan raisings", and that "most of this increase came from subscriptions to Commonwealth loans by trading banks or institutions which drew largely on trading bank finance." Mr. Holt also said, "It was clear that very much more than the £29,500,000 (last year's deficit: had been financed from bank credit."

Mr. Holt's statements should be considered in conjunction with the recent report that the trading banks deposits have substantially increased to the extent of £87 million over the past twelve months. New financial credit is created not only when loans are made to individuals or organisations, but when the banks buy securities. There is little doubt that the heavy investing in Commonwealth loans mentioned by the Federal Treasurer explains much of the increase in deposits. The rate of creation of new credit by the trading banks is governed by their holdings in cash and central bank credit. And this is directly dependent upon the Commonwealth Bank's policy.

Bernard Baruch's Activities Continue:

Although there was some suggestion a few years back that Sir Winston Churchill had displeased that sinister figure, Mr. Bernard Baruch, the Zionist financier, there now appears to be complete harmony. On his last trip to America, Sir Winston met with Baruch, while the week before last Baruch was in England and lunching at the former British Prime Minister's home. A photo in the *Melbourne Age* of July 22 shows the present British Prime Minister, Mr. Macmillan at the luncheon. Whatever advice Baruch had to offer Mr. Macmillan would most certainly not be in the best interests of the British people anywhere. It was the same Baruch who told Ben Hecht, the Zionist writer and open supporter of the Zionist murder and terrorist campaign against the British in Palestine, that he was supporting him, but that he did his best work "with a long gun in the tall grass". Baruch's influence has been one of the factors, which have reduced the British world to its present plight.

THE FEDERAL TREASURER'S "GOOD STORY"

(Continued from page 1)

Although the tremendous increases in productive capacity have ensured that the individual has obtained some increased material benefits, the centralised control of the creation and issue of financial credit has forced the individual to pay dearly in order to obtain the basic requirements of a civilized life. It is not progress to say to the individual. "You have reduced by three days per week the time necessary to supply yourself and your family with all the requirements of civilized living, but before you can use what you have produced you must first work the three days on some project such as firing rockets at the moon." In real terms, this forces the individual to pay in increasing unnecessary activity for that, which is useful and desired. Useless activity devalues useful activity. Inflation is a general financial reflection of real economic robbery of the individual, and will continue so long as the fundamental cause is not successfully opposed.

Irrespective of the size of the deficit the Federal Government may budget for, the fact cannot be disputed that the present production system is capable of easily producing all the consumer goods required by individuals. The only problem is how to increase purchasing power in the hands of consumers in order that the goods produced can be bought. If, for example, £100 millions of new credit has to be created to meet Mr. Holt's anticipated deficit, there is no real reason why this financial credit, created against the whole community's real credit, its productive capacity, should not be paid direct to individuals in the form of increased pensions, child endowment, and a scheme of subsidies on basic items in the economy. This would be a start in the direction of distributing to the individual his share of the real profit of the community. But for the Federal Government and its "advisers" to invest this profit in unnecessary capital works is similar to the directors of a company telling the shareholders that all financial profits should be used to progressively expand the company and that no dividends at all should be paid.

Mr. Holt's Budget will not be a "good story", but a continuation of the false story, which we have heard over the years. The story is false because it is one of power-lusters using the individual's economic, financial and political institutions to drive him further towards the complete Totalitarian State. It is the opposite of that truth which would make the individual free.

DOLLAR IMPERIALISM DESTROYING BRITISH SOVEREIGNTY

The information and penetrating comment supplied in the following extracts from an article by Mr. A. K. Chesterton in "Candour", the British Views-Letter, of July 17, are of such vital significance to the peoples of the British world everywhere, that we hasten to bring them to the attention of our readers:

The *Sunday Times* for very many years past has led the headlong flight of British newspapers to seek comfort and ease of mind in the American alliance. Until last week I do not remember reading a single line in which the *Sunday Times* failed to regard the alliance as though it were a fact of nature, no more open to challenge than the sun, moon and stars or the cycle of the seasons. *Candour* alone has insisted that the American alliance is not a bulwark but a trap; that it is an even greater danger to the Western nations than is the Soviet Union, in that it does the Soviet Union's work more insidiously by undermining the strength of its allies under the cloak of friendship and in the guise of interdependence. As the alliance is a medium of control over international policies and has been created for its own ends by the Dollar Empire, it follows that to question its *bona fides* is to commit a major heresy. On no other subject has *Candour* been so heavily and continuously denounced by people who honestly believe themselves to be patriots as it has been on this subject. Our sense of isolation at times has seemed appalling.

Last week, however, the *Sunday Times* gave us a break. I feel sure that it did so without realising the implications of what was allowed to appear. The editor may have been on holiday. At all events there was published an article entitled *Does Britain Need the Atom Bomb?* by Mr. W. L. Martin, described as "a British student of strategy" who is "Assistant Professor of Political Science at the Massachusetts Institute of Technology". Mr. Martin, whose description did not hold out extravagant hopes, proved to be much better and more candid than his title promised. "It becomes more and more certain", he wrote, "that the United States would have to bring destruction on itself in order to defend many quite substantial objectives which Russia could seize without posing an immediate and fatal threat to American survival. American military leaders are wondering, indeed, how long the deterrent can remain effective against conventional attacks. Soviet nuclear capacity is thus progressively narrowing the range of contingencies with which the American deterrent can deal". Having gone thus far, a writer in the *Sunday Times* (or, indeed, in any other national newspaper) might be expected to sheer off before reaching the precipice, almost certainly

by placing Great Britain well inside the range of remaining contingencies to be defended. But Mr. Martin is honest. He takes the plunge, and a tremendous plunge it is—the sort of plunge, which could take a writer, his sub-editors and his editor into very deep water.

I quote his next paragraph:

"This poses important questions for nations like Britain whose survival may become one of the issues for which the United States is unwilling to commit its nuclear striking force. Can we rely on the American deterrent or can we conceive of circumstances in which our most vital interests could be lost without steeling the United States to use—or, more important, to threaten convincingly to use - - its strategic nuclear weapons?"

"It seems that such circumstances will become increasingly likely as Russian power grows and as submarine and space-satellite bases for missiles and radar make European sites less important for American defences. Even while the United States maintains ground forces in Europe there can be no certainty that an attack involving them would provoke American leaders to the ultimate retaliation. It might be more rational for the United States to fight a withdrawal or even to sacrifice the troops while taking limited material and moral compensation in other areas."

What Mr. Martin writes is indeed brave. But is it not at the same time the most obvious aspect of the entire situation? If the editor and staff of the *Sunday Times* had been blind to it until they heard the Assistant Professor of Political Science at the Massachusetts Institute of Technology speak out loud and bold, then what is one to make of the poor quality of their thought and the retarded growth of their acumen? On the other hand, if they had been aware of these contingencies, how could they have brought themselves to lead their readers to think of the United States as a bulwark of British defence, much as pre-1914 Britons, with better reasons, had regarded the Royal Navy? When the Kremlin revealed that Lester Pearson, during his secret mission to Moscow, had said that under certain circumstances the North Atlantic Treaty Organisation could be regarded

as expendable, the *Sunday Times* had an excellent opportunity to point out the untrustworthiness of those in charge of "American" policies. Not that such opportunities were needed. Common sense alone should have called the tune. But common sense and fiats of the Money Power accord but ill together and the British people were allowed to languish in gross ignorance of the hazards to which they were being exposed.

Should it be said that in the passages quoted Mr. Martin was expressing only his own view, I would still say that the dangers uppermost in his mind were inherent in the set-up (*Candour* repeatedly pointed out that fact), but it so happens that he was not doing just that. He wrote further: "Enough responsible American officials have already asserted that Europe is expendable under certain conditions to cast the kind of doubt on American intentions which is fatal to a reliable deterrent. One of the most remarkably frank statements was provided last year by George W. Rathjens a member of the Weapons Evaluation Group in the Office of the Secretary of Defence and of the Institute for Defence Analysis in the Pentagon. He declared that for a European to have

'nuclear weapons . . . on his soil which are controlled by the United States offers him the worst of all possible choices. He will be severely damaged in a nuclear exchange, yet he may have no say in whether such weapons will be used in his defence in a limited war. Neither he nor the U.S.S.R. (nor for that matter the U.S.) can be sure that we would use such a capability at the risk of starting a general war or even a large-scale limited war just to repel a localised Soviet threat'."

In Mr. Martin's words the worthy Mr. Rathjens adds engagingly "that the only nations likely to accept nuclear weapons under American control will be those 'with poorly informed publics, those that are so poor that they can be bought and particularly those whose Governments are not responsive to public opinion'." Well, well. How stands British opinion in that context? I cannot resist quoting Wyndham Lewis once again: "Political nonsense, taken, or administered, beyond a point, and persisted in, can have only one result, namely the mental alienation of the Public subjected to such a regime. It might take a violent form or it might rather tend to assume the symptoms of a listless imbecility". Asked whether this listless imbecility is apparent among our own people today, what honest man could say "no"?

Mr. Martin and the authority he quoted dealt

solely with the open strategic questions posed by the problem. That probably accounts for the former's rather naive suggestion that we British should offer more in the way of conventional forces in return for greatly increased (U.S.) help in developing a nuclear force under our own control. Strategy does not exist in a vacuum. It is the means of projecting policy, and Mr. Martin is at a great disadvantage in not being aware of the two levels of policy-making in America—that which is declared and that which is undeclared—and in lacking knowledge of the domination by the hidden Government over the official Government. Had he studied these matters he would have known that there is no such intention of helping us to develop a nuclear force under our own control. Roosevelt, Cordell Hull, Marshall and other members of the visible Government acting like Eisenhower, as puppets of the power of Baruchistan were not on any reckoning pro-British. Cordell Hull concerned himself very largely with the post-war international financial pattern; the others were not only anti-British, they were pro-Russian. My word need not be taken for this when there is available the testimony of such men as Mikolajczyk, the Polish war-time leader, and when the actual "American" war and post-war policies come under dispassionate review, above all when the Yalta Papers are consulted. National policies change, but the frightening thing about internationalist policies is that they pursue their purposes to the end.

Mr. Martin has done the British people a great service.

SUCCESSFUL HOUSE MEETINGS

The first series of Melbourne house meetings has now concluded and we will announce in our next issue details concerning the second series. Much valuable experience was gained during the first series, in which some valuable new contacts were made.

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