

THE NEW TIMES

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

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EDITORIAL

C. H. DOUGLAS'S PREDICTIONS ON INFLATION

During the early history of the Social Credit Movement, one prominent writer observed, "events appeared to be in the pay of Douglas." We recall this observation as a result of an examination of numerous items of economic news from all parts of the English-speaking world, including the U.S.A. These news items all deal with the problem of progressive inflation and the social and economic effect it is having.

Although many people were introduced to Douglas's work as the result of the deflationary credit policy, which produced the Great Depression of the thirties, Douglas's proposals were not merely designed to prevent depressions; they were "the policy of a philosophy," a philosophy which conceived of the individual as a sovereign being able to exercise individual initiative and to make the economic and financial systems subordinate to his genuine desires. In his early works Douglas warned that attempts to make the economic and financial systems work by continuous expansion of new financial credit for an "expanding economy" and to maintain "full employment" must inevitably have disastrous results from the point of view of the individual.

Events have certainly proved Douglas correct, as witnessed by the following selected extracts from his book. *Credit Power and Democracy*, written in 1920:

. . . The first thing to note is that all these concerns (manufacturing enterprises) are distributing purchasing-power to individuals, in the form of wages and salaries, ahead of production which causes a rise in the price of existing ultimate commodities, the only commodities that individuals buy; or, to put it in the way described above, all money existing is diluted. Secondly, they are distributing this purchasing power obtained out of "credit" largely (and this is increasingly true) in respect of capital production - - i.e., things which in themselves are of no use to consumers: tools, factories, etc. The community as a whole, therefore, is producing and being paid for real capital as well as ultimate products, and much of the real capital is permanent and survives the lifetime of its producers.

Now consider these points in connection with the proposition . . . that the current flow of wages, salaries and dividends is less than the current flow of price values of articles produced - bearing in mind the fact that *prices* vary

between a lower limit represented by cost of production and an upper limit defined by "what they will fetch" - i.e., effective demand. It will be seen . . . that the wages and salaries (already insufficient to buy the whole of production) tend to be diluted in value until they represent the subsistence allowance of the persons concerned; in other words, total prices of ultimate commodities barely necessary for the accepted standard of life tend to equate themselves to the total effective purchasing-power of individuals, and this is true even if dividends to individuals are included and are widespread. Consequently, and this is the all-important point we wish to make, *although the unregulated system of credit-issue and price-making distributes purchasing power both in respect of capital-production (tools, factories, intermediate products) and ultimate products (necessaries, services, amenities), it takes back in the prices of ultimate products only, practically the whole of this purchasing-power*, leaving the community, considered as a permanent institution, in the position of having bought both the plant and the product but having only got delivery — i.e., control — of the product. Such a state of affairs so long as it continues makes the control of the policy of the world in the interest of the community a mere sentimental chimera. — no nationalisation, guildisation or any other administrative manipulation can affect the existing control otherwise than to introduce friction into it (at the cost of everyone concerned) so long as the prices of ultimate products the taking back of purchasing power derived from credit - - are equal to or greater than "costs" the dispensation of purchasing-power derived from credit. Further, the existing control is semi-automatic; every increase of credit-expansion on these terms means a greater capital-production and

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FIFTH ANNUAL SOCIAL CREDIT SEMINAR

Saturday, September 19

The fifth Annual Social Credit Seminar will be held on the day following the Dinner, Saturday, September 19, at the Federal Hotel, Collins Street, Melbourne. Communism is the subject for the Seminar this year. As afternoon tea will be served after the first Paper, it is essential that the organisers have some idea of how many will be attending the afternoon session. The programme is as follows:

THE PHILOSOPHY OF COMMUNISM, by *Eric D. Butler*, at 2.15 p.m.

Policies and philosophies - The roots of Karl Marx's philosophy - - Dialectical materialism - Differences between Communists do not alter their common philosophy - The fundamental appeal of Communism - The totality of Communism and the decay of Western Civilisation - The philosophy of Christianity — Defeating Communism by policies rooted in the Christian philosophy.

THE ECONOMICS OF COLLECTIVISM, by *W. J. Carruthers*, at 4 p.m.

The elements of real economics - The true purpose of production - The nature of genuine economic democracy - Freedom of choice and the development of personality - - Inflation the inevitable result of current economic policies - The economic, political and social consequences of inflation - The centrally-planned State and bureaucratic lawlessness - - On the road to Moscow - - Suggested first step for reversing collectivist policies.

THE OBJECTIVES, STRATEGY AND TACTICS OF COMMUNISM, by *D. J. Killen*, *M.H.R.*, at 8 p.m.

World conquest the Communist objective — Communist countries as the base from which to promote and aid revolutionary activities — Lenin's strategy concerning the shortest route to Paris and London - - Australia's position in relationship to Communist strategy - - Communism and the Colonial Question - The importance of the Middle East - - Political recognition of Communism and political conferences with Communists further Communist advance - - How cultural and other exchanges serve Communist purposes—The perversion of the Christian Church in Communist countries and the misleading of Church delegations - The basic weakness of the Communist Empire and the development of a Western strategy to exploit this weakness - - Mobilising all forces, economic, financial, cultural, political and spiritual, to defeat Communism.

PERMANENT UNEMPLOYMENT

"There is now a distinct possibility that we may be faced with a large measure of permanent unemployment. We know that our population is growing and that our work force is expanding at the rate of about 200,000 or more new jobs every year. The theory behind this legislation is that a man's labour is a marketable commodity. To take care of our increasing labour force we must depend upon the expansion of capital investment, but at the present time a considerable portion of our capital investment is devoted not to creating jobs but to destroying jobs. I think that the time has come when the Minister of Finance (Mr. Fleming) must try to secure some sort of breakdown of public and private investment to determine what proportion will be devoted to automation, which will have the effect of destroying jobs. Certainly all indications now point to the fact that our labour force is going to expand at a rather more rapid rate than new jobs are going to be created, and this will tend to increase unemployment and to make a larger proportion of our labour force permanently unemployed.

"I believe this will necessitate rethinking on the concept of labour because a man's life and the life of his family depend upon employment, upon his ability to market his labour commodity. *I think we must ask ourselves what is going to happen when there is no market for a man's labour.* This situation may not be as far in the future as many of us believe. Certainly, it is something to which we should be giving some thought at the present time, because if we are going to meet that situation *it is going to involve a great deal of change in our monetary policy.* . . "

The above was spoken by Mr. C. W. Carter, member from Burin-Burgeo in the House of Commons on May 12 during a debate on the unemployment insurance act. It's heartening to see that one member at least is ready to face and prepared to draw the attention of others to a situation which Social Credit has been pointing up for years. Note the italicized lines (they are ours); scientific progress in production, the leisure state, the dividend.

—E.M. in *The Union of Electors*, Canada.

CODNER BROS.

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HELP MAKE A RECORD ATTENDANCE AT THIS YEAR'S ANNUAL DINNER

PLEASE MAKE YOUR BOOKING TODAY

Numbered amongst the guests at this year's Annual "New Times" Dinner will be the distinguished and courageous Liberal M.P. from Brisbane, Mr. D. J. Killen, who is presenting a Paper on certain aspects of Communism at the Seminar the following day. All those readers who can possibly attend are urged to be present at this critical time. The Annual Dinner is far more than a social event, even though it be a most enjoyable one; it is an annual opportunity for supporters to come together and to draw strength and inspiration from one another. It provides an increment of association, which benefits every individual who attends. All supporters therefore have a responsibility to make every endeavour to be present.

PIONEER MEMBERS INVITED

One of the features of this year's Dinner will be the number of foundation members of "The New Times" present. Special invitations have been extended to many of those who pioneered "The New Times."

COUNTRY AND INTERSTATE VISITORS

Already a number of country and interstate visitors have made arrangements to be present, but there is still time for others to make their bookings. Accommodation can be provided for those requiring it.

MESSAGES WELCOMED

As it is physically impossible for the great majority of readers to be present at the Dinner, messages to be read are always welcomed. These messages are always a feature of the Dinner and help emphasise the widespread support for "The New Times" and the cause it serves.

SEATING ARRANGEMENTS

When booking for the Dinner, supporters should state whether they have friends with whom they desire to be seated. The organisers cannot guarantee to meet all requirements, but they do their best. Supporters are also requested to state clearly if they desire a fish dinner.

PLACE AND TIME OF DINNER

The Dinner will, as usual, be held in the Banquet Room, The Victoria, Little Collins Street between Swanston and Russell Streets). Do not forget the date - - Friday of next week. September 18. Guests may arrive from 6 p.m. onwards, when cocktails will be available. It is anticipated that guests will sit down to dinner at approximately 6.45 p.m. Those who may arrive a little later than this should say so. Phone bookings (MU 2765) may be made up until the day before the Dinner.

"ANTI-COMMUNIST" BOOKS WHICH FURTHER COMMUNISM

Nothing has served to demonstrate more graphically the desperate plight of the Western nations than the successful presentation of two books which are allegedly anti-Communist but which in reality are a major part of the Communist ideological offensive. These books are Boris Paster-

nak's novel, *Dr. Zhivago*, and Milovan Djilas's *The New Class*. "Anti-Communist" Books Which Further Communism, published by the Victorian League of Rights, exposes how even most anti-Communists have been foiled by these two books. This new publication is of the greatest importance at this time. Price 3/4 post free. Order from The Heritage Bookshop. Box 1226L, G.P.O., Melbourne.

C. H. DOUGLAS'S PREDICTIONS ON INFLATION

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a proportionately smaller use of that capital to deliver ultimate products.

—Chapter 3.

... To understand the trend of the present system from the standpoint of policy, in the light of the above analysis, we must notice that it results in keeping the majority of persons employed approximately eight hours per day either in producing, distributing or safeguarding what is admittedly a deficient supply of ultimate commodities, and this in spite of the advancement of science and its application to Production. We see also that, whatever the amount of these ultimate commodities produced, and however much cash the community earns, the aggregate prices of mere consumption goods can be made to equal the aggregate earnings in respect of the production of both capital goods and consumption goods, either by keeping the articles in short supply or making monopoly arrangements to set prices at a "suitable" level; but in any case, prices of capital goods plus prices of consumption goods are in excess of available cash demands because of the credit factor in the prices; a relation which results in the control of plant and improved process passing from the producers, as fast as produced, into the hands of the credit-mongers and the price-makers, rather than into the hands of the community to whom it belongs in the nature of things. This concentration of control being assisted by a short supply of ultimate products until competition is finally eliminated, those having control have every inducement to deliver the minimum quantity of goods at the highest obtainable prices, so long as these, in the aggregate, absorb the distributed purchasing-power.

—Chapter 4.

Numerous other quotations could be given from Douglas's earliest works, predicting the present inflation, the growth of monopoly, and growing speculation. While the financial aspects may be difficult to comprehend by those who have never stopped to ask whether financial rules reflect reality, the fundamental economics of the situation should be clear to any reasonably intelligent person: The true cost of producing anything is consumption. This is a self-evident truth. Using current economic terms, the real cost of any given units of production is the amount of man-hours involved. If the number of man-hours involved

in producing the basic requirements of life are reduced, then it is physically possible for the individual to (a) have greater free time to engage in activities of his own choosing, or (b) to be put to work in the time saved in producing things which are of no personal benefit. If policy (b) is imposed, this means that, no matter how much the real cost of producing consumer goods is reduced, the individual can never obtain the full benefit of this because he is forced to engage in unnecessary economic activities in the time saved. The progressive rise in the price level merely reflects the underlying economic realities, which force the individual to "pay" for desired production by increasing undesired production.

And so far from attacking this vicious exploitation of the individual, all the "progressive" movements of the world such as Socialism intensify the exploitation with their cry for "full employment" and their attacks on the profit and dividend idea. The present financial and economic policies lead straight to the complete totalitarian State, just as Douglas predicted. The end result cannot be avoided while present financial and economic policies are pursued.

THE UNCOMMON MAN

"A general planning a campaign has to reckon up the numbers in his armies. He has to accept the myth of the common man.

"A myth can be very useful, so long as we know it for a myth: but when we begin to mistake it for a reality, it becomes dangerous. To treat people as if they were all alike is the way of the dictator in a totalitarian country, and the way of a bureaucrat in a country, which may delude itself into thinking it is a democracy.

"The fundamental fact about human nature is not to be found in our likeness but in our differences. After you have finished talking about the brotherhood of man, open your eyes and look at your brothers, and recognise that you belong to a family of which no two members are alike. Look at yourself and recognise that the essence of you, what makes your personality, is not what you have in common with other men, but what is peculiar to yourself.

"In other words, you are an uncommon man.

"Democracy does not mean the rule of the common man; . . . there is no such person. Democracy is the form of government that gives the utmost possible freedom to the uncommon man."

-C. H. DOUGLAS

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