

THE NEW TIMES

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

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EDITORIAL

INFLATION UNLIMITED

Following the recent decision of the Commonwealth Arbitration authorities not to grant an increase in wages this year one of the Federal Ministers, Mr. McMahon, welcomed the decision by urging businessmen to take immediate advantage of the "glorious opportunity" they now had to stabilise prices. Clearly this Federal Minister, like other spokesmen for the Federal Government, knows nothing about the basic causes of inflation and therefore considers it politically expedient to blame the producer and manufacturer for the progressive increases in the price level.

When the system of automatic basic wage increases was first abolished in an attempt to deal with inflation, we predicted in these columns that the only effect of this policy would be a slowing down in the rate of inflation and that it would not be long before wage increases would have to be granted in order to avert major industrial unrest. This is what has happened. We now predict that the recent refusal to grant another wage increase will not stop prices from rising and that eventually further wage increases will have to be granted in order that wage earners obtain a temporary restoration of their fallen standard of living. It is true, of course, that all increased wage costs must ultimately be recovered through increased prices. But it is a striking commentary on the thought processes of those charged with the responsibility of financial policy, that they stubbornly refuse to consider any alternative to the present wage policy in order to prevent inflation from undermining the very foundations of our civilization.

The basic cause of inflation is not, of course, wage increases. As has now been demonstrated to all capable of seeing reality, wage increases merely follow price rises, and no freezing of wages prevents inflation. Obviously some non-socialist politicians have at long last grasped this truth through experience. But instead of attempting to come to grips with basic causes, they delight the Socialists by suggesting that the producers may be partly to blame. The non-Socialist politicians have even taken to quoting the Socialist planner Dr. Coombs in support of their views concerning what should be done to counter inflation. They apparently do not find it strange that their own Government has slavishly followed the advice of Dr. Coombs and his fellow planners, and that inflation has continued. The best that can be said is that it is "controlled."

No one will dispute that some organisations in the community are making excess profits, but it is a blatant untruth for the leader of the Federal Opposition, Mr. Calwell, to claim, "the real source of inflation was the excessive profit-making by monopolistic business." Whether Mr. Calwell said this because he is ignorant of the truth or for what he considers legitimate political purposes, the fact is that he is stoking the fires of revolution when he claims that businessmen are primarily responsible for inflation. If all the manufacturers of Australia operated without any profit at all, did not pay any dividends to their shareholders, and did not apportion any of their revenue to plant replacement, etc., their prices could only be reduced by approximately 1/- in the £. Retailers' profits are even less. Any politician claiming that business organisations generally can make any worthwhile reductions in prices out of profits should be challenged by businessmen to show just how this can be accomplished.

The position of the primary producers is such that if most of them were receiving a legitimate return on invested capital, they would require a substantial increase in price for their production, not less. The drive towards centralisation in both primary and secondary industry stems basically from the feverish attempt to offset growing financial pressures. Most of those so loud in their advice about greater efficiency and more production are apparently oblivious to the fact that there have been both substantial increases in real efficiency and in total production. But every producer and manufacturer knows that it is the factors outside his direct control, which force him reluctantly to continue raising his prices in order to try and recover his total costs.

(Continued on page 8)

PROFESSOR BLAND PROCLAIMS THE DEATH OF DEMOCRACY

If Professor Bland's recent statement concerning the death of democracy had been made in more robust times, there would have been a national uproar. But when Professor Bland, not only a great Australian authority on constitutionalism, but until recently chairman of the Commonwealth Public Accounts Committee, said that bureaucracy had triumphed over democracy, that it did not matter "two hoots" what the Opposition or back benchers had to say about the budget, or whether Mr. Holt or someone else was Treasurer at the time it was brought down, there was barely a ripple of interest in the daily press or amongst those so loud in their denunciations of the loss of freedom in South Africa or somewhere else.

STATEMENTS NOT NEW

What Professor Bland has said is of course, not new. The first major attack on the menace of bureaucracy undermining responsible self-government, was made by a former Lord Chief Justice of England, Lord Hewart who in his classic work, *The New Despotism*, warned that there was a carefully contrived plan to make the bureaucracy all-powerful. Lord Hewart wrote before the Great Depression, when the sense of freedom and independence was much stronger than it is today, and there was an immediate reaction to his warning. But the Great Depression, and the financial means used to overcome this disaster, directed attention away from the question. And then the Second World War and the extension of national and international planning, which followed, stimulated the growth of bureaucracy to ever increasing proportions. It is true that Professor Hayek wrote his famous book, *The Road to Serfdom*, during the latter part of the war, and that it caused considerable interest. But the war ended and the bureaucracy continued to march triumphantly forward. All the democracies went forward along the road to serfdom. There were still some protests here and there. Professor Keeton then wrote the logical sequel to *The New Despotism* and *The Road to Serfdom*. He aptly called it *The Passing of Parliament*. And now a distinguished member of the major Government Party at Canberra pronounces that Parliament has in fact passed and no longer exists in the form in which our British forefathers created it through long centuries of noble endeavour and painful sacrifice. The bureaucratic revolution has triumphed, and it has triumphed irrespective of the label of Governments.

BASIC CAUSES OF BUREAUCRACY

No discussion on the growth of bureaucracy, the destruction of genuine self-government, and the undermining of constitutional safeguards of indi-

viduals' rights and liberties, is of the slightest value unless it deals with the basic causes of these developments. While it is true, as Lord Bryce observed, that the tendency of all Governments is to centralise power, and that the growth of bureaucracy stems inevitably from the centralised power, the main cause of the progressive extension of Government is present economic policy and the use of centralised credit power to impose this policy. So long as Governments insist that one of their major purposes is to provide "Full Employment" in order that the economic system will not collapse, then clearly there must be increasing economic activity dependent, either directly or indirectly, upon Government financial policy as every improvement in technological processes enables a progressively smaller proportion of the total community to provide the real requirements of consumers. "Full Employment" can only be maintained therefore by increased Government spending.

ANOTHER ROUTE TO COMMUNISM

Some commentators on international affairs have recently observed that current Communist policy concerning disarmament has as one of his objectives an attack upon the non-Communist countries' economic systems. Under present financial policies any substantial reduction in armament expenditure could produce large-scale unemployment and revolutionary conditions. But if Western Governments met this situation by devoting increasing financial credits to other economic activity - - such as space projects, and perhaps "fully developing backward planets" - they would extend and consolidate still further the bureaucratic revolution. And the bureaucratic revolution is another route to the Communist State. It is a route ultimately leading to the Communist world, because step by step the international bureaucracy is also in process of being set up. Many of those aware of what is happening cannot get beyond mildly deploring the triumph of bureaucracy and justifying their passive attitude by remarking that it appears to be inevitable. But it only appears to be inevitable because no realistic thought is devoted to consideration of an alternative purpose for the economic system and necessary modifications in financial policy to make these purposes practical.

No real attack upon the bureaucratic revolution is possible unless there is a real attack upon all policies of economic and financial centralism. We trust that Professor Bland's statements will stimulate increasing thought and action concerning the basic cause of the evils he so clearly outlined.

INTRODUCTORY SOCIAL CREDIT STUDY COURSE—LECTURE ONE

Prepared by ERIC D. BUTLER

This course should be regarded only as an *introduction* to the subject of Social Credit. When the student has mastered this course, he will be equipped to extend his knowledge. The first point to be made is that Social Credit is concerned with the *power* of human beings in association to produce results desired. The student should decide clearly in his own mind whether or not individuals do in fact have such power; whether individuals in association can obtain results they could not obtain as individuals. If individuals do not have this power, then there is no Social Credit. Social Credit is, therefore, either a fact or it is not a fact. There is no question of theory. Social Credit concerns principles governing human associations. A trained and competent Social Creditor may therefore be more correctly described as a Social Engineer.

Douglas has pointed out that "*What is urgent in this world, with an urgency which transcends any other urgency, is a study and practice of the science of Social Dynamics*".

Human society is essentially an organisation, and to be successful from the point of view of the individual, such organisation cannot be a haphazard affair, but a science governed by principles. The trained Social Engineer seeks to show his fellow citizens how, by the correct application of these principles, they can obtain the results they desire. The true Social Creditor is not so much concerned about "converting" people as he is about helping his fellows to make use of their power of association.

Confronted with the question "What is Social Credit?" most people, including many who call themselves Social Creditors, would answer this question by saying that Social Credit is a monetary reform scheme. No greater disservice has been done to Social Credit than the persistent reference to it as merely a scheme for financial reform.

C. H. Douglas has made it clear time and time again that Social Credit is far more than a monetary reform scheme. Speaking at Westminster in 1936 he said: —

"As I conceive it, Social Credit covers and comprehends a great deal more than the money problem. Important as it is, primarily because it is a question of priority, Social Credit involves a conception, I feel a true conception . . . of the relationships between individuals and their association in countries and nations, between individuals and their association in groups."

In 1937 Douglas said: "In my opinion, it is a very superficial definition of Social Credit that is merely a scheme of monetary reform . . ."

Douglas's first book was "Economic Democracy", published just after the First World War. W. L. Bardsley, writing in the English "Social Creditor" of December 23, 1939, made the following comment: —

"Most of 'Economic Democracy' had been written before the end of 1917, amid the distractions of war, and its length is barely 25,000 words, yet close study shows that no aspect of the vast subject but was touched, either fully, or in principle, or by stated exclusion. To read it after 20 years is to be amazed at its author's complete vision of all that others have comprehended step by step, in the interval."

There are twelve chapters in "Economic Democracy", but only three of these are actually devoted to a criticism of Finance. While Douglas made it clear that the subject of money took priority at that time, he also made it clear that there were matters of greater *fundamental importance*. Even in 1932, when the Great Depression was creating tremendous interest in the subject of Finance, Douglas wrote to the Editor of the Melbourne Social Credit journal, *The New Economics*, as follows: —

"There is too great a tendency to assume that the question of credit is the only subject on which we hold views of practical importance. So far from that being the case, the principles of organisation which are discussed in the earlier part of "Economic Democracy" are vital to an effective understanding of the credit problem."

Douglas was not concerned with monetary reform as an end in itself. He was concerned with the position of the individual in relationship to the monetary system. Social Credit is primarily concerned with the relationship of the Individual to all systems and organisations. Douglas wrote in the early part of "Economic Democracy": —

"Systems were made for men, and not men for systems, and the interest of man, which is self-development, is above all systems, whether theological, political or economic . . . Accepting this statement as a basis of constructive effort, it seems clear that all forms, whether of government, industry or society must exist contingently to the furtherance of the principles contained in it. If a State system can be shown to be inimical to them it must go; if social customs hamper their continuous expansion they must be modified; if unbridled industrialism checks their growth, the industrialism must be reigned in. *That is to say, we must build up from the individual, not down from the State.*"

The above statement clearly indicates Douglas's philosophy, which can easily be recognised as Christian. For example, the Christian philosophy emphasises the preciousness of the Individual. We all know the statement that the Sabbath was made for man and not man for the Sabbath. Now all philosophies give rise to certain policies. It is essential that we be very clear about this, as it is the basis for a correct conception of Social Credit. During an address in 1937, entitled "The Policy of a Philosophy", Douglas gave a definition of Social Credit as follows: —

"*Social Credit is the Policy of Philosophy*". What does this mean? It simply means that every action we take towards a certain policy is the result of a philosophy. There are two basic philosophies in the world, and because these

philosophies are diametrically opposed to each other, they give rise to conflicting policies. The first philosophy is one, which conceives of all power arising from a point EXTERNAL to the individual. The second philosophy conceives of all power arising from WITHIN the Individual. The first philosophy automatically gives rise to policies, which necessitate a certain type of organisation in order to *impose* certain conditions upon the Individual. This philosophy results in the Individual being subordinated to the State, the System, or some other abstraction. It can be termed a false philosophy, because it gives rise to policies which conflict with the *natural* desires of the Individual. This false philosophy is helped by many people who may even be opposed to one another. For example there is the alleged conflict between Communism and Fascism. We must learn to look beyond labels to the reality behind the labels. The second philosophy, which conceives of reality as an environment in which the Individual can make the greatest progress towards self-development, gives rise to a social structure in which there is the greatest possible decentralisation of all policies, including financial policies. Jesus of Nazareth stated the Christian - - the realistic philosophy, when He said: "*The Kingdom of God is within you*".

When we clearly understand the difference between the two basic philosophies we have mentioned, we can see how dangerous it is to label all money reformers as Social Crediters. Social Credit advocates the changing of the present financial rules in order that the Individual may have greater freedom, and greater security. As will be seen later, Social Credit financial principles are concerned with a true reflection of fundamental economic realities. Hitler was a money reformer, but his policy, which, let us emphasise, was the direct result of his philosophy, resulted in a financial policy which made it easier for the individual German to be used for purposes over which he had no control. The present financial system is being modified before our very eyes, but merely that the Individual may be far more effectively controlled. *We must learn to look at every policy, financial or otherwise, from the one point: How does this policy affect the Individual? What is the philosophy behind it?*

Having seen that Social Credit is a policy of a philosophy, we can now realise that the financial proposals of Social Credit are only a part of a whole. It is interesting to note that the first Social Credit legislation introduced into Albertan Parliament did not even mention monetary reform in giving an official definition of Social Credit. This legislation referred to Social Credit as "*the power resulting from a belief inherent within society that its individual members can gain the objectives they desire.*"

Mr. G. F. Powell, technical adviser to the Albertan Social Credit Government, wrote the very significant comment on the initial failures of the Aberhart Government: —

"It was so evident to any experienced observer in the Social Credit crusade that it was due (the failure), in the main, to the same old cause — an unbalanced concentra-

tion upon the money technique for the realisation of the results of Social Credit, to the almost entire exclusion of its philosophy."

In the postscript to "The Elements of Social Credit", by Dr. Tudor Jones, Deputy Chairman of the English Social Credit Secretariat, the following appears: "Douglas has never tired of stressing the indissoluble connection between any and every policy and a philosophy, which, plain or obscure, occult, hidden, is *its* philosophy. Doubtless what led to the previous presentation of Social Credit as a Policy before any extensive treatment of its philosophy (which is, nevertheless implicit in all that Douglas has written) was the belief, justifiable until 1918, that the traditional philosophy of at least the Christian nations (peoples) was still essentially whole, buried and misrepresented, perhaps, but not destroyed."

In recent years Douglas has dealt extensively with the importance of resisting all attacks upon the Christian Faith. Writing in "The Situation and the Outlook", he states: —

"It is necessary, in my opinion, to bear in mind that a policy *must* derive from a philosophy; and for this . . . I feel I would not be honest to omit the expression of an opinion which has been crystallising, so far as I am concerned, for some years. *The more conventional form in which the idea to which I refer is phrased is that we are engaged in a battle for Christianity, and that is true.*"

It is easy to understand how, in the absence of any dominant philosophy, there can be no genuine stability in society. Writing in the English "Social Crediter" of March 16, 1946 Dr. Geoffrey Dobbs makes a very profound observation when he says: —

". . . No satisfactory political system is workable unless those concerned with it hold broadly the same views — religious or philosophical views: in practice this was so when Christianity was the dominant religion. This is the only safeguard to the social credit (the faith of people that in association they will get what they want) of a system without which any political system will disintegrate".

Developing further the statement that Social Credit is a Policy of a philosophy, Douglas dealt with the term Philosophy: "It is something based on what you profoundly believe — what at any rate, I profoundly believe, and hope you will — to be a portion of reality. It is probably a very small portion, but we have glimpsed portion of reality and that conception of reality is a philosophy, and the action that we take based upon that conception is a policy, and that policy is Social Credit . . . in many cases, it is no use arguing with many people about the *technics* of Social Credit, because they don't agree with your philosophy..." (*The Policy of a Philosophy*, 1937).

The Social Crediters conception of Reality is that the Individual was not born into this world to be controlled by other men, but was born to be free and to have power over himself. We can therefore say that Social Credit is based upon a philosophy of individual freedom, the belief that, while, as Douglas says, the end of man may be unknown, he will develop most rapidly towards that end as

he is removed from all restraints upon self-development. Without going into details here, it can be pointed out that man's physical environment has, in the past, been an obstacle to his self-development. The physical environment was one of scarcity and the necessity to work hard to survive. There was no leisure for self-development. But today increasing leisure could easily be available to all.

We can now see that all our policies must be bound back to Reality. If our policies are not bound firmly to Reality, we can expect nothing but increasing disintegration of our civilization.

In concluding this lecture, the following quotation from L. D. Byrne's "Nature of Social Credit" will provide us with further evidence of how the policy of Social Credit is firmly rooted in a philosophy Realism: "It (Social Credit) is the credo or belief inherent in society that its individual members in association can get what they want . . . what makes the individuals within the group enter into willing associations with each other is the belief that their efforts are being directed to secure the objective they desire."

Social Credit is concerned with the *voluntary* association of individuals to achieve the objectives they desire. If the Individual is not obtaining from any association the objectives he desires, he must be free to leave the association. He must be free to contract out. Under totalitarianism the Individual is not free to contract out from undesirable associations. The philosophy, which conceives of all power as external to the Individual results inevitably in the compulsion of the Individual.

Social Credit challenges unnecessary compulsion.

QUESTIONS ON LECTURE ONE

NOTE:—The student should attempt to answer all questions as fully as he possibly can.

1. Give several examples of the use of the Social Credit by individuals.
2. Comment upon Douglas's views on the correct relationship between the individual and organisation.
3. What do you understand by the statement the Social Credit is the policy of a philosophy?
4. Government control of financial policy has gradually been strengthened in recent years. Do you think that this is a move toward Social Credit?
5. Do you think that Social Credit thought could have been developed in India? Give reasons for answer.

"Fluoridation or Freedom?"

By ERIC D. BUTLER

At last we are able to announce the publication of a comprehensive survey of the fluoridation issue. The medical, philosophical, ethical and political aspects are all covered in this important book, which is the result of over two years of research and correspondence with medical and other authorities in all parts of the world. It is suitable for both the intelligent layman and the professional man. Every reader should keep a copy for reference purposes.

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WINTER SOCIAL CREDIT CLASS STARTS NEXT WEEK

The Annual Social Credit Training Class starts next Tuesday, May 10, at 8 p.m., at the Caris Club, 4th Floor, McEwan House, 343 Little Collins Street. Both old and new supporters will be welcome at this class, which will be conducted by a number of competent lecturers. Mr. Eric Butler will give the first lectures, dealing with philosophy and organisation. The class will meet every Tuesday at the same place and will run for eight weeks. No charge will be made for the course, but a silver coin collection will be taken each week to help defray expenses. Those attending are requested to bring notebooks and pens.

CORRESPONDENCE COURSE

Will all those who paid for the correspondence course last year please note that it has been decided to try and expand this aspect of our work by publishing the complete lecture notes in *The New Times* together with the questions on each lecture. Will those desiring to answer these questions please forward their answers to - - The Director of Social Credit Studies, Box 1226L., G.P.O. These answers will then be corrected and, together with any necessary comment, returned. Notes for Lecture One appear in this issue together with questions.

It is important to remember that the effectiveness of every individual is, to a very great extent, dependent upon his knowledge and understanding. Trained and dedicated actions are desperately required to win the battle for Civilization.

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PERTINENT COMMENTS ON INFLATION

Now there is one unchanging feature of every social, economic, and military conflict of the last two thousand years at least. Governmental systems may change, kings may be replaced by presidents or dictators, feudal customs may give way to oligarchies or Soviets. Through them all runs the dual thread of money and prices.

Yet this purely artificial, and fundamentally helpful system has been the target of attack throughout the ages. Not once, but many times, men have risen to denounce the evils which they have traced to its perverted use. And all these men, as far as I am aware, have come to the same conclusion. The evils which have arisen from a defective use of the credit system are without exception due to the use of it as an instrument of policy and not as an accounting and distributive system. This is the financial embodiment of the basic cleavage between Socialism and Social Credit, between Judaism and Christianity. —C. H. Douglas, *Programme for the Third World War*, p.54.

Shortly, the characteristics of inflation are: enormous increase in production, fantastic rises in prices, speculation, submergence of the professional and so called cultured classes, centralization of economic power, and industrial serfdom. There is little unemployment, at any rate for a time, but if you are unemployed, you starve immediately. Your immense output cannot be internally absorbed . . . the urgent necessity of markets means certain war, sooner or later, and the greater the inflation the sooner the war must come. In the meantime, however, you become more capable of the immense output which war demands; and your centralized industrialists, who do not expect to line the trenches, regard the prospect with complacency. —C. H. Douglas, *The Breakdown of the Employment System*, p.3.

If I have made myself clear, you will see that credit issue and price-making are the positive and negative aspects of the same thing, and we can only control the economic situation by controlling both of them—not one at a time, but both together, and in order to do this it is necessary to transfer the basis of the credit-system entirely away from *currency*, on which it now rests, to *useful productive capacity*. The issue of credit instruments will then not result in an expansion of money for the same or a diminishing amount of goods, which is inflation, but in an expansion of goods for the same or a diminishing amount of money, which is deflation. —C. H. Douglas, *The Control and Distribution of Production*, p.49.

No monopoly has ever existed in the world such as the monopoly of credit: the monopoly of those tickets, which are producing your effective demand.

No monopoly has ever existed of such far-reaching powers as this monopoly, and it would be absurd for us to say that those who are in possession of that monopoly

will not fight to retain it, and therefore you may expect that all possible misrepresentation and confusion, which can be thrown into this matter, will be thrown into it and is thrown into it, and one of the very favoured devices is to suggest that anything which is a change towards producing more purchasing power is something that is called "inflation."

Well, now, let me define the thing. There is such a thing as inflation: there was inflation in Germany after the War, and in Russia and elsewhere. Inflation is an increase in the number of tickets accompanied, mark you, by a corresponding increase in prices. So that both price and effective demand are equally raised, and the purchasing power in that case is decreased. That is true inflation, and simply amounts to a tax upon those people who already have purchasing power because their purchasing power, owing to the rise of prices, which is produced by true inflation, will buy less.

They are simply taxed to the extent of the inflation, and that is exactly the thing which the orthodox economists and the bankers are asking to take place at the present time when they say that what is required is a rise in prices. So that we are at one with those people who say that inflation is to be avoided. —C. H. Douglas, *The Use of Money*, an address at Christchurch, New Zealand, 1934.

In fact, although it has been kept out of the daily press, with the exception of brief references in the financial columns, it is becoming generally known that the banks have already created large amounts of credit which has been used as additional purchasing-power by the Government to pay for war supplies . . . but the money (credit) which the banks create and make directly available to the Government, does not come through the productive process. It does not form part of the costs of any product, *and it need not therefore raise prices*. It is not the same thing as increasing salaries or wages, which have to be entered into the costs of some product. This being the case there is absolutely no reason why the Government cannot by legislation regulate prices at a level which makes a reasonable allowance for cost plus profit. The Government has shown already that it *can* regulate prices. If this is done, therefore, whatever the amount of new money issued as purchasing power, prices can be prevented from rising and the producer and retailer will not suffer, because their costs are not increased. —*The Inflation Bogey*, by J. M. in *The Social Creditor*, February 22, 1941.

The extent to which INFLATION has been "groomed" for star-bogey-dom was apparent from the manner in which Mr. Montague Norman was able to address his listeners over the wireless on October 9. Discussing the sources of money to finance the war he stressed the necessity of investing in war bonds lest we should have re-

course to, "the source I hesitate to mention—the unmentionable source . . . which makes everyone tremble at the knees to mention its name—inflation."

Even the *Financial News*, which has recently been advocating the restoration of the incentive of monetary gain to both employers and employees in order to increase production, while admitting that in such a case inflation might tend to occur, says that its evil effects could be countered by certain measures—it suggests strict rationing. Possibly the financial powers foresee that in the near future they will be forced into openly unorthodox methods of finance, and by keeping alive in the minds of the public the fear of inflation are leaving themselves a backdoor to regain more 'orthodox' methods when the pressing need of war time conditions is past. —*The Social Creditor*, October 25, 1941.

It will be noticed that managed currency systems ostensibly intended to keep price levels constant, are incompatible with economic decentralization. Managed currencies are controlled currencies and require a controller. The essential requirement of a free economy is radically different. In such an economy the proper function of money is to reflect facts, not policy. If it is a fact, as of course it is, that the "costs" of production are in reality, if not in unstable currency units, decreasing, then both individual prices, and consequently price levels ought to move to lower levels to reflect this process. The argument that falling prices mean loss to production and stagnant trade is merely perverse. Compensated prices even of a crude and unscientific type are a day-to-day process at the present, and deal with this situation simply, comprehensively and successfully.

. . . every rise in price, whether direct, or in accompanying taxation, is a transfer of economic sovereignty from the individual to a centralized Sovereign. And the Imposition of any condition of law on the free purchase of any article is a similar transfer . . .

Falling prices, by themselves, are the most perfect method of passing improvement of process on to consumers. They have the effect of increasing real and psychological credit, and raise the international exchange value of the unit, which loses any economic reality if "controlled" or "pegged."

There is no evidence to indicate that a nationalized "banking and currency system would be anything but more oppressive than a partly decentralized system. Each approach to centralization, and this approach has been rapid, has increased the tyranny of Finance, a tyranny that in itself is technical, but becomes political by reason of the immense advantages which accrue to its manipulators. There is no more effective claim to totalitarian

power than the claim to the sole right to issue and withdraw (tax) money, and no mere manipulation of monetary technique which does not resolve and decide this question can do anything but complicate the problem.—*The Social Creditor*, 1945.

Certain propositions have always been fundamental to the Social Credit approach to the Finance-Economics problem, and are unique to it. They are:

The core of the problem is *cost*. Either the industrial-technological system provides lower unit costs or it is valueless. It is not an attractive system, *per se*. If it provides lower unit costs, these ought to provide lower unit *prices*, *i.e.*, *higher* purchasing power *per* monetary unit.

We are more than ever, if possible, convinced that a falling price-level, without loss to producers and entrepreneurs is the very core of social and industrial pacification. And we are equally convinced by thirty years specialised experience and observation that the coterie which is at the heart of world unrest knows it too, and is determined that whatever the cost, extending to the complete destruction of civilisation and even of the terrestrial globe, it will not have that solution, which would automatically wrest power from it, as nothing else would. That is the problem of the Sphinx, which man has to solve or die. —*The Social Creditor*, September 20, 1947.

World Police Force For South Africa?

We have noted the report of an article by the Roman Catholic Archbishop of Durban, Dr. Denis Hurley, in the *London Catholic Herald*. The Archbishop writes: "Within a few years the United Nations may be landing an international police force in South Africa." If his Grace believes that the landing of an international police force in South Africa will solve the fundamental internal problems of that country, and that the extension of the conception of an international police will protect Christendom, he is indeed a most naive cleric.

Every step towards the creation of an international police state is another step towards the creation of a world tyranny such that the human race has never yet experienced. The peoples of all countries certainly have many genuine grievances, most of which could be corrected by sane economic and financial policies, but it is the height of folly to allow agitators to fan these grievances in order to provide the excuse for the use of an international police force.

INFLATION UNLIMITED

(Continued from page 1)

No solution of the inflation problem is possible within the framework of existing national economic and financial policies. These policies are inherently inflationary, as is now openly admitted. The victims of inflation are now told that the very best that they can expect is that inflation will be "controlled". But the ultimate end will be just the same as if it were "uncontrolled". In a recent issue we presented a comprehensive, although limited objective programme, for starting to deal with the inflation problem, and we do not propose to re-cover the ground here. However, we do suggest to readers that they attempt to focus the attention of all manufacturers and producers on the point that while they have reduced their internal real costs of production, they are unable to pass the benefits to the consumer in the form of lower prices because of Governmental financial policy which imposes increasing financial burdens upon their organisations. Producers and manufacturers in their own self-defence must therefore start to take an interest in policies, which are being exploited to destroy their independence. When have grasped the realities of the situation they will then be in the position to make common cause with wage and salary earners and advocate a financial policy which will benefit all sections of the community.

THIS IS THE CHALLENGE!

By D. J. Killen, M.P.

The latest League of Rights publication is an examination of the theory, strategy, tactics and propaganda of International Communism by one of the competent authorities in the Federal Parliament, Mr. D. J. Killen, Liberal Member for Moreton, Queensland. *This Is The Challenge!* is a Paper presented to the 1959 Social Credit Seminar in Melbourne. The League of Rights obtained permission to publish the Paper because it believes it makes a major contribution to an understanding of the nature of International Communism and the methods it is using to win world domination.

Mr. Killen shows how the Soviet propaganda machine works throughout the world and lists the numerous front organisations serving Communist objectives. *This Is The Challenge!* is an important booklet and one which we can strongly recommend.

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Australian Tour By A. K. Chesterton and Eric D. Butler

During a recent Australian tour Mr. A. K. Chesterton, visiting Editor of *Candour*, and founder of the League of Empire Loyalists, accompanied by Mr. Eric D. Butler, covered over 3000 miles in just over three weeks. Apart from a private reception given to Mr. Chesterton at the home of Mr. and Mrs. Eric Butler upon his arrival from New Zealand, and a farewell dinner by Directors of *The New Times*, Mr. Chesterton gave eight addresses, including one to a small group of members at Canberra. One of the highlights of the tour was a hard-hitting interview with Mr. Norman Banks of 3AW. The 3AW news service also interviewed Mr. Chesterton. Mr. Chesterton was also interviewed by the *Daily Telegraph*, Sydney, which gave an accurate report of the interview, and by 2UE Sydney.

Mr. Chesterton's address in Horsham, Victoria, was splendidly featured in the local paper. Mr. Chesterton and Mr. Butler, who organised the tour as Director of the League of Rights, visited Ballarat, Horsham, Hobart, Adelaide, Sydney, Newcastle and Canberra. There was also a Melbourne meeting. Unfortunately there was insufficient time to visit Brisbane and other centres keen to organise meetings.

Many valuable new contacts were made during the tour, which had a stimulating effect on supporters in all centres visited. There is a keen awareness of the necessity of all supporters increasing their activities.

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