

THE NEW TIMES

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

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Editorial.

Harold Wilson's Policies Of Revolution

In our last issue we drew attention to the fact that Harold Wilson led a British Socialist Government, which was at present brutally attacking the British people and their economy with a policy of credit restrictions. The policy of destruction has been rigidly implemented, and the growing number of British unemployed, the closing of some industries, and similar developments, all indicate that the policy is starting to have serious effects. One report from London states that British unemployment figures could reach two million. Harold Wilson is pursuing policies of revolution, which will have serious implications, not only for the British people, but for the whole of Western Civilization at a moment when it is fighting for survival.

Just prior to launching his revolutionary programme, Mr. Wilson was in Moscow, allegedly making overtures to the Kremlin about the necessity for some "peace" moves in Vietnam. It seems extraordinary that at the very moment his nation was allegedly faced with the greatest financial and economic crisis in history, Mr. Wilson should be engaged in what was obviously a futile mission on the Vietnam issue to Moscow. Could it be that Mr. Wilson was in Moscow to explain his programme to the Communists? Whatever the answer to this question, it is certain that during his visit to Washington shortly afterwards he outlined his programme to President Johnson, who applauded Mr. Wilson in most nauseating language, comparing the present British Prime Minister with Sir Winston Churchill. Mr. Wilson's visit to Moscow, one of the centres of International Communism, and to Washington, dominated by the great international financial groups based on America, at the time of the inauguration of his revolutionary programme, can at least be seen as symbolic of the reality of the world today. Mr. Wilson accepts that reality.

TOWARDS TOTALITARIANISM

Not only is the British Socialist Government doing everything required by International Finance, it is using the very crisis it has deliberately created to shackle the British people with further totalitarian controls. The *London Spectator* of August 5, 1966, comments: "The Prices and Incomes Bill now before the House of Commons, complete with the notorious Part IV, represents the greatest infringement of individual liberty, the biggest departure from the free society, this country has known in the present century except in time of war . . . There can be little doubt but that in a free vote on the House of Commons it would be, rightly, thrown out by a clear majority. Yet so far from there being a free vote, the Government has refused to allow the new Bill — for that is what, in effect, it is — time to be debated at all,

seeking refuge behind a legally sound but morally indefensible piece of procedural trickery that sets almost as unfortunate a precedent as the Bill itself."

It was after the House of Commons had approved a very severe Prices and Incomes Bill that the Government then added the infamous Part IV. It can be said with complete certainty that any attempt to maintain a rigid "frozen" price and incomes level in a modern economy operating under present financial rules, can only lead to a wrecking of the economy and an explosive situation. If it is argued that Mr. Wilson and his colleagues do not know what they are doing, then they are but tools in the hands of men who do know what they are about. If they do know what they are doing, then they should be described as traitors, and as conscious revolutionaries. All that remains to be seen as it becomes clear that Mr. Wilson's policies are not going to achieve even the results he regards as desirable, is whether there will be a reversal of these policies, or a determination to persevere with them and to exploit the breakdown which must then occur.

THE FINANCE — COMMUNIST NEXUS

One thing is now certain: No longer can it be argued by gullible Socialists that Socialist Governments are

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DINNER ONLY A FEW SEATS NOW AVAILABLE

As we go to press there has been a full booking for the Annual Dinner on Friday, September 16. But a few more guests can be squeezed in. However, we cannot achieve the impossible. It is a case of "first come, first served." Those who wish to attend should book immediately. Either write to Box 1226L, G.P.O., Melbourne, or ring 63-9749. Donation \$3.80.

THE NATURE OF CREDIT, SACRED AND PROFANE

A Talk given to the Sixth Form of Grammar School in England, by T. V. Holmes The word "Credit" as you probably know, comes from the Latin word "Credo", meaning "I believe". Hence the word "Creed": "I believe in God the Father Almighty, maker of heaven and earth..." "Credit" and "Belief" are virtually interchangeable terms. "I believe" that a certain man is a good teacher, a good doctor, a good plumber, a good farmer — "I believe" that he is worthy of Credit in his occupation. Similarly, "I believe" that a certain firm is a good maker of cloth, a good builder of houses, a good manufacturer of motor cars — "I believe" that it is a firm worthy of Credit in its activities. This is the REAL meaning of Credit — a concern with REAL things. It is essentially something that is based upon Belief, Confidence, Faith and Trust that REAL WORTH will be shown. It is essentially, by its very nature, something, which is "sacred".

But there is another "profane", or commercial, meaning of the word. It is the Belief of the merchant that a man, or a firm, will in due time PAY for goods supplied. It is the Belief of the banker that a man, or a firm, will in due time REPAY the money he has been lent. And the difference between the REAL and FINANCIAL, the "sacred" and the "profane" meaning of the word Credit, is very great. A man or firm may be worthy of considerable Real Credit, but unless he can turn that Real Credit into Financial Credit, by the process of SELLING goods or services, his Real Credit will not be of much consequence, commercially speaking, either to himself or to the community. Only the man or firm who can SELL his goods or services at a PROFIT is worthy of being accorded Financial Credit, whatever his Real Credit may be.

Real Credit resides in the natural ability to produce wanted goods or services. It is God-given or God-acquired, in that it is based upon a natural Belief held by man and his fellow countrymen that with their skill, invention and application they can produce all the goods and services they require for a full and satisfactory life.

Financial Credit, on the other hand, is neither God-given nor God-acquired. It is the Belief, held by a bank, that a man or firm will be able to SELL their goods and services AT A PROFIT. It implies a Belief that there are enough BUYERS WITH MONEY IN THEIR POCKETS with which to PAY THE PROFITABLE PRICE. For whatever certain politicians may say, no man in the commercial world produces anything unless it is PROFITABLE for him to do so.

THE CREATION OF MONEY

Now all MONEY today, with trifling exceptions, is what is called "Bank Credit". It is something, which only the Banks can create, and something, which the Banks will only issue to the Public as a Bank Loan CARRYING INTEREST. This Bank Credit is sometimes "plentiful", sometimes "scarce", sometimes "dear" and sometimes "cheap", according to decisions made by the Banking System. At the present moment Bank Credit in this country is both "scarce" and "dear". The Bank Rate, which determines the "dearness" of money, stands at 7%. But that does not mean that the banker

will grant everyone a loan of Bank Credit even if he is prepared to pay that price. A "Credit squeeze" is on. And as a consequence the Financial Credit of many firms, their ability to PRODUCE and SELL their goods and services AT A PROFIT, has necessarily declined through no fault of their own. Firms have been forced to close down, or go on short time. Workers have had to be laid off, or go on short time. And all because the firms in question can no longer SELL at a PROFIT. All because the Banks have decided to "restrict credit" — to "reduce their loans to industry". The decision made by the Banking System has seriously affected their MARKET, i.e. their MEANS OF SELLING.

This is a recurrent feature of our present Financial Credit System. "Americans facing up to a credit restraint" is the heading of an article in the *Sunday Telegraph*, October 10. This article states that the wheels of the American economy "have been turning sweetly and profitably at high speeds with vast injections of credit, they will turn more slowly when the supply is reduced". Remember that it is the Banking System, and not the Industrial System, which decided to make the "vast injections of credit", and that it is the Banking System, and not the Industrial System, which now decides to "reduce" the supply of Bank Credit. The quantity of Financial Credit, which is available in the MARKET at any given moment, is unquestionably Bank-determined. The Banking System acts, as it were, as the "God Almighty" of the commercial and industrial world. "He who pays the piper calls the tune", says the proverb. The Banking System alone is able to PAY the piper, and

MAKE A STUDENT YOUR GUEST

Once again we draw attention to the fact that readers who are unable to attend the Annual Dinner and the League of Rights Seminar, can avail themselves of the opportunity to act as hosts for students whose financial position may preclude them from attending these functions. A special fund is established every year for the purpose of making it possible for students to attend these important functions. Those contributing to this fund do so assured that they are investing wisely in the future of their movement.

as a consequence is alone able to "call the tune" to which the Industrial System must "dance".

"HISTORY OF DELUSIONS"

History could almost be called the "history of delusions". It was the Italian scientist, Galileo, who declared to an incredible world in the XVIth century that the earth went round the sun and not the sun round the earth - - much to the annoyance of the intelligentsia of the period. Similarly, in our generation, it was a Scottish engineer, C. H. Douglas, whose name you have probably never heard, who declared to an incredible world that European society was suffering from the "Great Delusion" that it was natural and necessary that "Real Credit" should revolve round the "sun" of "Financial Credit", and that unless the roles were altered — unless "Financial Credit" was made to revolve round the "sun" of "Real Credit" - European society and its culture and civilisation were doomed to perish. Douglas revealed that the prevailing absurdity of forcing Real Credit to revolve round the Financial Credit of the Banking System must result in ever-increasing inflation of price and devaluation of currency, in ever-intensified "cold war" between firms and nations for the sale of their goods and services, resulting in an ever-greater menace of a "hot war" of death and destruction, and an ever-persistent drive within the nations themselves towards Social unrest, Revolution and Civil War which must inevitably culminate in the setting up of a World Communist State in which Absolute Power would be concentrated in the Government, and Absolute Powerlessness and Obedience would be the lot of everyone else.

Douglas announced his "discovery" in 1921 in a book called *Economic Democracy* and still Western society persists in treating the "shadow" of wealth, the "financial credit" as though it were the "substance" of wealth, the "real credit". But "facts are cheels that winna ding", said the Scottish poet, Robert Burns, and the 'facts' which Douglas discovered more than forty years ago are increasingly haunting our civilisation and like Banquo's ghost at Macbeth's feast, are refusing to be dispelled.

Why should this be? Why should money be treated with so much reverence? Money is an abstraction. It has no reality in itself. In itself it may be either gold, silver, 'copper, paper, cowrie shells or broken teacups. Money has been defined as any medium, which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his product. The **thing**, which makes it money, no matter of what it is made, is **purely psychological**.

THE WORSHIP OF MONEY

But there is such a thing as **Psychological reality**, which, even when based upon a delusion, can be as "real" as **physical reality**, even when based upon a scientific fact. Money today may be no more than a PERMISSION granted by a BANK to ACQUIRE the GOODS AND SERVICES of the COMMUNITY. But that PERMISS-

SIGN constitutes the most valuable thing in the world - a "Right of Access" to the community's "Real Credit" potential. It may be only a "Credit Instrument", and not the "Credit" itself. But so were the words "Open Sesame" in the Arabian tale of Ali Baba, and they opened the door to fabulous wealth and treasure. The Worship of Money, however unreal it may be in the eyes of God, is still very much a **psychological reality** for the ordinary man - - a **psychological** "cheel that winna ding", or only "ding" very slowly.

There was a time, not so long ago, when Money was Gold, or supposed to be Gold, and for that reason carried worldwide authority. But that delusion was destroyed in 1914 at the outbreak of World War I. The Banks then confessed themselves unable to carry out their obligation to repay their clients' bank deposits in gold. The Banks were to all intents and purposes "bankrupt". Only the action of the Government in printing "Treasury Notes" and forcing the Banks' depositors to accept these Notes in lieu of Gold sovereigns saved the Banks and the whole Banking System from "bankruptcy". Not that the "Treasury Notes" were allowed to continue indefinitely in circulation. The Banks had no desire to see State Credit tokens substituted for Bank Credit tokens. Some time in the 1920's the State gave up its right to issue "Treasury Notes" and once again the "Bank of England Note" enjoyed monopoly status.

And ever since 1914 it has been an offence for an individual to possess or hoard gold sovereigns. Ever since 1914 Bank Credit has had to be accepted by the community as a sufficient Financial Credit. Ever since

EXPLOSIVE THEME FOR ANNUAL LEAGUE SEMINAR

"Race and Revolution" is the theme for the League of Rights 1966 Seminar. No other organisation in Australia would dare hold a Seminar on such a theme. In the first Paper, Mr. Eric Butler will present a carefully documented exposure of how the Communists and Socialists have been primarily responsible for the theory that not only all men, but also all races, are equal. Much new ground will be broken in this Paper.

Mr. Jeremy Lee, formerly of Kenya, will present the harsh reality of Africa today following the "winds of change". He will examine the forces of revolution operating on the African continent and show the tremendous importance of the Rhodesian stand for the whole world.

In the evening Mr. Ron Gostick will deal with the growing explosive situation on the North American continent.

All supporters are urged to make the 1966 Annual Seminar the best ever. It will be held at the Chevron Hotel, St. Kilda Road.

1914 the nation's Financial Credit has been the property and monopoly of the Banking System. Never again would it be possible for the Banking System, as a System, to know the meaning of "bankruptcy". Never again would it be menaced, as it was menaced for a few days during August, 1914, The Banks had, whether by wish or design, arrived at a position of vantage which far exceeded the utmost wish of King Midas. Everything the Banks "touched" henceforth, in their financial capacity, would turn into "Gold" - or rather into the "Purchasing Power" with which to buy Gold, or anything else. Henceforth the Bank's I.O.U., the Bank's Credit was to rule the commercial and industrial world. But note this great difference. That which the Banks created and issued to the public might be called "Bank Credit", but in fact it had ceased to be the CREDIT of the Banks. It had ceased to depend upon BELIEF in the Banks. It had ceased to depend upon the ABILITY of the Banks to DELIVER GOLD, or anything else of SUBSTANCE, but **solely** upon the ABILITY OF THE COMMUNITY TO DELIVER THE GOODS AND SERVICES.

1914 to 1965, a period of just over 50 years, is a very short period in the history of mankind. And the delusion that GOLD constituted the essence of Money and Wealth goes back many thousands of years. King Midas, you may remember, asked the gods to grant his wish that everything he touched should turn into gold. The medieval alchemists spent their lives searching for the "philosopher's stone" with which to turn base metal into gold. The Israelites were forever worshipping the Golden Calf. The Bible is full of injunctions against the worship of Mammon.

If only King Midas had had the sense to wish that everything he touched might turn into goods and services! But our generation, in a sense, has had that wish granted, even if we did not wish it. For economic production, properly considered, is no more than the conversion of one thing into another and is primarily a matter of energy, and it seems highly probable that both energy and production are only limited by our knowledge of how to apply them. Today pretty well everything man "touches" with knowledge and understanding can be "turned" into goods and services. Invention, automation, solar energy and science have done to man what gold did to Midas — placed him in a very embarrassing position indeed!

TRUE COST OF PRODUCTION

Nevertheless, as a society, we continue to be spell-bound by the delusion that Money is Wealth, if not a great deal better than Wealth, and that it is only right and proper that Wealth should bend the knee to Money, and to those who control its creation and distribution — a delusion which the Banking System naturally does nothing to dispel. We still live under the delusion, for example that the REAL COST of an article must necessarily be its FINANCIAL COST. We seldom attempt to think in terms of REAL COST. What does

it really "cost" the community to produce something which is said to "cost" a million pounds? The CONSUMPTION of so much solar energy, of so much raw material, of so many man-hours of labour and of so much wear and tear of plant and machinery. That is the REAL COST, and it is a "cost" which new processes and new inventions are constantly reducing, requiring an ever LOWER CONSUMPTION of solar energy, of raw material, of man-hour labour, of wear and tear of plant and machinery. Yet all the time that the REAL COST - - the COST of WEALTH CONSUMED - - is decreasing, the FINANCIAL COST is increasing. Prices in the shops are forever rising, which means that the Purchasing Power of our currency is forever falling. The Purchasing Power of the Pound Sterling, which in 1914 stood at 20/-, today stands at 4/-.

Why should this be? A short answer would be that the creation of Bank Credit necessary to conduct two world wars, which was only LENT to the community AT INTEREST, has resulted in a colossal DEBT supposedly OWING by the community to the Banking System, which supposedly MUST ENTER INTO THE COSTS OF PRODUCTION. The National Debt now stands at some 30,000 million pounds, not to speak of Municipal and other Debt. DEBT, with its accompanying TAXATION and REPAYMENT CHARGES, is the main cause of our currency depreciation.

We have solved the problem of PRODUCTION, but we have not yet solved the problem of CONSUMPTION. Or rather, we have not yet solved the "problem" of HOW to "persuade" the Banking System to alter its methods of issuing and accounting Financial Credit. We have not yet solved the problem of HOW to "persuade" the Banking System to CREDIT the Community with its REAL CREDIT, its Production of wanted goods and services, and to DEBIT the Community only with its REAL COST of Production, its CONSUMPTION of wanted goods and services. We have not yet solved the problem of HOW to "persuade" the Banking System to give up its "Credit Monopoly" - to give up its stranglehold over the Community's Real Credit, and to allow the Community, considered as Individual Buyers, to CONTROL, by their Purchasing Power, the NATURE or POLICY of Production, so that it may enjoy to the full its SOCIAL CREDIT INHERITANCE. We have not yet solved the problem of HOW to "persuade" the Banking Power to abdicate its present World Monopoly Power and to descend to the humble role of "servant" or "accountant" of the Community's economic activities. And it could well be that this "problem" never will be "solved". It could well be that the "Credit Monopoly" will refuse to give up its Credit Power and will even prefer to see civilisation destroyed in a World War III, or forced to enter the prison house of a World Communist State - - a Power based upon Collectivism and the worship of the Group Idea - - rather than abdicate its Satan-granted power over the nations of the world —

a Power which Jesus Christ purposely rejected when tempted by the devil in the wilderness.

THE HUMAN PREDICAMENT

WHOSE PROPERTY is the REAL CREDIT of a community — its ability to produce Goods and Services? WHOSE INHERITANCE is the community's culture, knowledge, know-how, and all that goes to the making of its Real Credit potential -- the correct use of its land, labour and invention? Is it the Property and Inheritance of the Community or of the Banking System? Are we in fact, as individuals and people, Men of Property, the Inheritors of Considerable Estate, or are we just Proletarians, possessing neither Property, Estate nor Inheritance in our own right, fit only for "full employment" under constant supervision and restraint, with "welfare state" hand-outs to be provided by taxation? Therein lies the drama of our present human predicament.

At the close of his first book, *Economic Democracy* Douglas described his proposals as pointing the way "to a society based on the unfettered freedom of the individual to co-operate in a state of affairs in which community of interest and individual interest are merely different aspects of the same thing". But Douglas realised

that even if his proposals were accepted, "there would still remain the task of eradicating the hypnotic influence of a persistent presentation of distorted information, at any rate so far as this generation of humanity is concerned." A new generation has arisen and the "hypnotic influence" would seem to be as strong as it has ever been. Neither clergy, party politicians, trade union leaders, big business executives nor university professors make any attempt to dispel it. Perhaps this talk may have done something towards dispelling that hypnotic influence so far as you are concerned. I hope so. The great Francis Bacon said, "We cannot command nature except by obeying her." He expressed a hope that his efforts might restore "that commerce between the mind of man and the nature of things." His advice was taken, and modern science is the result. Douglas expressed a hope that his efforts might restore a **correct** commerce between the mind of man and the TRUE NATURE OF CREDIT - - a much more difficult task. Yet unless it is restored, the outlook for our civilisation and culture, for our individual freedom and independence, our property, inheritance and estate of human dignity, our REAL and SOCIAL CREDIT, must be dim indeed.

RON GOSTICK AND ERIC BUTLER IN NEW ZEALAND

Mr. Ron Gostick, editor of "The Canadian Intelligence Service", and National Director of the Canadian League of Rights, opened his Australasian campaign with a luncheon meeting in Auckland on the same day that he arrived, August 19. Mr. Eric Butler, who flew to Auckland to meet Mr. Gostick and to accompany him on a short but intensive and extensive New Zealand tour spoke to an Auckland audience on the Rhodesian question on the evening before Mr. Gostick's arrival.

After several conferences in Auckland on August 19, Mr. Gostick and Mr. Butler, driven by two Rhodesians, left for the north to address a public meeting that night. Two meetings were held on Saturday, August 20, before returning to Auckland. Heavy bookings on the local airlines and lack of alternative transport, during the school holidays, forced a 400-mile car drive to Wellington on Sunday with stalwart Ern Moss to catch a special late flight to Christchurch. Mr. Gostick and Mr. Butler were met here by Mr. John Armstrong and other actionists, and immediately taken to a private reception.

On Monday, August 22, Mr. Gostick addressed 150 of Christchurch's leading businessmen at a luncheon function. A Rotary address followed in the evening before a large public meeting on Vietnam. Mr. Gostick was the main speaker, expertly handling a large number of "Vietnik" demonstrators. But Mr. Butler followed and dealt some heavy verbal blows when his reference to Rhodesia produced temporary uproar.

Tuesday evening saw a tremendous turn out in Christchurch on the Rhodesian question. Mr. Butler being the principal speaker. After giving the opening address, Mr. Gostick left to address a Junior Chamber of Commerce Dinner. Mr. Butler was given a highly emotional reception by an audience, which felt strongly on the Rhodesian question. Eminent Christchurch constitutional

lawyer, Mr. J. Brassington said he had only agreed to be chairman because Mr. Butler was speaking. "We all remember what he did for us back on the Common Market fight", he said. Following the tremendous ovation at the conclusion of Mr. Butler's address followed by three cheers, one member of the audience said "Eric Butler must be a unique Australian for a Kiwi audience to treat him like this."

Wednesday, August 23, was a day of relaxation as Mr. Gostick was taken to see the magnificent scenery of the Southern Alps. But that evening both Mr. Butler and Mr. Gostick lectured on global strategy at the Christchurch Officers' Club. This was a most successful function. Early next morning they caught the first flight to the nation's capital, Wellington, where there was a heavy programme, including a meeting at Parliament House with a group of Government Members, including Sir Leslie Monroe, who had represented New Zealand at the UN and was closely associated with the Hungarian affair.

In spite of bad weather, a large audience, including once again a large number of "Vietniks", attended the public meeting in the evening. The meeting was lively, but at no time did the speakers lose control. Mr. Gostick and Mr. Butler met afterwards with the predominantly young group responsible for the Wellington meeting.

Friday, August 24, saw another early start as Mr. Gostick and Mr. Butler caught the first plane south to Dunedin. A press interview followed immediately upon arrival, then a meeting at noon. In spite of the time of day, this small meeting was a big success. After lunch with local supporters, there was the long drive to Timaru for the evening meeting. A splendid audience braved the blizzard conditions to hear the speakers. Warm hospitality was extended after the meeting by former Kenyan, Mr. Cross and his wife, to a large group, during which further discussion took place before leaving after midnight for Christchurch, which was reached at 3 a.m. After a few hours sleep, Mr. Gostick caught the first plane to Auckland to leave for Brisbane to open his six weeks Australian tour that evening as the guest of the Australian League of Rights.

Mr. Butler spent Saturday on organisational matters, returning to Melbourne on Sunday, August 28, in order to be able to address a Melbourne meeting that same night.

The New Zealand programme was a big success in every way. Press coverage was excellent in every centre. The meetings were most encouraging, and some valuable new contacts were made. The ground was laid for a substantial advance in New Zealand. A formal organisation on League of Rights lines is being planned as part of the overall international strategy, which Mr. Butler has been promoting in recent years.

As we go to press we have had no reports of Mr. Gostick's Northern NSW and Queensland programme, but we have no doubt that Mr. Gostick is having the same impact that he did in New Zealand, where he was very popular.

WAGES AND PRICES

Still Not Meshing With Production-Consumption

Reading the daily press notes on the recent Arbitration Commission's Enquiry, Mr. G. K. Tavender, of Balaklava, South Australia, was impressed by witness Sir James Vernon's manifest desire to get to the truth rather than to score points for one side. Commissioners recognized the justification of worker's claim for increased purchasing power, but, in hoping to achieve it within the ambit of "cost-push" inflationary monetary technique, they revealed their total lack of understanding of correct relationship of money to costs, prices, and purchasing power. With a view to stimulating thought on the all-important issue of "wage and price stability" in influential circles, Mr. Tavender wrote to Sir James:

I applaud your down to earth concept of Gross National Product as a pudding to be distributed, but do not agree with the assumption on both sides of the debate, that it is cut into two parts — wages and profits, the only contentious point being the respective sizes of each. The theory appears to be a product of collectivist's thinking. It is essential to the Governmental ownership of industry ideology because it can be used emotionally against the alleged "selfishness and greed" of property owners. Socialist protagonists take much the same line as Mr. John Lewis, B.Sc., Ph.D., who wrote of Britain, 1933-34:

"G.N.P. is £4000M. Wage and salary earners are able to claim £2200M. The residue, £1800M belongs to the owners of capital."

Reasoning in like manner from Australian statistics at about the same time, we arrive at — profits around 75 per cent! Obviously, the premises are false, but repeated often enough by the voice of authority, the fallacious conclusion becomes accepted as truth.

THE PUDDING HAS THREE SECTORS

Independent researchers have discovered that a considerable part of the pudding comes off the assembly line without any claims to it having been issued in course of production; therefore, we see the whole as three divisional: 1, wages; 2, dividends; 3, unmonetised. It should be noted that the second part is distributed this

year through the agency of money received for sales last year.

The unmonetised sector of the pudding is the effect of purchasing power (money created and lent by the banking system) being issued only as "costs". A loan or overdraft is a creation of money (purchasing power) and no longer exists as such upon repayment to the bank. The AVERAGE life of money from creation to cancellation has been estimated at a little over 2½ weeks—let's say one month. Then, since price must be more than financial cost, the whole of the pudding cannot be monetised unless money issued this month at **cost** of production, is equal to the **price** of last month's pudding. Such acceleration of industrial expansion is neither possible nor desirable, but the error can be righted by other means. It is true that, if not destroyed, the unmonetised pudding eventually is distributed, stale, at a loss, and, or, by increase of debt. The time lag between assembly line terminal and consumer, and the diminished consumption of the losers, means insufficient demand to keep industry working at full efficiency.

Correction of the monetary defect would enable "free enterprise" to demonstrate its superiority to collectivism beyond all shadow of doubt. So, the collectivists refuse to recognise the 'gap' between prices and purchasing power. Again using the socialist's stock "argument", Mr. Lewis "proves" that the only money needed to clear the goods

produced is that paid out as production costs; but he does not mean, by borrowing this month the price of last month's pudding, the only way it could be done under *present rules*. No, he tells us to imagine a farm as a self-sufficing community. The ten men employed produce £40 worth of goods a week, their wages being £20. They buy back £20 worth, leaving the farmer with the other £20 worth as profit. In producing the result — wages, £20, and profit, £20, only £20 of currency is required; if the wage earners find they are getting less for their money, the "greedy employer" must be increasing his share! In such primitive conditions no money would be used; apart from that, the argument could be valid.

It has no validity whatever when applied to today's economy, in the working of which money is not a static factor, but in a state of flux, being issued, i.e., created, and cancelled every minute of every day: but created at a slower rate than the generation of prices, and cancelled at a faster rate than pudding is consumed. The Lewis illustration has been extended to cover, say, 20 employers, using the same financial system as the farmer, but producing a wider range of goods. It is claimed that no more than £20 for each employer is needed because they can exchange their profits by debiting and crediting each other in their accounts. Well, in the modern economy we are doing something like that, but debits and credits are monetary transactions, not barter entries. We are trying to distribute the pudding by using only the money paid out as production costs, and, because it is not geared to prices, we suffer the time-lag and loss mentioned earlier, thus proving the fallacy of the socialist's case.

In his determination to prevent "free enterprise" from showing its real worth, the collectivist claims that even if there were a gap between money and prices it would not matter because "a unit of money is used to make many payments." Scientifically and morally, no sale of goods is complete until *all* costs relating thereto are liquidated. If a trader receives a dollar for an article, and, instead of liquidating the cost, uses the money to acquire another article from another trader, the latter is positioned to liquidate *his* costs, but the first is not. Such transactions could go on indefinitely: say goods costing the vendors a thousand dollars are all moved by use of the one dollar bill: only the last would be able to pay his supplier or banker; the others between them would still owe \$999. Each dollar can liquidate only one dollar of cost.

DIVIDENDS NECESSARY

So, the pudding is in three parts, wages, dividends, and unmonetised. If statistics are near correct the third part is about one half. If monetary wages are increased by conventional means, the recipients do not get a proportional increase of pudding, because higher prices must accompany the higher cost. We need to monetise the third part and distribute it as dividends in addition to present incomes: it must be done outside the existing costing structure. Such a dividend would give the worker

a genuine increase of pudding without inflation of costs and prices. Other forms the dividends could take are better roads, education, hospitals, services, pensions, and so on.

The trading banks monetise the cost of the pudding: the Reserve, or other Government bank is needed to monetise the rest. Through the bank, Governments could draw upon the unmonetised sector for all purposes to the point of equation with price value of G.N.P., the situation that ought to prevail before taxation is levied.

"SOCIAL CREDIT" IN NEW ZEALAND

A recent statement by the New Zealand Social Credit Association, a non-party organisation, formally dissociating itself from the Social Credit Political League, which is in fact now an orthodox political party, again focusses attention upon the tragedy of attempting to introduce Social Credit through orthodox political methods. New Zealand offered at one time the greatest prospect of realistic political action to force the adoption of Social Credit policies. But the prospect was frittered away by those who claimed to know better than Douglas. And, of course, there has been the inevitable infiltration and perversion.

As in Canada, so in New Zealand the linking of Social Credit with the contest for political power has progressively led to the putting forward of policies, which it was felt might attract more votes. Amongst the other charges made by the Social Credit Association against the Social Credit Party in New Zealand, is that the Party's policy has so greatly diverged from this original intention (of Social Credit) that there is now little to distinguish it from a form of socialism which is diametrically opposed to Douglas Social Credit."

In 1954, when the Social Credit League first ran candidates, it created a sensation by polling approximately 12 percent of the total vote. The Nationalists responded to this vote by setting up a Banking Commission which was nothing but a smokescreen, even though it did result in the open admission by the Chairman of the Banks in New Zealand that banks do create financial credit. The Nationalists wrote a vague statement about monetary reform and then promptly forgot all about the issue.

The electoral support obtained by the Social Credit League candidates in 1954 indicated the tremendous potential for the organising of a grass-roots movement, which could have been decisive in New Zealand politics. But nothing was done. There was no genuine education in the basic principles of Social Credit and realistic political action as suggested by Douglas. The result at subsequent elections has been a drift from the original 1954 support, in spite of more and more Socialistic policies designed to prove attractive to the products of one of the world's leading Welfare States. Even the use of Mr. Robert Thompson from Canada before the

last New Zealand elections had no effect on the League's declining public support. Mr. Thompson went back to Canada and made some foolish predictions.

The League's present leader, Mr. Vern Cracknell, went close to winning his electorate at the last elections, and it is conceivable that he could win this year — although genuine Social Crediters will endeavour to see that this does not happen - But Mr. Cracknell must accept most of the responsibility for the perversion of Social Credit by his League. And on major issues like Rhodesia he has failed to give any lead at all. In fact there is considerable discontent even within the League that a strong public stand has not been taken on the Rhodesian issue, which is one of great importance in New Zealand. Motions on Rhodesia within the League have been effectively blocked at the top. The apparent view is that more votes are likely from Labor voters on a socialist monetary programme than could be obtained on the Rhodesian issue.

It is certain that following the next New Zealand elections there will be a comprehensive reassessment of the situation by New Zealand Social Crediters who have been led into the treacherous bogs of party politics. New Zealand has a tremendous potential to play a major role in the struggle against the forces of world revolution. Rhodesia has shown what a small country can do. New Zealand is much better placed than Rhodesia.

THE PHILOSOPHY OF THE BRITISH SOCIALISTS

The contemptible pass to which British politics has been reduced since the War is due to the fact that all three main Parties are now permeated with socialism, while only the Labour Party acknowledges this. The others profess to be anti-socialist, while openly advocating socialist policies. They ought, by now, more properly as well as more honestly, to call themselves the Con-socialists and Libsocialists, to distinguish themselves from the Labsocialists.

The blatant lack of integrity of the present Lab-socialist Government is of a crudity hitherto unknown in Britain. It is not merely what they do, but even more that they and their followers should regard their behaviour as a quite normal expression of their political philosophy. For instance, immediately on their return to power in 1964 they announced a national financial crisis, requiring income restraint all round; their first action (in collusion with the other Parties) being to nearly-double the pay of M.P.'s before trying to launch their Incomes Policy. They then called for more exports, fewer imports, and thought nothing of breaking faith with Britain's partners in the European Free Trade Association

by imposing unilateral import duties which infringed nine treaties, and reduced both the name and the purpose of the Association to a farce; while at the same time, smashing the technical spearhead of the British aircraft and electronics industries by cancelling the TSR2, technically the world's most advanced aircraft, with prototypes already flying, so as to arrange for an enormous importation of military aircraft from abroad to replace it.

It is also quite typical of the Socialist Movement, which has raised itself to power by consistently attacking Capitalism for generations, that on forming a Government it should mortgage the country to foreign bankers with the most colossal and unrepayable debt in its history. No trouble, nowadays, is taken to obscure the connection between socialism and High Finance, and if one reads the City pages, not only of the right-wing but of the left-wing papers, one sees it fairly openly acknowledged that the policy of these foreign creditors is being, and indeed ought to be, imposed upon the country by a Socialist Government.

—Dr. Geoffrey Dobbs.

Mr. RON GOSTICK IN MELBOURNE

The only opportunity Melbourne supporters will have of hearing and meeting visiting Canadian Ron Gostick will be at the Annual Dinner on September 16 and at the League of Rights Annual Seminar on September 17. Mr. Gostick has had a long association with Social Credit, his mother, Mrs. Edith Gostick being elected to the Albertan Legislature in 1935, when the first Aberhart Social Credit Government was elected. Mr. Gostick was taught at High School by Mr. Aberhart. After the war he became the Secretary of the Canadian Social Credit Movement, but took up his own non-party approach to politics when Social Credit became the plaything of party politics.

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the enemies of the Money Power. The Money Power has in fact found Socialists their most pliable tools, as witnessed by the activities of the British Socialist Government headed by Mr. Harold Wilson. The deeper students of affairs have always known of the nexus between International Finance and International Communism. This relationship is now becoming much clearer to an increasing number of people. It is not too much to say that this growing understanding of the realities of current national and international affairs, and the possibility of action based upon this understanding, offers hope to mankind at a moment in history when it appears that yet another Civilization is about to be plunged into the abyss.