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

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TOWARDS HELL ON EARTH

By Eric D. Butler from London

Christians pray to God that His will may be done on earth. As the present desperate plight of the world indicates that it would be blasphemous to suggest that God's will be being reflected at present, we must logically accept the conclusion that by his violation of God's law - Natural Law — man is creating his own hell on earth. Hell has been defined as a situation in which the individual is faced with unpleasant truth when it is then too late to do anything about it. It is certainly not too late to reverse the policies of disaster at present taking man towards a complete hell on earth. But a survey of the plight of the world leaves no doubt that a testing time of the greatest historic significance is now developing. The main outlines of the World State can be seen against the red background of revolution and disintegration.

Vladimir Lenin said that the World Communist State was impossible until an international economic system had been established. He also said that the British Empire was one of the major strategic barriers to the establishment of the World State. Lenin also made the prophetic observation that a highly centralised electricity system was essential for economic centralisation. Lenin's colleague, Leon Trotsky, was one of the first to advocate a United States of Europe. Trotsky married the daughter of an international financier, and Lenin's movement was lavishly financed by international financial groups. The same groups have ensured that the Soviet Union did not collapse. They strongly backed the Roosevelt Administration's historic decision to recognise the Soviet Union in 1933. The arguments and propaganda used in 1933 are exactly the same type of arguments and propaganda being used today to justify recognition of Red China. The only new factor is ping-pong! Those who will not learn from history are certainly doomed to repeat the mistakes of history.

A FIRST STEP TOWARDS WORLD STATE

During his recent visit to Australia, Mr. David Rockefeller clearly put the type of argument advanced for public consumption by his fellow international financiers: "Trade with Russia and China must breed better communication between the countries involved." The same international financiers, men like Siegmund Warburg, are placing all their support behind the campaign to force the peoples of the United Kingdom into Trotsky's United States of Europe. The ultimate purpose of this policy has been frankly stated in a guide for speakers supporting the British surrender of a thousand years of history. In answer to the objection, "By uniting Europe are we not creating another power block which will threaten world security?" speakers are to give the following answer: "European unification must be seen as a first effective

step to ultimate world government and order . . . The unique European experiment of pooling national sovereignties is already being copied in other parts of the world (and could ultimately provide a blueprint for the establishment of World Government by consent instead of conquest." No reference is made to the fact that Prime Minister Edward Heath of the United Kingdom, a self-confessed internationalist, is desperately trying to get the British into the "first effective step to ultimate world government" without consulting the British people. However, Mr. Heath's Conservative colleague, Mr. Enoch Powell, has chosen to bring himself dramatically before the British public once again by charging Mr. Heath with having tricked the British people on the Common Market issue. Mr. Powell said on April 17 that "the British people will not submit to become part of the Community as the result of a trick, and . . . they will never forgive any person or party who they feel has got them there by sleight of hand." Clearly Mr. Powell is one of those rare politicians, like the late Senator Joseph McCarthy in the U.S.A., who can emerge on the scene without warning and cause planners and plotters a lot of worry.

THE COMING BATTLE FOR BRITAIN

There is no doubt that if the British people can defeat the programme to force them into the European Economic Community, this will be a major setback in the drive to create the World State. But unless followed by constructive finance-economic policies in association with other members of the British Commonwealth, this defeat would prove but a temporary delaying action. It is present finance-economic policies, with their insistence on "full employment", growing debt, taxation, and "controlled inflation", which are the major instruments being used to progressively centralise all power and to produce the revolutionary movement destroying the foundations of traditional society. There is a type of unholy alliance be-

tween some of the richest men in the world and the political scum of the world. The technique has been described as applying pressure from above and below in order to change the basic structure of society. A highly illuminating example of some of the results which can be expected to flow from the application of this technique, was provided in Canada where millionaire Socialist Prime Minister Trudeau used the crisis in Quebec last October to impose upon the whole of Canada the most totalitarian measure in the history of peace-time Canada. In spite of the well-established fact that those responsible for the Quebec situation and the grisly murder of Quebec Minister Laporte, were part of the international movement sponsored by Peking, the Trudeau Government had no difficulty in finalising negotiations to recognise Red China. It is highly significant that the first Peking Ambassador to Ottawa, Mr. Huang Hua, was the only Chinese Ambassador not to be recalled to China during the "Cultural Revolution". Mr. Huang Hua has recently been in Cairo, and is a member of the Red Chinese Politburo.

BEHIND THE PING PONG DIPLOMACY

Shortly after Prime Minister Trudeau had finalised his arrangements with the Red Chinese, one Canadian supporter of Chairman Mao thanked Mr. Trudeau by spitting in his face and abusing him as the "running dog of American capitalism". This member of the political underworld was not aware that so far from Mr. Trudeau being the "running dog of American capitalism", he was in fact the front runner for the international financial groups based upon the U.S.A., who have for a long time been advocating official recognition of Red China. There had been considerable careful preparation for the sudden outburst of "ping pong diplomacy", a masterpiece of propaganda and psychological warfare by the Red Chinese. President Richard Nixon reacted immediately when he received the appropriate ping-pong signal; he announced five new steps for easing relations with Red China, including a move towards direct trade. The lure of the "vast Chinese market" has been the major weapon being progressively used by the Red Chinese to force a change in the policies of the non-Communist nations. The Red Chinese enticement comes at a time when the American retreat from Vietnam has become politically impossible for President Nixon to reverse, and when the American economy will, under present financial policies, require another major export outlet. American businessmen, faced with the threat of economic collapse, are being "sold" on the concept of the Red Chinese market providing the answer to their problems. Japanese business organisations, many of which expanded their operations enormously as a result of the Japanese economic contribution in Vietnam, are now highly impatient that their Government should lose no time in recognising Red China. The McMahon Government at Canberra is desperately trying to find some way in which to move to meet the dramatically changed situation. It will be instruc-

tive to note how some of the "very anti-Communist" Government Members stand when the crunch comes concerning Australian recognition of Red China!

THE TRADING QUEUE GROWS

In spite of the fact that the attempted Communist takeover of Indonesia in 1965 was backed by Peking, Indonesian Foreign Minister Malik has called for direct Indonesian trade with Red China, instead of through Hong Kong and Singapore. Mr. Malik is concerned about the possibility of exporting more rubber to Red China. West Germany, already exporting to Red China, has also indicated that it is interested in expanding its exports to Red China. Under the Willy Brandt Administration, West Germany has been substantially increasing its exports, particularly of heavy equipment, to the Soviet Union. Both France and the United Kingdom have been providing long-term loans for the Communist bloc nations to import capital equipment. Western Europe is dependent upon oil supplies, which are coming increasingly under Communist control and influence. The scheme for natural gas to be supplied to Western Europe from the Communist bloc is now being followed with suggestions that an electricity grid system should be developed to cover the whole of the Communist bloc and Western Europe. On the eve of Prime Minister Trudeau's visit to the Soviet Union, Soviet Premier Kosygin has called for co-operation between the Soviet Union, Canada and other Western nations on projects such as pollution. Slowly but surely an international economic system is being created. The drive towards increasing centralisation and integration is gaining momentum. And one of the major driving forces behind this drive is the international financial group, whose international financial system alone makes an international economic system possible.

LIGHT FROM AN AUSTRALIAN BUSINESSMAN

An interesting sidelight is thrown on the subject of trade with Red China and politics, in an article in *The Sun*, Melbourne, of March 17, by Alan Trengrove, who introduces his readers to an Australian businessman, Mr. Jim Kibel, who has been visiting Red China twice a year for a number of years. Mr. Kibel classifies himself as a small "1" member of the Liberal Party, and indicates he is one of those "practical" businessmen who do not hold with any strong anti-Communist nonsense. Mr. Kibel reveals how on the "Canton cocktail circuit" he has met Canadian businessmen, officially backed by their Government, increasing their trade activities in Red China. Mr. Kibel is emphatic that the Red Chinese have been against expanding trade with Australia because they have found Australia's policies, such as involvement in Vietnam, offensive. If Mr. Kibel is correct, he has provided further evidence of why it is criminal madness for non-Communist nations to so gear their economies to exports to the Communists that their Communist enemies can then progressively blackmail them. But, of course, if one

becomes so conditioned by the doctrine that a nation becomes wealthier through obtaining a "favourable balance of trade" - - i.e. sending more production out of the country than is brought back in exchange — one believes that it is "inevitable" to try to export to 700 million Chinese people dominated by Communists. What does China provide which Australia could not produce itself or readily obtain from elsewhere? What does any Western nation so desperately require from Red China that it must fashion its foreign policy to satisfy Peking's demands? It is true that one of Red China's biggest exports to the West is hard drugs. But this important fact does not seem to concern those obsessed with the "favourable balance of trade" dogma.

Mr. Kibel makes the revealing observation that the Chinese "experts" he deals with know far more about Australia than Australians know about them. This is certainly true. Some of Mao Tse-tung's top experts are, however, not even Chinese. There is, for example, one of the top financial experts, a man by the name of Mr. Coe, who played a leading role with his fellow Communist agent, Harry Dexter White, in the establishment of the World Bank and The International Monetary Fund. Mr. Coe and similar people had to leave the U.S.A. to avoid being asked some searching questions!

FOREIGN CAPITAL FOR "UNDERDEVELOPED" NATIONS

Another major feature of the drive towards centralised world power is the necessity of the highly industrialised nations to obtain an increasing flow of raw materials to feed what have become wasteful monsters feeding upon themselves with no real benefit to the individual. So while Red China is regarded primarily as a market for surplus production, Australia, Canada, and Africa are regarded primarily as new untapped sources of raw materials such as minerals. During his recent Australian visit Mr. David Rockefeller was obligingly frank on this matter. He said that Australia's mining must rate as number one for American "investment potential". He said, "Your mineral resources are remarkable, and you need overseas capital to develop them." The Rockefeller mind visualises Australia as a type of offshore quarry to feed the American industrial monster. In keeping with his philosophy, Mr. Rockefeller, who has a share in a sheep and cattle property in Western Australia, also observed that concerning Australian farming, "I agree with your people, who say, 'Get bigger or get out'." The rural communities of the non-Communist nations, including the Common Market countries, are all feeling the mounting pressure of the "reconstruction" programmes designed to drive the smaller "uneconomic" farmer into the growing human ant-heaps, and centralise the control of the very source of life: food. The Canadian Federal Minister of Agriculture, Mr. H. A. Olson, was extremely frank about rural "reconstruction" when he told a Canadian agriculture congress on November 24 of last year, that "The time may be fast approaching when the gov-

ernment will tell Canadian farmers how much they can produce and how much they can sell."

SUBVERSION VIA INFLATION

The most potent of the subversive forces operating inside the non-Communist nations is inflation. The constant reference to the necessity for "controlled inflation" is clear evidence that those fashioning financial policy are deliberately imposing progressive inflation as a major part of the overall strategy to drive mankind into the World State. Right around the world so-called Conservative Governments and newspaper editorials are starting to echo the Marxists: Government price control may be "inevitable". All attempts at Government price-fixing, which ignore the basic causes of inflation, can only act like throwing petrol on a fire. Anyone who doubts that a change of politicians from Socialists to Conservatives will prove ineffectual should consider the current position in the United Kingdom. The Heath Government is now on a major disaster course. And not even the most rabid pro-Marketeer can claim that the Common Market has solved the problem of inflation. It was one of the causes of the recent ugly confrontation between the farmers and Common Market bureaucrats in Brussels. The farmers want higher prices to offset higher financial costs of production. The bureaucrats are determined to eliminate large numbers of the farmers.

THE MAJOR HOPE OF SALVATION

In what appears to be a situation, which has gone beyond the point of no return, the major hope of salvation from the threatened World Hell is that those driving and aiding the programme for centralising power are operating in direct conflict with reality. And as the outlines of their programme become much clearer to see, it is becoming easier for people to grasp that they are threatened, not with inexorably economic laws, but by power-crazed human beings, many of who pass themselves off as idealists. It thus becomes easier to encourage resistance. There is no possible salvation from Governments as such. Complete disaster can only be averted by a regeneration of the Free Society from the grass roots, by dedicated small groups operating organically throughout society. The last few years have seen a most encouraging growth of this regenerating process. This growth is strongest in the English-speaking world, and is being given coherence by the co-ordinating activities of the various Leagues of Rights. As the momentum of revolution and centralisation develops, and as the growth from the grass-roots grows stronger, there comes that critical moment when the forces of regeneration decisively start to affect the situation and force, no matter how slowly as first, a change of direction in the policies of the non-Communist world. Initial initiative, harnessed to knowledge, and expressing itself through small-scale associations, is still the one factor, which can avert the threat of World Hell. It was the small boats at Dunkirk, manned by men of initiative and courage, which snatched the doomed British armies from the very jaws of death.

FOR THE RECORD

Writing in *The Sun*, Melbourne, of March 27, Mr. Brian Buckley commented on the closing of the Melbourne Roman Catholic weekly, *The Tribune*. Mr. Buckley writes that "To its close *The Tribune* kept firmly in the mainstream of Catholic orthodoxy and never succumbed to the temptation to get theologically 'with it'. At a time when many Catholics were occupied in exhilarating competition with one another in proclaiming their liberal and progressive attitude, *The Tribune* remained to become almost unique reading."

In his list of editors of *The Tribune* Mr. Buckley does not mention the man who not only provided this journal with some of its most unique journalism, but who was involved in an incident of great historical significance. We refer to the late T. J. Moore, founding editor of *The New Times* in 1935. Under Tom Moore's vigorous editorship during the years of the Great Depression, the circulation of *The Tribune* soared as he exposed the financial cause of poverty amidst plenty and put forward financial policies to remove that cause. Many non-Roman Catholics became readers of *The Tribune*. A few of our pioneer readers will recall that they were first introduced to Social Credit through Tom Moore's writing in *The Tribune*.

It was not surprising that financial interests protested strongly against Mr. Moore's articles. There is no doubt that the Roman Catholic Archbishop of Melbourne, the late Dr. D. Mannix, was sympathetic to Mr. Moore's writings, as he subsequently became a paid subscriber to *The New Times* and at one time gave Mr. Eric Butler a written letter commending his work. But the financial pressure was obviously so great that Mr. Moore was instructed that, while he could continue as editor of *The Tribune*, his attacks on financial interests must be curbed. Mr. Moore reacted by refusing to be what he said would have been a "deaf mute", and sacrificed a safe position to launch in May, 1935 *The New Times*, continuing as editor until his untimely death early in 1938.

As Mr. Brian Buckley has never to our knowledge shown any sympathy whatever with the policies of *The New Times*, perhaps this explains why the late T. J. Moore did not rate a mention in his article on the death of *The Tribune*. But the journal launched by T. J. Moore is far from dead, and the movements which it has sponsored and supported are today of major significance around the whole English-speaking world.

AMERICAN INDUSTRIAL SABOTAGE

It would be a hardy individual, indeed, who would deny that the United States is in the midst of a technological revolution unprecedented in human history. The purposes of technological advance — a phenomenon that has continued at an accelerating rate for many decades — may be

taken to be either making products better or making them more easily.

In view of these circumstances, it is of interest to consider some statistics recently published by the American government indicating trends in the efficiency of production measured in time-units of human involvement. According to this information, the average annual increase in output per work hour in the United States since 1947 has been 3.2 percent; but recent advances have been considerably below this average. In fact, throughout 1969 the output per work hour rose by a barely significant 0.7 percent, and during the first half of 1970 it rose even less — a mere 0.2 percent. (*U.S. News and World Report*, August 17, 1970, pp. 54-5.)

These facts appear paradoxical in the face of an accelerating rate of technological progress. Evidently, the benefits of technology are not accruing to the individual in the form of a decreased workload measured in terms of time invested.

Persons with different viewpoints will, of course, discover different implications in this situation. The logic of the position of advocates of make-work programs (a ubiquitous species to be found declaiming in the ranks of all political parties) and other enemies of culture compels them to be thankful. Similarly, the Marxist, arch-puritan that he is, must rejoice at seeing the "value" of production maintained, there being a great deal of labour being put into it. Class war continuing as scheduled by Wall Street . . .

On the other hand, the genuine Social Crediter will neither applaud the situation nor chalk it up in resignation as merely another incomprehensible paradox in a paradox-ridden society. To him, the statistics simply indicate that the deliberate sabotage of productive effort — institutionalized in the industrial system of the United States for many years — is proceeding apace.

Robert Klinck in *National Young Social Crediter (Canada)*.

Only 23 years of age, Robert Klinck is one of the growing numbers of young Canadians whom Mr. Eric Butler sees as the leaders of the new upsurge of Social Credit in Canada.

REGENERATION THROUGHOUT CROWN COMMONWEALTH

As the great Roman Empire was collapsing, primarily for the same reasons that Civilisation is collapsing today, there was being born a new force, which was ultimately to change the course of history. That new force was Christianity. It shed a new and blinding light on the problems of men living together in society. Western Civilisation was the result. That Civilisation is now

obviously disintegrating. But as the disintegration takes place, there is a regeneration of that spirit which undergirded it. That regeneration is manifesting itself most strongly in parts of the British Crown Commonwealth.

Every naturalist is aware that a seed planted in the ground progressively decays in order that the life within that seed can manifest itself in a new growth. If a seed is adequately protected, the life force within that seed can survive over long periods of time, awaiting a set of conditions when it can express itself. Over a period of difficult years this journal has not only kept alive an understanding of the spiritual, political and economic realities essential for the new stage in the development of Civilisation but has helped to foster the growth of movements which, while at the same time fighting rear-guard and delaying battles against the advancing forces of disintegration. In 1960 the League of Rights was born in Australia as a national movement, embodying the various State movements, which had preceded it. Today there is a League of Rights flourishing in every Crown Commonwealth nation. A feature of the growth taking place is the number of younger people being attracted. The rate of development of the many diverse activities of the League in Australia has in recent years gained progressive momentum. The same momentum is now starting to take place in Canada, particularly Western Canada, while in the United Kingdom Mr. Don Martin has injected a new drive and coherence into the British League of Rights and associated movements.

In a Paper on a constructive programme for a revived British Commonwealth, given at a series of Seminars during his recent Canadian tour, Mr. Eric Butler stressed the point that those engaged in developing a grass-roots movement which now had transcended national boundaries, were in reality a dedicated minority making a decisive contribution to history because they realised that they belonged to a particular stream of history. A former Canadian Cabinet Minister, a man with a distinguished military record, told Mr. Butler that this was one of the most dynamic concepts he had ever heard developed.

THE CANADIAN UPSURGE

Reporting on his 1971 Canadian tour, Mr. Eric Butler said that there was no doubt about the re-generation of the Social Credit concept in the rural communities of Western Canada. Some of Mr. Butler's rural meetings in Alberta were described as the biggest and most enthusiastic since those of the 'thirties. Mr. Butler's programme will be followed up later this year by a special educational programme in depth by Mr. Don Martin, who will be visiting Canada from the United Kingdom for approximately five weeks. One of the most encouraging developments is the number of younger people of ability coming forward. Some of these are University students. Mr.

Butler feels that the leadership potential is tremendous. In British Columbia the programme in growing depth is also most stimulating. It is interesting that the British Columbia Provincial Director of the League, and also principal correspondence tutor for the Social Credit training course, Mr. Michael Weller, is a former Australian, while the Field Director, Mr. Phillip Butler, is also an Australian.

The next major organisational step in Canada by National Director Ron Gostick is the establishment of a Western Canadian headquarters to meet the expanding Western development. Mr. Gostick's long years of "holding the line" can now be seen as one of the decisive factors in current Canadian history. As the new growth of Social Credit takes place around the British Commonwealth, it is now possible to see more clearly the decisive contribution of those comparatively dedicated few who have never lost faith, who continued to work at whatever level they could.

A DECISIVE BATTLE

Beyond doubt one of the major and most decisive battles to be fought this year, is in the United Kingdom. The hour of final decision on the Common Market approaches. For ten years the British people have been progressively subjected to a campaign designed to soften them up to accept a policy which runs contrary to the deepest instincts of the British people. All the Big Battalions have been lined up against the British people: the international financial groups, Big Business, leaders of the political parties, the mass media, with few exceptions, and most of the economic "experts". But the situation produced the typical British leadership, those who put principles ahead of everything else. Beyond doubt the most distinguished of these was the late John Paul, a man who sacrificed a top executive position with an oil company in order to fight for the independence of his country. The active anti-Common Market League is a living tribute to his courageous lead. With little money, few well-known figures, but with plenty of dedication, the anti-Common Market League, the British Housewives, and other small bodies matched themselves against the Big Battalions, slowed them down, and now all the evidence indicates that if only the British people can have a real say, they will decisively reject the Common Market.

If the British people can this year defeat the Common Market plot, the repercussions will be worldwide. Such a victory would be a major turning point in the struggle for the world. It would open the way for an intensification of the regenerating processes now developing throughout the Crown Commonwealth. There are dark and perilous days ahead. This is certain. But there are also encouraging signs that the forces of regeneration are now gaining real momentum. This is the time for increased effort and dedication by all our readers.

INFLATION STILL BAFFLES ECONOMISTS OF REPUTE

In an article — "Who's Fooling With Your Money? The Government, That's Who," featured in "The National Times" (Sydney) April 26th, 1971, Dr. Paul A. Samuelson, Professor of Economics at the Massachusetts Institute of Technology, and who received the 1970 Nobel Prize in Economic "Science", discusses the problem of inflation in the U.S.A. and other Western countries. He admits that he and his colleagues have no ready answer to the problem, but even more, he reveals that "cost-push" inflation is not understood by modern economists. He isn't telling US anything, but there may be a glimmer of hope that the present-day economist may listen to the true explanation, as lucidly set out by C. H. Douglas some fifty years ago, when our economies do come crashing down about our ears. We fear that this time may not be far away.

Dr. Samuelson states that we now live in an era of "creeping inflation" — the purchasing power of the U.S. dollar has halved since the end of World War II. The creep has now become a trot, he maintains, because of the escalation of the Vietnam War. He claims that inflation was a problem as far back as the discovery of the New World when Capitalism was launched on a wave of inflation obviously attributable to New World precious metals, which first raised prices in Spain, and then everywhere. The same situation occurred again last century, due to the gold rushes of California and Australia. We can go back still further; inflation was an important factor in the decline of ancient Rome. All these were demand inflations he says, which no one has too much trouble in understanding (too much money chasing too few goods). This most likely WAS the case in those days, before the progress of the industrial arts had led to today's technological revolution. The 20th Century's great problem is one of distribution; the problem of production was solved long ago.

Dr. Samuelson knows **"that creeping inflation is built into the very nature of our modern mixed economy"**. We agree. Douglas demonstrated to us that the modern economy must continually expand, or collapse, and that as it expands the cost of overhead charges (plant, machinery, interest rates, insurances, etc. etc.), which are the COMMUNITY'S charges (as the community pays for these in future prices of goods) rise at an accelerating rate, whilst purchasing-power (wages, salaries, and dividends) contracts, as more and more human labour is replaced by improved process in industry. Of course, this purchasing power is also charged into future prices of the same goods — obviously this purchasing power can't possibly liquidate the overhead-charge factor in prices. The overall position in an advanced industrial community is that higher and higher costs are being carried forward into prices with less and less purchasing power being liberated AT THE SAME TIME to meet them. It is true that these prices ARE largely met, but they are met through the agency of interest bearing bank credit, made available in various ways. Such ways as necessary or unnecessary capital works, to liberate purchasing power; loans of various types, hire purchase. All these debts are continually increasing at an accelerating rate, as can be confirmed by reference to the Commonwealth Year Book. The expanding economy is supported on a base of expand-

ing debt! A moment's reflection will make clear that by stopping the issue of bank credit, the Money Power would shatter the economy overnight — hundreds of thousands of people would be walking the streets in a matter of weeks.

What is happening to the people who have been progressively replaced by the machine? Or who grow up in an era when less human labour is required by the industrial system? This "slack" is taken up on the Government pay-roll (expanding bureaucracy), so that the operation of the faulty finance-economic system of Capitalism is LEADING INTO a system of State Monopoly (Socialism-Communism). This could not possibly be done if the policies governing Finance, and the advancement of Socialism were not synchronised; which they are!

Dr. Samuelson does not mention the mounting debt structure of the economies of the nations of the West, and the consequent interest factor, which is costed into prices, thus guaranteeing "cost-push" inflation, which baffles him, and his eminent colleagues. He chastises President Johnson for not imposing a surtax to pay for the Vietnam War. This surtax was initiated in 1968, and the inevitable slow-down in the economy, with unemployment, followed. Now (1971) President Nixon has introduced an expansionary, deficit budget, which will send inflation soaring once again. President Johnson's Council of Economic Advisers urged him to increase taxation to finance the Vietnam War in a non-inflationary manner. The same old arguments and assertions are dusted off and placed in the window as the remedy for inflation. He says: **"Economists know how to handle old-fashioned demand-pull—you stop turning the monetary printing press. That is, the Federal Reserve slows down the rate at which it lets money supply grow. We, the public, find ourselves with less currency and demand deposits and with less savings deposits and with less value in our common stock and other asset holdings. Eventually, we spend less when our liquid balances get depleted relative to the soaring cost of living."** Don't we know!

When President Nixon's team of economists began to apply the "standard" measures to reduce what they believed was demand-pull inflation, it did not come down. He says: **"If you permit demand-pull inflation to rage for three years, then it will follow, as the night follows the day, that the subsequent periods will become subject to cost-push inflation."** This demand-pull inflation is very

much exaggerated by economists. What goods are there which cannot be bought if the individual has the money? Manufacturers are falling over themselves for orders. Shops are stuffed with goods for sale. All manner of gimmicks are employed to shift stock. The advertising "industry" is resorting to all manner of tricks, spiced with plenty of sex, to make their clients' goods appealing. Slick salesmen are bumping into each other to influence customers. What nonsense!

Now Dr. Samuelson offers his "diagnosis" - — the breathless moment! **"Every mixed economy is subject to a mixture of both demand-pull and cost-push inflation. For 25 years economists have realized that such economies are simply not capable of enjoying really full employment and really stable prices."** This is the hoary old economic platitude that inflation is the price we must pay for full-employment. His "cure" is an "incomes policy". He is vague about this — all sections of the economy must show "restraint", but he is frank enough to state that he and his colleagues (Milton Friedman, John K. Galbraith, Walter Heller) can't come to any agreement. He is pessimistic; as well he might be. He is trying to operate the inoperable!

He rightly sees that inflation, to an extent, feeds upon itself. He concedes that the individual won't be satisfied to place savings in deposits of fixed interest, or buy bonds of fixed yield if these return less than the dividends of the industry where the real assets of plant and machinery are buoyed up by inflationary trends. Quite right! This maintains the momentum of cost-push inflation, as do wage demands.

Dr. Samuelson assails the stop-go economies of the present day Capitalist countries but, hasn't an answer. As he was awarded a Nobel Prize in Economics in 1970, the Money Power could almost be credited with a robust sense of humour. But then it knows what it's doing. And the joke is on us!

SOCIAL CREDIT PRINCIPLES

An address delivered at Swanwick, November 1924

By C. H. DOUGLAS

The financial system, in its control over production, stands to the works or factory system of the world, considered as an economic unit, in the same relation as the planning department of a modern factory does to that factory.

The distribution side of the financial system exercises a function not dissimilar to that of the progress department of a factory.

No discussion of the financial system can serve any useful purpose, which does not recognise: —

- (a) That a works system must have a definite objective.
- (b) That when that objective has been decided upon it is a technical matter to fit methods of human psychology and physical facts, so that that objective will be most easily obtained.

In regard to (a) the policy of the world economic

system amounts to a philosophy of life. There are really only three alternative policies in respect to a world economic organisation: —

The first is that it is the end in itself for which man exists.

The second is that while not an end in itself, it is the most powerful means of constraining the individual to do things he does not want to do; e.g., it is a system of Government. This implies a fixed ideal of what the world ought to be.

And the third is that the economic activity is simply a functional activity of men and women in the world; **that the end of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities.**

You cannot spend too much time in making these issues clear to your minds, because until they are clear you are not in a position to offer an opinion on any economic proposal whatever.

In regard to (b) certain factors require to be taken into consideration.

(1) That money has no reality in itself. That in itself it is either gold, silver, copper, paper, cowrie shells, or broken teacups. The thing, which makes it money, no matter of what it is made, is purely psychological, and consequently there is no limit to the amount of money except a psychological limit.

(2) That economic production is simply a conversion of one thing into another, and is primarily a matter of energy. It seems highly probable that both energy and production are only limited by our knowledge of how to apply them.

(3) That in the present world unrest two entirely separate factors are confused. The cry for the democratisation of industry obtains at least 90 per cent of its force from the desire for the democratisation of the **proceeds** of industry, which is, of course, a totally different thing. This confusion is assisted by the objective fact that the chief controllers of industry get rich out of their control.

I do not, myself, believe in the democratic control of industry any more than I should believe in the democratic control of a cricket team, while actually playing, and I believe that the idea that the average individual demands a share in the **administrative** control of industry is a pure myth.

The present world financial system is a Government based on the theory that men should be made to work, and this theory is considerably intermixed with the even stronger contention that the end of man is work. I want you to realise that this is a statement of fact, not a theory. More than 95 percent of the purchasing-power actually expended in consumption is wages and salaries.

It will therefore be seen that there are two standpoints from which to examine its mechanism. The first consid-

ered as a method of achieving its political end of universal work, and the second as a means of achieving some other political end—for instance, the third alternative already mentioned.

Considered as a means of making people work (an aim which is common both to the Capitalist and Socialist Party Politics) the existing financial system, as a system, is probably nearly perfect.

Its banking system, methods of taxation and accountancy counter every development of applied science, organisation, and machinery, so that the individual, instead of obtaining the benefit of these advances in the form of a higher civilisation and greater leisure, is merely enabled to do more work. Every other factor in the situation is ultimately sacrificed to this end of providing him with work, and at this moment the world in general, and Europe in particular, is undoubtedly settling down to a policy of intensive production for export, which must quite inevitably result in a world cataclysm, urged thereto by what is known as the Unemployment Problem.

To blame the present financial system for failing to provide employment is most unfair; if left alone it will continue to provide employment in the face of all scientific progress, even at the cost of a universal world-war, in which not only all possible production would be destroyed, but such remnants of the world's population as are left will probably be reduced to the meagre production of the Middle Ages.

Considered as a mechanism for distributing goods, however, the existing financial system is radically defective. In the first place, it does not provide enough purchasing power to buy the goods, which are produced.

I do not wish to enter at any great length into the analysis of why this is so, because it is always a matter of some heated controversy. I have, however, no hesitation whatever in asserting not only that it is so, but that the fact that it is so is the central fact of the existing economic system, and that **unless it is dealt with no other reforms are of any use whatever.**

And the second feature of equal importance is that considerably less than the available number of individuals, working with modern tools and processes, can produce everything that the total population of the world, as individuals, can use and consume, and that this situation is progressive, that is to say, that year by year a smaller number of individuals can usefully be employed in economic production.

To summarise the matter, the principles which must govern any reform of the financial system, which will at one and the same time avoid catastrophe, and re-orientate world economic policy along the lines of the third alternative, are three in number: —

1. That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption.

2. That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production.

3. That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary.

I may conclude by a few remarks on the position of the banks, in respect of this situation. It is becoming fairly well understood that the banks have control of the issue of purchasing power to a very large extent in their hands. The complaint, which is levelled at the banks, is generally that they pay too large a dividend. Now curiously enough, in my opinion, almost the only thing, which is not open to destructive criticism about the banks, is their dividend. Their dividend goes to shareholders and is purchasing-power, but their enormous concealed profits, a small portion of which goes in immensely redundant bank premises, etc. do not provide purchasing-power for anyone, and merely aggrandise banks as banks.

But the essential point in the position of banks, which is so hard to explain, and which is grasped by so very few people, is that **their true assets are not represented by anything actual at all**, but are represented by the difference between a society functioning under centralised and restricted credit and a free society unfettered by financial restrictions.

To bring that perhaps somewhat vague generalisation into a more concrete form, the true assets of banks collectively consist of the difference between the total amount of legal tender, or Government money, which exists, and the total amount of bank credit money, not only which does exist, but which might exist, and which is kept out of existence by the fiat of the banking executive.

QUEENSLAND AND NORTHERN N.S.W. SUPPORTERS ANNUAL DINNER AND SEMINAR

For the first time the Annual Dinner and Seminar of the Queensland-Northern N.S.W. Council will not be held in Brisbane, but will be held in Toowoomba. Guest of honour will be the National Director, Mr. Eric D. Butler.

The Seminar promises to be one of the most interesting ever conducted by the League in Australia. The theme is "Freedom and the Family Farm."

Venues:

Dinner—Range Motel. Toowoomba commencing 6 p.m., Friday. May 28.

Donation—\$4.00. Send payment and names and addresses to Mrs. J. Luscombe, Box 17, Alderley. 4051. Queensland.

Seminar—Harristown High School, Toowoomba, Saturday. May 29, commencing 2 p.m. Entry fee \$1.00.