

THE NEW TIMES

Registered at the G.P.O., Melbourne, for transmission by post as a newspaper.

\$5.00 per annum post-free. Box 1226L, G.P.O., Melbourne.

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

Vol. 39, No. 2

FEBRUARY 1974

THE BRITISH DISASTER BELL IS TOLLING

Mr. Enoch Powell has refused to stand for re-election in the British crisis election, graphically describing the Heath Government's action one of "gross immorality". Whatever Mr. Powell's motives may be, he has correctly described the treacherous tactics by which Heath hopes to prolong his Government's life, and to further his consistent policy of destroying an independent Britain. A feature of a disintegrating civilisation is that increasing numbers of politicians have become professional liars. Before the last British Elections, Mr. Heath's Conservative Party Manifesto read, "We utterly reject . . . the philosophy of compulsory wage control." Now Mr. Heath has called an election to uphold a policy which before the last election he said the Conservatives rejected!

But it was the same Mr. Heath who promised before the last British elections that he would not attempt to take the British into the totalitarian European Economic Community without the overwhelming support of Parliament and the British people. He then set out ruthlessly to force his policy of betrayal upon a people increasingly opposed to the Common Market. There is good reason to believe that, fearing the mounting wrath of the British people as they discovered that joining the Common Market worsened their economic plight, instead of improving it as promised by Mr. Heath's public relations men, Heath decided to use the case of the coalminers to provide an atmosphere in which he could call a snap election on what is really a non-issue. If successful at the polls, Mr. Heath will of course claim that this endorses his Common Market policy.

It can be predicted now that the basic inflation problem convulsing the British nation will not be solved irrespective of which set of politicians is in office after February 28. The present disaster plight of the British people was predicted a long time ago by C. H. Douglas. As far back as 1923 giving evidence before the Canadian House of Commons Select Standing Committee on Banking and Commerce, Douglas warned: ". . . I am convinced that if you go along the lines that you are following at present, and if you continue along those lines for any considerable length of time . . . I am perfectly certain that you are heading for the most terrific disaster the mind of man can conceive."

Douglas warned of the coming of the Great Depression in 1929, and in 1935 was predicting that unless finance-economic policies were changed, the Second World War was certain. And when that disaster occurred, Douglas again predicted with accuracy the real objectives of the war, the establishment of the World State and the elimination of Great Britain. In 1946 he further warned of the imposition of "continuous inflation with spurious

currency," and went on to say that these policies were not mere foolishness, but "they are, for the first time, open and undisguised efforts to secure the final triumph of the World Domination which has been the covert purpose of every major historical event since the French Revolution, and probably for many centuries before that."

EXPLOITING INFLATION

The breath-taking effrontery of the Heath Government (an art Governments all over the world are mastering with supreme contempt for electors) is demonstrated by the manner in which it cynically exploits the very inflation crisis it produced. Inflation was bad under the Wilson

THE BATTLE OF 1974 HAS BEEN JOINED

Enclosed with this issue of "The New Times" is the first of a series of special educational and campaigning brochures being produced by The Australian League of Rights for national distribution. The League has already launched a major 1974 offensive on several fronts; this designed to fit into an overall programme directed towards the critical Senate Elections, these to be held probably on May 11.

No matter how well organised the League programme, it cannot be carried through without adequate finance. The League of Rights' 1973-74 Basic Fund has advanced by approximately \$1000 over the past month. But this is not fast enough. It is imperative that the balance, now \$3000, is provided as quickly as possible. The rapidly deteriorating situation calls for more dedicated efforts by all Northern N.S.W. and Queensland contributions to Box 64, Maleny, Queensland. All others to Box 1052J, G.P.O., Melbourne, 3001.

Government, but Heath airily promised to deal with the problem in short time. His Government's policies intensified the problem until British inflation is now at least the same rate as in Australia, probably a little more. Engaged in a dirty, dangerous and poorly paid occupation, British coalminers, influenced by Communists, were not impressed with anti-inflation controls which did not halt inflation, and demanded higher wages. A Government genuinely concerned about ensuring an adequate supply of coal for British industry, would adjust financial policy to encourage miners to provide that coal. Sooner or later the miners will have to be paid more, irrespective of the elections, and under present financial rules this means higher wage costs in the coalmining industry and higher coal prices, this in turn affecting the whole of industry. The increased wages could, however, be paid out of a national credit account created for the purpose, and passed direct to the miners in the form of a production bonus. If the bonus were increased with increased production, British coalminers would almost immediately be producing all the coal necessary for the British people. The nation, which has given the world so much, could collapse into chaos because of unrealistic financial policy.

Douglas and A. Orage put forward at one time a detailed credit scheme for the coalmining industry. It met with opposition from both the credit monopolists and the Socialists. The Socialists said that the only cure was nationalisation of the coal industry. The result is that the coalminers are now striking against the Government

instead of against the "capitalist exploiters"! The Communists are delighted as the stage is set for a disastrous British crisis out of which they no doubt hope to seize power. Whatever the outcome of the current situation in Britain, the British disaster bell is now tolling loud and clear. Its warning sound not only concerns the British; it must be heeded by other nations, so that out of the growing convulsions, which cannot now be avoided, a new day for freedom may dawn.

THE CHALLENGE IS NOW

Man must either re-orient the economic system to serve his genuine requirements, the basic essential being to stop issuing the community's financial credit on conditions, such as expanding debt, which makes inflation and associated social disorders inevitable. The subversive agitators must be deprived of the conditions in which they can operate to demolish the foundations of orderly and stable society. Douglas warned over 50 years ago that unless steps were taken to break the power being exercised through centralised finance, the progressive break-up of Civilisation was certain, with the conservative elements only being able to fight a series of rearguard actions until the eventual complete collapse.

This is the plight now of what remains of the Free World. This is the moment when those who profess to believe in freedom must take the field of battle in full force. Heed that tolling bell today. Tomorrow may be too late.

GIANT CARTELS AND WORLD GOVERNMENT

Reprinted with acknowledgements to *The REVIEW OF THE NEWS*, Belmont, Mass., U.S.A.

By J. C. BLASDALE

According to "Business Week" for December 23, 1972, "U.S. business has more than \$90 billion invested overseas; and it will continue to invest heavily abroad in 1973. Foreign corporations have \$14 billion invested in the U.S., and foreigners currently hold more than \$30 billion in U.S. stocks and bonds. How Wall Street does in 1973 will depend in part on how much new money flows in from abroad. In short, it is a multinational world . . ."

The emergence of the vast multinational corporation, described as "the most significant economic revolution since the Industrial Revolution", is one of the biggest stories of the Seventies. And, as "Liberal" columnist Sidney J. Harris noted recently, the multinationals "have become, or are becoming 'supra-political' entities of an entirely new sort."

Reader's Digest says: "Multinational companies doing billions of dollars' worth of business annually and employing hundreds of thousands around the world are amassing such economic power that some experts predict they will have an influence as great as all but the largest nations in the next decade or two."

BOASTED ABOUT THE TYRANNY

One of the top promoters of these 'supra national' corporations is Roy L. Ash, named by President Nixon to head the powerful Office of Management and Budget. In a speech at Los Angeles on May 18, 1972, Mr. Ash actually boasted of the tyranny being planned, declaring that "within two decades the institutional framework for

World Economic Community will be in place . . . the economics of the major countries of the world will be interlocked . . . the broader and total destinies—economic, political and social—of all the world's nations will be interlocked. We are clearly at that point where economic issues and their related effects can be considered only in terms of a total world destiny, not just a separate go-it-alone destiny for the United States."

We are nearing that point, Mr. Ash boasted, when "aspects of individual sovereignty will be given over to supra-national authority . . ." In fact, in an article in the *Futurist*, official journal of the radical World Future Society, Roy Ash made it clear that soon the multinationals will not be chartered "by one country but by a supra-national chartering agency established by agreement among nations . . . devoid of any single national identity or home."

CHALLENGING THE NATION STATE

Ugly as it sounds, this business is proceeding rapidly. Lester R. Brown, author of a new book entitled *World*

Without Borders, noted in the December 1972 *Futurist* that "by 1980, some three hundred large corporations may control seventy-five percent of the world's manufacturing assets . . . The multinational corporations now are in many ways challenging the nation-state. I.T. & T. has more employees stationed overseas than the U.S. State Department. Standard Oil has a larger tanker fleet than the Soviet Union. I.B.M.'s research and development budget is larger than that of all but a handful of countries." Direction for these multinationals comes from the Insiders of international finance who have been buying their way into the giant corporations and grabbing for control of their boards of directors. A check of "Poor's Register Of Corporations, Directors And Executives" shows, for example, that the partners of the international banking firm of Goldman, Sachs are now serving as directors of dozens of multinationals, including Ford, Continental Con, Bulova Watch, Cowles Communications, B. F. Goodrich, and Data Control Systems; Kuhn, Loeb partners are also directors of the giant multinational firms, among them Sears, Westinghouse, U.S. Rubber, I.T. & T., Polaroid, Getty Oil, and Kennecot Copper; and, Lehman Brothers partners are directors of such multinational giants as Pan American Airways, Singer, Shell Oil, Western Union, Union Oil and Standard Oil, Litton Industries, General Motors, I.B.M., and Chase Manhattan Bank.

MANIPULATING MONEY MARKET

The Insiders of international finance are already using the multinational corporations to manipulate the world money market. *Business Week* for February 17, 1973, revealed that the multinationals had reaped a "windfall" during the recent monetary crisis, and quoted Richard Thompson, European financial director for Johnson's Wax, as saying: "We don't believe in gambling against the U.S. dollar. But with assets in Germany, England, and Japan, we made a handsome profit."

Business Week continued: "Almost in spite of themselves [sic], many U.S. multinationals have found the last few weeks of currency speculation very profitable indeed. Upon the devaluation of the dollar, the value of both the large foreign exchange holdings and the extensive overseas operations held by multinationals jumped anywhere from five percent to twenty percent . . . it is probably the giant multinational banks and corporations that applied the most potent pressure on the German central bank and forced the decision on devaluation. A Frankfurt banker estimates that corporate treasures alone were responsible for 'about fifty percent' of the \$6 billion that flowed into Germany."

A study by the U.S. Tariff Commission, noted *Business Week*, warned that private companies around the world held \$268 billion worth of short-term liquid assets at the end of 1971—the largest portion in the hands of U.S. multinational corporations and banks, *Business Week* then quoted Senator Abraham Ribicoff as saying that "Movement of only a small portion of the \$268 billion could produce a massive monetary crisis." Could and did!

THE BATTLE HEATING UP

Now a battle over the multinationals is heating up on several fronts, especially in Congress and in the labor unions. Critics claim that the multinationals are becoming "super governments", meddling in the politics of other countries, receiving tax preferences, and often functioning as a "law unto themselves". A Senate investigation of these allegations is on the agenda. And President Nixon has already made his position on it perfectly clear: He's either for it or against it, depending on the audience.

One source of concern is that the multinationals are exporting American capital to the detriment of the American worker. To U.S. labor this means a "net recent loss of some nine hundred thousand U.S. jobs or job opportunities—including 30,000 in radio and television manufacturing, 92,500 in electronic components, countless jobs in the apparel industry." The Communist *Daily World*, always eager to take advantage of discount, has reported that a United Auto Workers' delegation issued the "strongest indictment" of the multinationals, because "auto companies like Ford, G.M. and Chrysler have each over a score of plants in that many countries while some 220,000 U.A.W. members are jobless."

All of that sounds like a matter of legitimate concern. It is. But here is the Communist twist that betrays why the Comrades are emphasizing the matter: Nat Weinberg of the U.A.W. has recently urged joint action by unions in capitalist countries to "deal with powerful, dangerous, international corporations which are moved by no loyalty to any particular nation and are adept at evading national effort to regulate or control them." Beginning to smell a rodent?

EXPLOITING COUNTRIES' WORKERS

Representatives from metalworkers' unions in twenty-three countries met in San Francisco in late November to

LEAGUE BROCHURE PROGRAMME

The brochure issued with this month's "New Times" is the first of a series being issued by The Australian League of Rights as part of a national programme much bigger than anything done in the past. This brochure will provide everyone with the opportunity to participate in the campaign to save freedom in Australia. Every reader should make sure that he or she always has a supply of these brochures to pass on to others.

Coming brochures will deal with Senator Murphy's "Rights" Bill, the Senate Elections, Inflation and Upper Houses. Brochures are also planned for special recruiting projects.

Prices, including postage, for "The Labor-Socialist Strategy For Destroying The States and Local Government" are as follows: 10 cents for 1; 35 cents for 12; \$1.25 for 50; \$2.25 for 100; \$16 for 1000.

pool their efforts to "control" the growing power of the multinationals.

The general secretary of the International Metalworkers' Federation, which represents some eleven million workers, complained that the multinationals "exploit the workers" of countries, which have low wage conditions, and said that "we're trying to get an international code of conduct so they will not exploit the workers." The leaders of the Federation planned to engage in multinational bargaining with nine corporations: U.S.-based Chrysler, Ford, General Electric, General Motors, and Singer, and Brown-Boveri in Switzerland, Fiat-Citroen in France and Italy, S.K.F. in Sweden, and Toyota-Nissan in Japan.

The *Daily World* noted that Federation goals "seek joint action by workers in all countries where a global corporation has plants so the company cannot play off one nation's workers against the others . . . This could mean that when a strike is called at a G.M. plant in England, G.M. workers in the U.S. and Canada and other countries with G.M. operations, would also strike." In other words, the Communists are after the power to call a global strike.

HURTLING INTO GLOBAL DISORDER

As labor columnist Victor Riesel predicts: "We are hurtling into the area of the worldwide strike, international picketing, global bargaining and trans-continental confrontations between coalitions of big embattled unions . . ."

Riesel says that union plans include bringing European labor leaders to the United States. And, he warns, they "are rough. Some of them have shut down whole nations, industries, railway systems and waterfronts." Mr. Riesel says there are plans for an international front directed by international secretariats headquartered mostly in Geneva and run by the toughest class-minded militants of our time."

This, observes Riesel, "is the most seething story of the '73-'74 season—or with international industrial power comes worldwide political power."

The would-be masters of the world are, as usual, applying pressure from above and pressure from below to achieve a single goal: total world power for themselves. Their men running big labor react on cue to the **economic objectives** of their men running the giant international cartels, just as their men in Moscow and Peking react on cue to the **political objectives** of their men in New York and Washington.

CORPORATE GOVERNMENT CABAL

As Don Bell noted in his "Report" for January 26, 1973, "International Bankers and the Multinational

**NEW TIMES ANNUAL DINNER
FRIDAY, SEPTEMBER 20**

Industrialists are building for themselves a new Corporative Government Cabal which will supersede in authority all established political governments . . . the forces behind Nixon are determined to restructure the Government of the United States in such a way that it will become a part of this Corporative World Government, with Soviet Russia, Communist China, and the Corporative United States forming a political triumvirate which will rule the world politically and militarily, on behalf of the Internationalist and the Multinationalist Elite."

In order to do this, Bell observes, "it is necessary that Russia and Red China also be equal industrially and productively to the United States. That is why Multinationals now are rushing into the Soviet Union like a flood: banks, factories, car makers, hotel builders, computer constructors, data bank keepers, credit card companies, etc. . . ." And that is the **real** reason that Richard Nixon has kow-towed to Peking.

What does all of this mean? Author Gary Allen summed it up in his article on "Multinationals" in *American Opinion* for April 1973:

"The new World Corporation requires a World Government to serve as a regulatory body. And, the Insiders are certainly not opposed to a World Government, which can be used formally to insure their monopolies. Meanwhile, the appeal by the Insiders to businessmen is being made on the ground that a World Government will protect overseas business from the arbitrary tyrannies of local demagogues."

HOW YOU CAN HELP A HERITAGE SOCIETY PROJECT

The Australian Heritage Society proposes to publish a 1975 pictorial diary, which will promote some theme of the Australian heritage. The Society is therefore making a request for slides of high technical standard and not smaller than full-frame 35 mm format, on any subject which could illustrate some aspect of Australia's heritage.

Send slides to:

J. D. Malan, 35
O'Keefe Street,
Mackay,
Queensland 4740

Please mark slides with sender's names and address and include return postage. Slides will be handled with care but no responsibility is accepted for damage or loss. Sender must be prepared to grant copyright to Australian Heritage Society for use in production of "Heritage Pictorial Diary" for 1975. Slides may not be returned to sender before June 1974.

Some description of subject matter of each slide would be appreciated.

We request readers who can assist in this most

DR. COLIN CLARK AND C. H. DOUGLAS

In September 1971, Dr. Colin Clark, professional economist, now at Monash University, felt it necessary to write an article, published in "The Sydney Morning Herald", and "The Courier-Mail", Brisbane, under the heading "The Currency Cranks". The article was a most misleading review of the history of Social Credit, with particular reference to Alberta and Australia. Following a letter by Mr. Eric Butler replying, Dr. Clark wrote another article in which he unfortunately resorted to what can only be described as personal abuse of Douglas. The following are extracts from a coming new book by Mr. Butler, based upon lengthy correspondence with Dr. Clark:

Following my letter, published in *The Sydney Morning Herald* of September 15, 1971, Dr. Clark returned to the subject in an article in *The Sydney Morning Herald* of October 6, making the following highly personal comment about Douglas: "I once heard Douglas lecture; fat, red-faced and self-assured, he looked like a caricature of a British Army major. His lecture was muddled throughout."

Dr. Clark continued with what can only be described as a calculated smear: "Douglas's ideas really began to exert influence when they were taken up in the mid-1920's by two active politicians, Mosley and Strachey, who disseminated them in a naive book entitled *Revolution by Reason*. Orage, whom Mr. Butler mentions, had little influence." If Sir Oswald Mosley was a Social Crediter it is remarkable that, according to Dr. Clark in his *Sydney Morning Herald* article of October 6, and in private correspondence with me, Mosley asked him in 1931 to become economic adviser to his New Party. Surely he should have asked Douglas!

As Social Credit is the policy of a philosophy diametrically opposed to the philosophy of the Mosley movement, it was quite impossible for Mosley to have been a Social Crediter. British Social Crediters whom I consulted, and who were personally familiar with the early history of the Social Credit movement, indignantly repudiated Dr. Clark's claim. Upon obtaining Mosley's Paris address I wrote to him concerning Dr. Clark's claim that he had been a Social Crediter and one of its early influential exponents. I received the following letter, from Sir Oswald Mosley, dated December 1, 1971:

"Dear Mr. Butler,

I was never a supporter of the Social Credit Movement and only met Major Douglas once. Mr. Clark's error arose probably from his recollection of the Birmingham Proposals, 'My Life', chapter 10, which advocated 'consumer credits' but by methods so very different that they clearly had no relationship to Social Credit.

"Mr. Clark is a very able man, but in this instance his memory is at fault . . ."

I brought Mosley's letter to Dr. Clark's attention, but he apparently did not feel it necessary to apologise for a most serious smear or mistake.

Not satisfied with having turned the non-Social Credit Mosley into an influential Social Credit exponent, Dr. Clark went on to write of how his "Social Credit followers mostly did not follow him in the Fascist movement, but some of them formed a semi-Fascist movement of their

own, going around in green shirts." If this were not so serious, coming from a man like Dr. Colin Clark, it would be quite hilarious. The Green Shirt Movement owed its origin entirely to Mr. John Hargreave, well-known Social Crediter, who started in the Boy Scouts with an idealistic "back-to-nature movement" known as the Kindred of the Kibbo Kift, a violently anti-Fascist movement. Dr. Geoffrey Dobbs, prominent British Social Crediter, relates how he was first introduced to Social Credit in the Boy Scout movement when a Kibbo Kifter came to teach his troop archery.

So far from John Strachey being an influential exponent of Social Credit, his criticism of Social Credit in a chapter in his major work, *The Nature of The Capitalist Crisis* (Victor Gollancz, 1935) was re-published in booklet form for wider distribution. The notorious Marxist Professor Harold Laski described this work as "The ablest attack on orthodox economics that has been published in England this last fifteen years." Strachey completely misrepresents Douglas's analysis of the finance-economic system, and charges that because Social Crediters wish to preserve and extend the free-enterprise system (capitalism) they fall "easy prey to the refutations of the professional capital economists." As Dr. Clark indicates that he is familiar with Strachey's career, why has he so blatantly misrepresented Strachey's attitude towards Social Credit?

While a member of the Communist Party, Strachey wrote *The Coming Struggle for Power*, a work used before the Second World War as a textbook for Communists all over the world. In this book he eulogizes the inflationary policies of Dr. Clark's hero, Keynes. Strachey said that the Keynesian programme would effectively further the Socialist revolution because inflationary credit expansionist policies were "an indispensable step in the right direction." Strachey gave his reasons for this view: ". . . the fact that the loss of objectivity and the intrinsic value of the currency which is involved (i.e. inflation) will sooner or later make necessary, on pain of ever-increasing dislocation, a growing degree of social control . . . for the partial character of the policy will lead on to further measures. The very fact that no stability, no permanently workable solution can be found within the limits of this policy will ensure that once a community has been driven by events to tackle its problems in this way, it cannot halt at the first stage, but must of necessity push on to more thorough going measures of re-organisation."

Events have proved John Strachey correct. Mounting

inflation is the major factor being used to destroy what remains of the free society, just as Douglas correctly predicted over 50 years ago.

And what of Dr. Clark's picture of the "fat, red-faced" Douglas giving "muddled" lectures? As all those who knew Douglas point out that he was neither "fat" nor remotely like "a caricature of a British Army major".

It would appear that it is Dr. Clark who is muddled! Much more valuable than Dr. Clark's impressions, based upon hearing Douglas lecture "once", are those who knew Douglas personally. For example, Mr. Maurice Colbourne, the noted English writer and dramatist described Douglas as follows:

"To look at Douglas, he might be a gentleman farmer. His steady eyes, and ruddy cheeks, and jovial personality are those of a squire. A delightful host, his hospitality is of a kind rare in these hurried times, a hospitality in which one basks at ease from the first. And his conversation matches his wine. Not that it is sparkling, for this suggests brilliant conversation for conversation's sake, but, like good wine, it has a bouquet about it. Living in the country, Douglas is an adept at doing things for himself, with his own hands. A keen fisherman, he also sails his own yacht single-handed in the Channel off the coast of France. Then he laid down his own hard tennis court, and, just to keep his hand in, constructed an engine, for, by profession Douglas is a civil engineer. He has what is one of the best-swept minds functioning today. It penetrates too, without effort or conceit, beneath the fashions and foibles of the times to the permanent things."

Mr. A. R. Orage, the famous editor, gives another first-hand picture:

"The subject itself, even in the hands of a master, is not exactly easy; and, in fact, it compares in economics with, let us say, time and space in physics. By the same token, Douglas is the Einstein of Economics; and, in my judgment, as little likely to be comprehended practically.

"In other words, a good deal of sweat is necessary to understand Douglas, and with our absurd modern habit of assuming that any theory, clearly stated, must be immediately intelligible to the meanest and laziest intellect, very few will be the minds to devote the necessary time and labour to the matter.

"I was in all respects exceptionally favourably placed to make a fairly quick response. I had time, and from long, long experience of literary geniuses, almost illimitable patience. I was vitally interested in the subject, having not only exhausted every other, but been convinced that the key to my difficulties lay in it; and above all, Douglas himself was actively interested in my instruction.

"He said many things in our first talk that blinded me with light; and thereafter I lost no opportunity of talking with him, listening to him talk, reading new and old works on finance, with all the zest of an enthusiastic pupil. Even with these advantages, it was a slowish business, and my reflections on the stupidity of the present day student of Douglas are generously tempered by the recollection of my

own. It was a full year from beginning to study his ideas before I arrived at a complete understanding. Then all my time and labour were justified. Certainly there is no lack of light on the subject today, but only the usual poverty of eyes and understanding."

Another view of Douglas has been provided by Professor Irvine, Professor of Economics at Sydney University. When Professor Irvine wrote the following article in 1934, he was describing a small group, comprising himself and some of his colleagues in the field of economics, and their reactions on reading Douglas for the first time.

"At a meeting of the British Association, held in Sydney, I had read a paper on the *Influence of Distribution on Production*. It shocked the 'sound' but rather stodgy president of the section, Professor Conner, but met with the cordial approval of Sydney Ball, of Oxford. The gist of the paper was that the distribution of wealth (i.e. of claims to it, or purchasing power) was becoming more unequal, and this fact was sabotaging production, and might in the end lead to a breakdown of the whole system. Later, in *The Veil of Money* I had ventured to call in question some of the postulates of money and banking, much to the alarm of the members of the N.S.W. Actuarial Society, before whom the paper was read.

"*Economic Democracy* though to some extent confirming one's own gropings, opened up new and very alluring vistas. Most of us were impressed by the profound truth of Major Douglas's analysis of the world's economic situation. We had to admit that there was a growing disparity between productive power and the ability of consumers to buy the output. Hitherto we had either denied the fact, or paid little attention to it.

"We did not agree, however, with Douglas's explanation. It seemed to most of us that the A + B theorem was of dubious validity. Anyhow, was it necessary? Could not the disparity be explained by the growing inequality in the distribution of wealth? Our general position resembled that of the Scottish lad to whose family of thirteen an addition had just taken place. The Minister found him in tears and asked what was the matter, and the lad told him he was afraid there would not be enough food to go round.

" 'Never mind, my little chap,' said the Minister. 'The Lord never sends a mouth into the world but he sends meat to fill it.' 'Ay,' replied the boy, 'but he sends all the meat to your house, and all the mouths to ours!' Up to a point, that had been our explanation. The people who needed meat most could not buy it, and those who could buy needed only a part of it.

"A few of our band, however, and these were the brainiest, after a year or so of wrestling with the Douglas arguments, became convinced of their truth. The years 1919-1922 were very stimulating and vital years. Many of the students during those years were returned soldiers who had gone through the horrors of war, and had thought deeply upon the causes of such foul orgies of destruction. It was these men who best understood and appreciated

Economic Democracy. To them it was a revolution 'blinding them with light' as Orage puts it in his own case.

"One of them is now a distinguished Professor of Economics and a specialist in banking and finance. After 14 years he said recently he had not been able to find the flaw in Douglas. Not even two years at Cambridge had been able to shake his faith. *Others are 'lying low' and some have made their peace with the 'big battalions'*."

"I myself was for long unable to overcome my initial doubts. I was still undecided when in 1922-23 I had the privilege of meeting Douglas. I was, however, convinced that this man had started something, which would bring about a revolutionary change in the whole of our economic thinking. Shortly after arriving in London I wrote to him, and was promptly asked to tea at Fig Tree Court, the Temple. The curious thing about this meeting is that I cannot recall a word of our conversation. I am not even sure that we mentioned the Douglas theories. The only thing that stands out is the beauty and historic interest of the Temple, perhaps the most entrancing in London . . . and the rather stockily built Scotsman, blue-eyed, ruddy of complexion, courteous and friendly without fuss, quietly master of himself and yet regardful of your comfort; the sort of man you could be at home with, whether for talk, or the companionship of silence.

"They had told me that Douglas was an open-air man. He was an ardent follower of Izaak Walton. His eyes were steady and at times you would say 'here is a man who loves contemplating apart.' At other times he was the alert practical man, quick to grasp the essentials of a situation and to deal with it effectively. No dreamer this, no fanatic, no wild visionary.

"Someone has called him a 'great synthetic philosopher'. Perhaps the future will think of him as a great thinker and 'demesmeriser' who had the unusual gift of being able to wake men to a sense of reality; but his mind is too scientific, too wedded to solid fact, too practical and constructive to suffer being enchained for long in metaphysical subtleties. To imply that such a man is an ignorant visionary is just sheer impudence.

"Douglas, it is well to remember, had a Cambridge training, the value of which even an Oxford man will admit. Then for many years he was occupied with engineering and industrial problems. He knows the facts better than any bookkeeper, better than any banker and economist; and what is much more important, he knows how to interpret them in terms of reality. I feel sure that the future will justify Orage's statement:

'His knowledge of economics was extraordinary; and from our very first conversation everything he said concerning finance in its relation to industry—and indeed to industrial civilisation as a whole—gave me the impression of a master mind perfectly informed upon its special subject. After years of the closest association with him, my first impression has only been intensified. In the scores of interviews we have had with bankers, professors of economics, politicians and businessmen, I never saw him so

much as at a moment's loss of complete mastery of his subject."

When I asked Dr. Clark to direct my attention to what he regarded as the best formal criticism of Douglas's analysis of the deficiency of purchasing power in an industrial society, he replied on October 15, 1971, "one of the best was by Gaitskell." Mr. Hugh Gaitskell was, of course, a lifetime member of the Fabian Society. He was one of the three members of the British Labor Party, which reported on *Socialism and Social Credit*. He was a Socialist economist. Gaitskell's attack on the Douglas analysis was presented in his work, *What Everybody Wants to Know About Money*. Gaitskell also wrote critically in *The New Age* of February 28, 1935. Dr. Clark writes as if Gaitskell's criticism had not been effectively dealt with at the time it was made.

Dr. Clark then wrote, "However, if you want it (the Douglas analysis) formally discussed what you should do is to get someone to write out a precise statement of the theory as it is believed to be applicable now—not under the banking laws and unemployment rates of the 1920's—which I could then consider." This statement provides further reason to suggest that Dr. Clark never at any time bothered to understand that Douglas's analysis of the deficiency of purchasing power was presented at the end of the First World War when there was no unemployment problem as such at all.

On January 26, 1972, I took up Dr. Clark's offer of a formal discussion and submitted to him Douglas's own analysis from Douglas's recommended textbook on finance, *The Monopoly of Credit* (first edition 1931; revised and enlarged edition 1937). Douglas stated his A + B theorem as follows: "In any manufacturing undertaking the payments made may be divided into two groups: Group A—Payments made to individuals as wages, salaries, and dividends; Group B—Payments made to other organisations for raw materials, bank charges, and other external costs. The rate of distribution of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of generation of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

I also submitted the mathematical proof provided in *The Monopoly of Credit*. Further, I put forward the following basic propositions:

- 1. The essence of an economic system is the application of energy—human and animal (rapidly diminishing), and solar (rapidly increasing)—to convert one form of matter into another form, suitable for human requirements.**
- 2. The true purpose of production is consumption.**
- 3. The real cost of production over any given period of time is total consumption over the same period.**
- 4. Measured realistically, the real cost of production per**

unit of production is falling with every improvement in production technique.

5. The policy of "Full Employment" conflicts with the natural desires of the individual to obtain through his economic arrangements his necessary material requirements in the shortest possible time—i.e., with less employment—so that he can devote himself to non-economic activities, most of these generally termed cultural.
6. Money in a modern industrial society is primarily an order system, an economic voting mechanism.
7. All money is created by the banking system. The bulk of this money is created in the form of bank overdrafts and loaned as an interest-bearing debt to individuals, organisations and Governments. Money is liquidated as overdrafts are repaid. ("The amount of finance in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Even loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank loan destroys a deposit."—Reginald McKenna in address to meeting of the shareholders of the Midland Bank on January 25, 1924.)
8. In order that an economic system operates successfully, it is essential that the individual is in the position where he obtains sufficient money in the course of production to enable him to purchase the goods he has produced.
9. Money should be destroyed at the same rate that goods are consumed.

Dr. Clark replied on February 3, completely ignored my propositions, and briefly commented "Douglas's error was elementary. He seemed to think that payments by businesses for purchase of materials, bank interest, etc. did not create income for individuals." He also commented "We now have vastly more information than when Douglas wrote (or than when Gaitskell wrote for that matter)." The only comment necessary is that the greater information, which the professional economists have, has not halted the progressive expansion of debt, increasing inflation and heavy taxation, accompanied by the social disintegration, which Douglas predicted. By their fruits we must judge the economic "experts", not by their theories and propaganda.

VICTORIAN GOVERNMENT RETREAT ON FLUORIDATION

In a recent meeting with the Ballarat Water Commission, the Victorian Minister for Water Supply, Mr. Granter, indicated that the Victorian Government was having second thoughts on fluoridation. Mr. Granter said that he had been "surprised" by the opposition to the fluoridation legislation since it had been passed. He also said that it was not "mandatory" for all Water Commissions to fluoridate their water supplies. Public opinion, expressed in a concrete form through letters and petitions

of protest, can still influence Members of Parliament. Victorian actionists have clearly done a splendid job. But they must intensify their efforts.

* * * *

TO THE POINT

In the second volume of his autobiographical books, sub-titled "The Infernal Grove", Malcolm Muggeridge reveals his experiences as a British secret service agent during the Second World War. Of special interest is his comment on how, after the liberation of France, he settled in the Rothschild mansion in Paris: "It astonished me, when we first moved into the house, to find its contents intact and undamaged. As belonging to one of the most famous Jewish families in Europe, one would have expected it to have suffered. During the German occupation, it was taken over by a *Luftwaffe* general, who, according to M. Felix (Rothschild's master of the home)—he continued to function as a matter of course—behaved impeccably; not only refraining from tampering with the house and its contents himself, but also preventing others from doing so. When I got to know M. Felix better, I asked him how he accounted for the general's good behaviour, he being, after all, a Nazi. His reply was interesting; Hitlers come and go, he said, but Rothschilds go on forever. ...

"To me, there always seemed to be a shadow hanging over the house in the Avenue Marigny, as over the Kremlin—in the one case, of money, in the other of power, though, of course, ultimately, they amount to the same thing, money being a pasteurised form of power." (p.221)

* * * *

Prime Minister Whitlam and many of his colleagues are prepared, in spite of strong Republican sentiments, to make use of the Queen to open the Parliament of the Commonwealth, believing that with a critical Senate Election ahead of them, their image will be improved by being seen with the Queen. D.L.P. Senator Frank McManus has observed "When she (the Queen) was in Canberra a few months ago, no monarchists could get near her at public functions. She was completely blocked off by a solid mass of republican Laborites and their wives." How typical.

* * * *

The widespread international publicity concerning the British crisis has tended to obscure the mounting West German crisis. West German public servants are using the threat of strike action to get increased wages. The problem? Inflation. Chancellor Willy Brandt has, like Prime Minister Heath, called on the West German unions to show "restraint". Wage increases of more than nine per cent will speed inflation says Willy Brandt. Of course they will, under present financial policies. The West German "economic miracle" came to an end a long time ago, just as we predicted many years ago when the superficial insisted that Germany and Japan were pointing the way to the solution of finance-economic problems.