

THE NEW TIMES

Registered for posting as a Publication — Category "B"

\$7.00 per annum post-free.

Box 1052J G.P.O., Melbourne.

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

Vol. 42, No. 6

JUNE 1977

ADVANCING INTO A NEW BARBARISM

By Eric D. Butler

As the twentieth century dawned it appeared to many that mankind stood on the eve of an expansion of a Civilisation surpassing all past Golden Ages. Europe had known comparative stability since the end of the Napoleonic Wars. The Austro-Hungarian Empire made possible the development in Austria in particular of a new high water mark in Western Christian culture. The British Empire was at the peak of its influence, and while the British were not universally loved, they were respected for the law and order, which prevailed internationally under the Union Jack. The British Dominions provided scope for the outlet of the energies of those seeking greater scope for their initiatives. The deep wounds of the American Civil War were healing and the basis established for a massive application of the industrial revolution to the nation's vast natural resources.

By the end of the nineteenth century it was true to say that Western man's productive ability was such that the age-old spectre of famine and poverty had been abolished, and that expanding leisure and freedom, based upon economic security, was possible for all. But beneath the surface of what appeared a most encouraging prospect, there were those who dreamed of how the very technology, which offered so much to the expansion of Civilisation, could be used to implement an idea as old as man — a Utopian World State. A developing technology required far greater new financial credits than had less sophisticated production systems. Those who had developed and mastered the technique of creating financial credit as a debt against real credit — productive capacity — were in the position to play a decisive role in the affairs of men and nations.

The first Henry Ford, whose writings indicate some understanding of how power can be exercised through control of money, observed that most history is "bunk". Most of what passes as history deserves Henry Ford's description. It describes, often inaccurately, events without examining underlying causes. No realistic history is possible without a thorough examination of the role of centralised financial power. When the prestigious liberal historian, Dr. Carroll Quigley, dealt with the link between the credit monopolists and revolutionary movements, he touched such a "live wire" that, much to his astonishment, his massive history, *Tragedy and Hope*, suddenly became hard to obtain once his work started to be publicised. In his excellent booklet, *A Time To Speak*, South African writer Ivor Benson shows how three outstanding men in their own fields, Dr. Quigley, historian, Mr. C. Gordon Tether, leading English financial journalist, and Dr. Antony Sutton, international expert on modern technology, all suffered the same fate when they started examining the

link between the Money Power and revolution. They were given the "silent treatment." It is conceivable that the famous Prime Minister of Great Britain, Benjamin Disraeli, used the novel as a safe medium for revealing his own knowledge of the relationship between the credit monopolists and revolution.

William Cobbett was one of the greatest Englishmen of last century. Not only did he possess the sturdy common sense of the English countryman, and become a self-taught master of magnificent English prose, but he also was a close student of the destructive force of the Money Power. His *Rural Rides* present a realistic picture of the beginning of the destruction of the English countryside by the debt system. Cobbett boldly attacked Jewish influences. He correctly diagnosed the inevitable effects of a debt system, which would eventually bring the British to their knees. Cobbett's voice was thundering throughout Great Britain at a time when the then obscure Karl Marx was scribbling away in the London Museum. Few today have even heard of Cobbett, while Marx is honoured internationally by those tearing at the very vitals of Civilisation.

C. H. Douglas was much more precise in his examination of how the credit monopolists were exploiting the major defect in the finance-economic system to force increasing centralisation upon the peoples of the whole world. He put forward realistic proposals for correcting the defect. But as he observed, there was an unholy alliance between some of the wealthiest men in the world with the political scum of the world in order to prevent that defect from being corrected. Douglas's ideas were met by the perversion of British economist J. M. Keynes. Credit power was used to make Keynes "famous" while Douglas joined the list of those given the "silent treatment".

The striving for progressive centralisation of power through banking organisations, which have also become progressively centralised, on an international scale, has made the break up of Civilisation as inevitable as the sunrise. Starting with the First World War, mankind has, instead of moving into the beckoning Golden Age, suffered one convulsion after another: The First World War, a type of Civil War in which the cream of European manhood died in millions, saw the establishment of Bolshevism upon the unfortunate Russian people. The Great Depression, starting in 1939, fostered the international expansion of the Communist subversion like a deadly virus. The financing of Hitler, the Second World War, and the rapid expansion of International Communism, were all part of a progress of disintegration of Civilisation. Conflicts in Korea, Vietnam and the Middle East have added to the process. Africa has been plunged back to the charnel house conditions prevailing before the European colonisers came. A West torn internally with disorders all stemming from centralised financial policies, watches apparently helpless while the Soviet uses Cuban client troops in a naked bid for greater power. *At least* 100 million have died since 1917 under the Communist barbarians.

In the short period of the sixty-four years since 1914, an average man's life-time, the years which promised so much, the retreat from Civilisation has been at a faster rate than was the retreat by the Roman Civilisation. In that short period more human beings have been killed in wars and revolutions, died from famine resulting from a break down of orderly government, or have been uprooted from their homelands, than in the previous one thousand years. Mankind is advancing into a new barbarism. As witnessed by the growing violence, the perversion of art, literature and even religion, Civilisation is in a process of accelerating disintegration. Continuing high inflation distorts and destroys like a malignant cancer.

At this late hour there is only one hope that the rot can be halted, and that is that those primarily responsible, the power-maniacs imposing their will through the instrument of centralised finance-economic power, can be effectively exposed and opposed. The one bright aspect of a darkening situation is that the very technology, which has made increasing centralisation of power possible, has also made possible an exposure of the centralisers and their programme through the printed and spoken word. The use of decentralised printing equipment has made possible a rapidly-expanding grass-roots literature,

SPECIAL MELBOURNE MEETING

Melbourne and near-Melbourne supporters, with their friends, will have the opportunity of hearing Mr. Eric Butler report on the Washington World Anti-Communist Conference, his meetings with informed Americans, and an up-to-the-minute assessment of the struggle for the world. Date: Tuesday, June 13. Venue: Loyal Orange Hall, 524 Elizabeth Street. Time: 7.45 p.m. All latest books on display. Ample parking. Make a note of date NOW.

CAN WE FILL THE BASIC FUND?

This is the vital question before the League of Rights as it launches a new massive national campaign — against Sales Tax. Much depends upon this campaign, which it is anticipated will bring a flood of new support for the League. At the beginning of the year the League allocated a specific amount to get this campaign "off the ground". It was allocated as part of the League's ongoing strategy. It **MUST** be provided **NOW** to ensure that adequate paper stocks are paid for and other expenses met.

Normally the appeal for the annual Basic Fund concludes at the end of May. But at this date the Fund was still approximately \$4000 short of the objective of \$45,000. Because of the rapidly deepening crisis, national and international, it has been decided to extend the closing date of the appeal to the end of this month — June. There are enough supporters who have not yet contributed to make good the balance without any trouble.

Adhering to its traditional philosophy of Faith, the League continues to advance its programme confident that enough Australians will find the ways and means to ensure that the programme does not falter through lack of finance. Rush donations in **IMMEDIATELY**. A special statement will be issued in our next issue.

All Northern N.S.W. and Queensland contributions to Mr. Jeremy Lee, Kingstown, via Armidale, N.S.W. 2350. The balance to Box 1052J, G.P.O., Melbourne.

books and magazines, right around what is left of the Free World. When real history is written in the future, it may be clear that the process of re-generation was well under way even when the advance to barbarism appeared to be irresistible. The technology, which can be our salvation, should always be seen as part of that heritage we owe to those who pioneered the discovery of those truths, which are part of total reality. And, as we were assured, it is Truth, which provides the means of freedom.

LEGACIES

Occasionally the Social Credit cause has been assisted by moderate legacies left by supporters. As foreseen by the founder of the Social Credit movement, C H. Douglas, the battle to change the course of history was going to be a long one. Dedication of a high order would be required. Social Credit is a unique movement, stressing the importance of the heritage principle. It has, thanks to its pioneers, become firmly established in the stream of history. Those who wish to help make it possible for the continuation and development of the movement may care to ensure that The Australian League of Rights, 273 Little Collins Street, Melbourne, be mentioned in their wills.

ECONOMISTS LOSING CREDIBILITY

The following editorial appeared in the January 16 edition of *Business Week*. As far as the pretended "expertise" and respectability of economists is concerned, the article hits the nail squarely on the head.

It is a healthy sign that tolerance of the incompetence and hucksterism of the vast majority of professional economists seems to be diminishing.

"Back in 1932, John Maynard Keynes expressed a modest hope for his profession: that 'economists might one day manage to get themselves thought of as humble, competent people on a level with dentists'. The proceedings of the annual meeting of the American Economic Association, held in New York last week, show that today's economists still fall short of Keynes's hopes.

"There was no evidence of either humility or competence at the AEA meeting. Nor did any economist or group of economists offer anything resembling a new idea for addressing the major policy dilemma of the industrial West — the apparent incompatibility of full employment and price stability. Instead, the sessions were dominated by papers seeking to refine methodologies that already have been proven ineffective.

"The acerbic comment of a critic who did not share Keynes's hopes seems painfully apt today. He described economics as the 'niggardly old-maidish science increasingly concerned with arranging and rearranging old furniture'.

"But like their counterparts, the moving men, economists collect money and honours for pushing the furniture around. Salaries are soaring, and a young man who shows signs of promise finds himself with plenty of good job offers.

"It may be that the financial prosperity and intellectual bankruptcy of the profession are both consequences of the general bewilderment that seems to be characteristic of a post-industrial society. The system has become so complex that any accountant or lawyer — or economist — who says he can explain something gets a ready and reverent audience.

"Or it may be that the snake-oil salesman of a generation ago have moved indoors and have begun selling economic analysis instead of elixir.

"Either way, it is time someone in the profession began to do some real thinking."

PROSPERITY THROUGH WAR UNDER PRESENT FINANCE-ECONOMIC RULES

The chairman of the Japanese Iron and Steel Federation and Nippon Steel, Mr. Yoshihiro Inayama recently created a storm by saying that the Japanese economy would not revive without a war somewhere close at hand. Mr. Inayama said, "Thanks to orders from the Korean and Vietnam wars, the Japanese economy was able to overcome depressions and develop well. As there is no war now, however, rapid increase in demand for Japan cannot be

NEW TIMES—JUNE 1978

ANNUAL NATIONAL WEEKEND

To assist country and interstate supporters to make forward plans, we announce that the 1978 National Weekend in Melbourne will start with the Annual "New Times" Dinner on Friday, September 22nd. With sufficient notice, private accommodation can be provided for all those requiring it.

expected."

Although the Japanese business leader later stressed that he was not advocating war, and one of his colleagues said that he had only been half-joking, merely wanting to convey the serious position of the Japanese steel industry, Mr. Inayama was, even if unconsciously, drawing attention to the truth enunciated by C. H. Douglas, that the present finance-economic systems leads to war. The Japanese have discovered that a "favourable balance of trade" does not solve nations basic problems. The Japanese have been criticised for, in essence, being too successful with their export drives. In reality the Japanese have been exporting far more than have imported, thus suffering a national loss of real wealth. Now other nations are telling them they must curb their exports. The plight of the Japanese emphasises the point that under present finance-economic rules there must be growing conflict between the industrialised nations of the world.

FACTS ABOUT CHARTERED BANKING

Readers may be interested in the following information about the Canadian chartered banking system. Most of the data have been taken from the 1977-8 *Fact book* published by the Canadian Banker's Association.

FACT: There are 11-chartered banks in Canada.

FACT: These banks are by far the most important financial institutions in the country.

FACT: Total assets of the banks on May 31, 1977, exceeded \$36 billion, an increase of 400 percent over their level a decade ago.

FACT: The banks have more than 7,200 branches across Canada, many of them occupying the most valuable real estate in the country.

FACT: In 1977 the banks employed 145,379 Canadians directly — and dominated the lives of most of the rest of the population through their credit-creating power.

FACT: Nearly 1½ billion cheques passed through the banks' clearing system last year.

FACT: 71 percent of the banks' Canadian dollar assets consist of loans. These loans are created out of nothing against certain bank deposits.

FACT: The breakdown of total bank loans is as follows: \$31 billion for business, \$18 billion to consumers, \$10 billion for mortgages, \$3 billion for farmers, and \$2 billion for provincial and municipal governments.

FACT: The banks own nearly \$10 billion of federal bonds and treasury bills, \$1 billion of provincial and municipal securities, and \$3.2 billion of corporate securities.

ONE CHEER FOR THE SETTLEMENT

"Wife forced to behead husband." "120 stripped and lashed by terrorists." Rhodesians are more than tired of headlines such as these.

The purpose of the present settlement exercise is to cut the ground from under the terrorists and their worldwide supporters. Can it succeed?

The Rhodesia Christian Group is an organisation of Christian realists, not given to euphoria. We do not believe the vast amount of prayer for Rhodesia will prove in vain. The answer to the question "Can the settlement succeed?" is "By human effort, no. With God's help, and used as an opportunity of reconciliation, yes."

The fact is the world's affairs are never settled, but are permanently in a state of flux. "Here we have no continuing city, but we seek one to come." The settlement that matters supremely is the settlement of the soul with God. When God is the centre of our lives we can do something about the immediate job He has given us in our earthly country. This is to secure such practical arrangements that the Gospel can continue to be taught and lived. All other freedoms flow from this.

HUMANLY INSUPERABLE

Humanly speaking, the problems are still insuperable. For it is not just a question of happily agreeing among ourselves. We have shown repeatedly that we can do that. We could do it far better if left alone. Ordinary Rhodesians of all races get on well with one another: they fight as comrades in the present war. This is not the difficulty.

Physically, however, Rhodesia is in the front line of the resistance to world communist domination. And atheistic communism, the destroyer of all freedom and religion, is in cahoots with — and as a system is evidently approved by — vast international moneyed interests prepared to cooperate with it in the search for ever greater profits. Rhodesia is a very small pawn on the board, and the issues canvassed publicly are mostly either smokescreens or sideshows.

In the Johannesburg *Sunday Times* of September 11, 1977, Ken Owen wrote: "The American ambassador to the UN has announced to the world that the US will 'squeeze' South Africa until it forces Mr. Ian Smith to yield . . . The general idea seems to be that South Africa must cut off Mr. Smith's oil supplies, or the Western powers will cut off South Africa's oil supplies."

Be this as it may, we in Rhodesia are certainly the victims of a cynical political game in which the US administration is involved and which (in spite of the public claptrap) has nothing to do with the wishes or welfare of the ordinary people of Southern Africa. In an interview with the *New York Times* (February 25) our Prime Minister said of the Rhodesian "volte face": "Don't let me pretend that I welcome this, that I wanted this. Unfortunately, I have no option. It has been made clear to me that 'even our friends in this world' would abandon Rho-

desia unless the undertaking to transfer power was given."

Rhodesia has been told to walk the plank. Deftly slipping off the blindfold we have had to make a jump for a raft.

The Rhodesia Christian Group cannot pronounce on questions of political necessity, so I merely express a view. It seems to me that Mr. Smith has, with remarkable skill, retreated in such a way that the contenders for power have an interest in working together within the country and that the Marxist "Patriotic Front" is out in the cold until it lays down its arms. Hence the chagrin of the world leaders who would ditch the settlement if they could but who, for once, are up against the residual commonsense of mankind. We have not got what we wanted: but neither have we prayed in vain.

One cheer (I would say) for the settlement. Three cheers for those who — if I may change my metaphor — have salvaged enough from the wreck to build a lifeboat.

HOW THE EVIL ONE HAS WORKED

The Rhodesian problem is not itself complex. The 1961 Constitution, signed by all the negotiating parties including the black nationalists, provided for progressive black representation. Joshua Nkomo went to London and reneged: the British government refused the independence granted to more backward countries. In 1964 Rhodesia asked for independence on this Constitution and was refused. Hence UDI and the conservative reaction. The reaction was overdone, but it saved us from becoming another Angola or Mozambique, preserved some approximation to Christian civilisation and provided the freedom to preach and practise the Gospel so conspicuously absent in Marxist states.

The intercontinental secular and ecclesiastical hullabaloo, the involvement of UNO and the fiendish persecution of "sanctions" had not the remotest connection with any consideration of morality. The heinous evils of communist tyranny were virtually ignored. Britain's famous "principles" applied only to Rhodesia. Two million Christian Biafrans were sacrificed for Nigerian oil. What had happened was that one tiny state had made a stand and thwarted the international planners. That state still sits on most of the highly strategic chrome the superpowers want. It is still part of a Southern Africa, which commands the vital Cape sea route. It has to be crushed. What happens to people, including the Black Nationalist leaders, is not, to the planners, of the smallest consequence. Such are the machinations of the rulers of the darkness of this world. But there is still God.

The howling of wolves is now chiefly directed at South

Africa, Rhodesia being thought practically out of the way and the communist saddle across Africa virtually complete. But Rhodesia is *not* out of the way, and the present opportunity must be used to ensure that it never is. The settlement plan could even prove a victory. If the opportunity of co-operation is seized, Britain is going to have to concede what was demanded in 1961: a responsible government with a place for whites.

RHODESIA UNDEFEATED STILL

The settlement plan is what the politicians call a "package". It is the best that their human effort, supported by our poor prayers, has been able to achieve in the teeth of a worldwide-fabricated hostility. But the tide is turning. The message comes from every corner of the globe: "Hold on". Let us then try to make the agreement work. Let us seize the opportunity of reconciliation. White and black have the chance to work together, and of course either black or white — especially the leaders — can wreck the whole thing and play right into the hands of the enemy. But there are enough Christians and men of good will to ensure that this does not occur — to see that the spirit of co-operation, which has prevailed recently continues into the future. If this happens, the internationalists - - the manipulators intent on the destruction of all small nations, all independence and sovereignty — will be thwarted: as Rhodesia, with God's aid, has thwarted them before. We shall give hope to mankind. Perhaps we have a year to make the vision a reality.

So this is not the time to pack our bags for supposedly greener pastures, leaving in the lurch countless courageous people of all races. Give the moderate blacks a chance. Give practical Christianity a chance. If *the blacks throw the opportunity of sharing back into the teeth of the white that is the time the whites would face a decision — and the blacks the Marxist holocaust*. But there could be no greater folly than selfishly to precipitate the tragedy that has been so skilfully averted.

In this new adventure, on which so much depends, the RACG has a more vital part to play than ever. Humanly speaking we face, as yet, neither success nor defeat. But why speak only humanly? The ultimate victory is not here anyway. This is the place of struggle. It has never been anything else, and never will be.

"Some put their trust in chariots, and some in horses: but we will remember the name of the Lord our God."

To those of you beyond our borders I would add: Pray for Rhodesia and work for Rhodesia. Write to your MP or Congressman or use whatever influence you have to stop the persecution. Give no rest to your church leaders, brainwashed by the World Council of Churches, until they face the facts and back peace instead of butchery. And whether you live in Rhodesia or beyond make real sacrifices and give practical help to our Group. The world's ultimate choice — not just Rhodesia's — is between Christ and the slavery of communism. We stand for Christ.

THE COMPENSATED PRICE —THE SOCIAL CREDIT ANSWER TO INFLATION

By Robert Klinck

From the Canadian Social Credit journal "Regards" (Feb. '78) we take this article on the Compensated Prime (Australian Social Crediters know it better as the Just Price).

The Question and Answer lay-out of the article will assist many newer readers to gain a grasp of this price mechanism which was outlined by C. H. Douglas in many of his writings. The article follows:

MOST CANADIANS HAVE BY NOW HEARD THE EXPRESSION "COMPENSATED PRICE" AS USED BY SOCIAL CREDITERS. HOWEVER, FEW UNDERSTAND THE IDEA IT EMBODIES. WE BELIEVE THAT THE FOLLOWING QUESTIONS AND ANSWERS PROVIDE AN EASILY UNDERSTOOD EXPLANATION OF THIS BASIC SOCIAL CREDIT PROPOSAL.

Q. What is this strange animal you call "the Compensated Price"?

A. It is simply a measure to make prices reflect the real economic situation in the country. The reality is that, if production is easy and abundant, prices should be at a level allowing consumption to be easy, as well.

Q. But what is wrong with the present price structure?

A. It leads to economic bottlenecks because prices are too high in comparison with incomes. The lack of balance between what is available for sale and what people have

the means of buy results in waste and unnecessary economic insecurity.

Q. Just hold on! Prices may be high, but incomes are going up, too. How can you be sure that (as you say) the former are "too high" for the latter?

A. Well, the evidence to back the statement is not hard to find. You will surely admit that, if you have money, you can easily obtain whatever you want in our economy — from a good lunch to a new house. And the fact that companies do everything possible to attract customers certainly suggests that businesses see themselves as competing for a limited amount of buying power in the hands of the public.

Q. This seems to be true; but appearances can be deceiving.

A. Indeed they can. However, in this case the appearances correspond with scientific deduction. After all, consider how prices are determined: they are built up by

accumulating costs, with a profit being added to the total of these costs. In other words, costs are a part of prices. But incomes paid out to individuals are only a part of costs, there being non-income costs, such as depreciation and bank charges, as well. If you agree that a part is less than the whole, you will readily see that total prices must always exceed total incomes over any given period.

Q. The argument seems sound — but it must be wrong. If the economy were always producing more goods than the people could buy, enormous surpluses would be evident everywhere.

A. Very true — and surpluses do exist, though, as you say, not on the scale one would expect. However, the fact that the system does limp along without breaking down completely does not prove that after all, incomes are really adequate to purchase most production after all, because people are increasingly mortgaging their future income in order to buy goods that are already on the market. The gigantic growth of debt is the financial representation of the shortfall of incomes in comparison with prices. Taken together right now, consumers and producers are in debt for about \$70 billion, and this debt is growing much faster than the economy.

If surpluses are not accumulating, debt must be. This is the way the system works.

Q. If it gets the job done, what is wrong with it?

A. In the first place, it is not getting the job done. One can point to dozens of cases where production is adequate, but the goods are not getting over to consumers.

Secondly, the failure of the system must increase with time, because, as more and more current income goes to repay debts, less and less is available to buy the goods coming onto the market.

Finally, a system built upon debt has some highly objectionable features, such as enslavement of the individual to the moneylender.

Q. If I understand well, you are suggesting that the economy is in a kind of self-perpetuating debt snare.

A. That is a fair description of the situation. We must plunge ever more deeply into debt because existing claims on current income are growing all the time. One aspect of this is purely financial: you can only get more desperately entangled in debt by trying to borrow your way out of debt. Another aspect has a physical basis: as the productive system becomes increasingly automated, depreciation charges constitute a growing percentage of industrial costs, and incomes diminish in comparison with these charges. The result is that the gap between income-distribution and price-generation in the economy widens, and more debt than ever is needed to bridge it.

Q. And the Compensated Price is designed to correct this situation?

A. Exactly. The Compensated Price would close the gap, allowing consumers to buy the goods available for sale within the country without having to mortgage their future

income.

Q. You seem to have identified a genuine problem. Let's hear what you propose in the way of a solution.

A. We have established that the price that the consumer is asked to pay at present is beyond his means of paying. If we want to enable him to meet current expenses with current income, we are going to have to set prices lower than their present levels.

Q. I am sure that producers and merchants would object to that! As it is, many are going bankrupt, and others are just surviving in business, because prices are too low. At least, so they say.

A. How can a price be too high and too low at the same time? This is the great riddle of our time. The answer is to be found in faulty means of distribution. If you solve this defect, a price satisfactory to all parties can be determined — but not before.

The Compensated Price would benefit everybody by making the economy function more responsively and smoothly.

Q. Quick, tell me how this miracle would be brought about. And afterwards you can tell me about your plans for extracting sun beans from cucumbers!

A. I am not surprised by your scepticism. However, do you really believe that Canadians as individuals are enjoying anything like the good life that we could have with our tremendous natural, human, and technological resources? If not, are you prepared to give serious consideration to proposals for improving the performance of the economy?

Q. All right, go ahead! I'm all ears!

A. The compensated price would work as follows. Prices to consumers would be discounted by a certain percentage by retailers; and the latter, upon submitting proof that the sales had been made, would have a credit advanced to him to make up the difference between the discounted price and the normal selling price.

Q. You've lost me already.

A. Perhaps an example will help. Say that you want to buy a pair of gloves. You go to a haberdasher who has the ones you want. The regular price of the gloves is \$20, but the store has voluntarily registered with the government as participating in the Compensated Price programme. The discount applicable at the time is 25 percent. This means that the haberdasher would charge you \$15 for the \$20 gloves. Your part in the transaction is finished, and you leave the store with \$5 more in your pocket than you would have had without the discount. The haberdasher then sends a voucher showing that the sale has been made at the discount price to the government. The government responds by forwarding a \$5 credit to the seller.

This ends the transaction. You have your gloves at a price that leaves you enough to buy the groceries, and the haberdasher has \$20 (\$15 from you, \$5 from the government) for the gloves, which is the price he needs to charge

to run a viable business.

Q. I see the technique now. You are proposing a kind of sales tax in reverse. But there are many objections to what you propose. For instance, you do not explain why the seller would want to go through an additional step to get his \$20 made up from two sources, when he could have obtained it directly from me.

A. The answer is obvious: because he wants to increase his clientele. More people are going to buy the gloves for \$15 than for \$20.

Q. Fair enough. But what guarantee do you have that the seller will not pretend that his normal price is \$24, charge the buyer \$18 and collect a \$6 from the government? This would thwart your purpose of keeping prices down.

A. Again, the answer is obvious. Merchants agreeing to participate in the Compensated Price programme would have to agree to an upper limit on the profits they could make. The most appropriate form for such a limit would be a fixed percentage of gross turnover.

Of course, companies participating in the scheme would be expected to submit honest accounts. Legal penalties would be imposed on these failing to do so.

Q. Ah ha! Now the truth is coming out. You are proposing a massive bureaucratic scheme with complicated bookkeeping and all kinds of government interference in business.

A. With all due respect, that is a description of the present situation, not the one our price discount measure would create. The Compensated Price proposal is a lot simpler than you think. Business would have no more bookkeeping or form filling to do than at present. As for bureaucratic interference, this is created when a system is not working properly. The disparity between incomes and production in the present system has generated so many problems that government has its hand in every pie trying to straighten them out. A system that got the production over to the people smoothly would permit the elimination of thousands of these petty, irritating involvements by government in our lives.

Furthermore, the thing would be voluntary. Any seller who did not want to register would be free to carry on as he is doing at present and buyers who do not want discounted prices would be free to patronize non-participating stores.

Q. But the government would be dictating the prices charged by the participants. This means the end of the free market

A. I am afraid that you are talking about something that is largely a myth. The free market is thought of as the place where buyer and seller meet to negotiate the price at which one will agree to buy and the other to sell. A certain leeway in price determination exists, but it has little to do with a free market. The seller is not free to negotiate a price lower than his costs. The buyer is not free

to negotiate a price higher than his means of paying, which we have already seen to be chronically insufficient.

Furthermore, the market operates within constraints imposed by the banks as they pursue alternately "loose" and "tight" money policies. When money is "loose", prices rise; when it is "tight", they fall. It is plainly false that free individuals negotiating in the market are determining these price variations. The controller is the banker tinkering with the money supply.

It need hardly be added that the fact that the banks have a monopoly on the creation of money, which they loan out at their own discretion, makes a mockery of any notion that a free market operates at the present time.

Q. But how can you possibly dictate a percentage of profit for every participating company that will meet its individual requirements?

A. Many companies already do this for themselves as an administrative convenience. They simply add a standard percentage onto their wholesale prices. The percentage varies according to the nature of the business, but reasonable levels could be established within which the various categories of business could operate fairly.

If you think about the matter a minute, you will see that this upper limit on prices is essential. Our goals are to bring consumer-buying power up to the level of producing power. But if sellers merely see the increase in consumer buying power as a means of realizing short-term windfall profits, and raise their prices to strip the consumer of his new buying power, the basic income distribution flaw will not be corrected.

Q. But the competitive nature of the present system would be lost

A. Again, this is not so. We are placing an upper limit on gross profit on turnover. We are not fixing individual prices. There is nothing to prevent a merchant from selling his items to make a lower gross profit. There is nothing to prevent him from changing the relative prices of the various goods he sells. This flexibility would exist, so that the producing system would be both responsive to consumer requirements and competitive within itself.

In fact, the system we advocate would stimulate a good deal more healthy competition than the present system. As things stand, the man with a bright idea but poor public relations with his banker will lose out to the man with a mediocre idea but first-rate public relations with his banker. By putting more purchasing power at the disposal of the individual, we make him the arbiter of where more of the financial resources of the country will go. This means that sellers will be competing more for the dollars of the consumers than the favour of the bankers — a change for the better in every way.

Q. I perceive that you can squirrel your way of an objection very well. But I have one argument that reduces your whole scheme to nonsense. You say that the rebate on prices will be paid by the government. But where is the government to get the money from, if not the very con-

sumers who are benefiting from reduced prices. Your scheme may be putting money into the people's hands at one end, but it takes it back in the form of taxes at the other end.

A. This is a very important matter, indeed. However, the money to pay the rebates on the Compensated Price would not be taken out of taxes. We want to increase consumer-buying capacity; but there is no way this can be done merely by redistributing, through tax policy, incomes, which are collectively insufficient in the first place.

The rebates would be drawn on a National Credit Account from which credit could be issued based on the real wealth of the country.

Q. The rebates would consist of new credit?

A. Yes.

Q. And where would you get this new credit from?

A. From the same place that new credit comes from every day at present. The banks are, from day to day, continually expanding the money supply by issuing credit against the productivity, actual and potential, of the country. New credit would be drawn from the National Credit Account in exactly the same way that, today, it can be drawn from a deposit account created when a bank issues a loan to a client.

Q. Don't you know that increasing the money supply causes inflation?

A Inflation is caused by issuing new money in a way that adds to industrial costs — for example, in government make-work programmes which produce nothing or whose production nobody wants. The Compensated Price would not create costs: it would cancel outstanding costs. Furthermore, it would only be issued on condition that prices to consumers were reduced, which is the opposite of inflation.

Q. You seem to have an answer for everything. But you still cannot expect people to place their faith in an untried and unproven measure.

A. Would you have them place their faith in all the measures being tried at present, whose long history is littered with nothing but failure? Besides, we have vast experience of the effects of discounting prices. It does work. Subsidization kept prices down in Britain, Canada, and Australia during the Second World War, when inflationary pressures were tremendous. In the case of Britain, subsidies continued to be applied to foodstuffs after the war ended, resulting in the low food prices for which the country was known until its entry into the Common Market.

If you have ever bought anything on sale in a store you have benefited from a kind of Compensated Price, the only difference being that the merchant, rather than the National Credit Account, paid the price subsidy.

Q. If the proposal were as promising as you say, why

"CENSORED HISTORY"

By Eric D. Butler

This compact background introduction to the Middle East crisis and the conspiracy against traditional civilisation has been widely recommended internationally. Essential reading. Price: 80 cents.

haven't our government and economic leaders already pat it in force?

A. They have — for themselves. For many of their expenses, members of Parliament receive 100 percent, compensation. The Compensated Price is in effect in the Parliamentary restaurants and cafeterias in Ottawa, where the popularity of low food prices is acknowledged daily by the M.P.'s and staff who eat there.

The problem is to get elected representatives to extend the privileges they enjoy to the rest of the population. A conflict of interest exists between government and finance, on the one hand, and the ordinary consumer on the other hand. The bankers and bureaucrats want to decide economic and political policy; but the application of the Compensated Price would shift a tremendous amount of financial clout out of their control and into the hands of the population generally. Therefore, despite the enormous merits and practicality of the Compensated Price scheme, strong resistance to it can be found at the top of the economic and political hierarchies. The bosses (many of them at least) are afraid of being "demoted" to the status of servants of the public. Consequently, the pressure to extend the great advantages of the Compensated Price to all Canadians, instead of the privileged few will have to be exerted from the bottom, by the people as a whole.

Success in forcing the application of the Compensated Price would lead to a new economic climate in which personal freedom, initiative, and economic security would be enhanced everywhere in the country.

"YOUTH AND UNEMPLOYMENT"

This is the theme of this year's National Annual League of Rights Seminar. No topic could be more important as every day brings fresh evidence of the worldwide tragedy of growing numbers of young people unable to find a place in a productive system operated increasingly by automative machines powered by solar energy. This Seminar is designed to reach Australia's youth with a constructive answer to their problems; to show them a vision of what the future could hold for them. The Seminar will be in Melbourne on Saturday, September 23, following the Annual "New Times" Dinner on Friday, September 22. All Australian supporters should make a note of the dates now.