

THE NEW TIMES

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

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DESTRUCTION VIA INFLATION

In his first work, "Economic Democracy", C. H. Douglas warned that all attempts to operate the finance-economic system under orthodox conventions must, amongst a number of disastrous results, produce a continuous inflation.

The controllers of financial policy clearly realise that the type of Draconian anti-inflation methods of the Great Depression would, if repeated, produce a major electoral backlash. Thus the introduction of the Welfare State and the use of inflation as a more subtle means of driving mankind into accepting increasing centralisation of all power.

The following paper by Mr. Jeremy Lee, National Secretary of the Australian Institute of Economic Democracy, given at the Douglas Centenary Seminar in Melbourne last September, shows how the inflation issue is the basic problem now threatening to produce a complete collapse of Civilisation.

1. A Perspective: To begin with, a number of points should be bluntly made:
 - (a) Inflation now presents the greatest danger in all economies of the Western World.
 - (b) Inflationary periods in history can be seen in retrospect to have been the result of bad government, and have been followed by a loss of personal freedom from a number of causes — collapse of the rule of law, suspension of individual liberties in favour of some form of totalitarianism, dislocation of the productive system, destruction of the middle class, abuse of private property and individual enterprise.
 - (c) Inflation — whether 'controlled' as in recent years, or uncontrolled as at present, is ethically and morally indefensible.
 - (d) It is inflation and its symptoms, rather than free enterprise, which is the mid-wife of monopoly, creating financial despotism and widespread poverty at one and the same time.
 - (e) Inflation is least understood by the average economist.
 - (f) Inflation, far from being an insoluble problem, is a deliberate political policy, and cannot be halted until this fact is understood.
 - (g) Inflation CAN be halted WITHOUT widespread hardship, deliberate unemployment, squeezes, controls and the centralisation of power.
 - (h) Inflation can neither be intelligently discussed, nor realistically comprehended, unless in the context of three attendant and inter-related factors - money supply, taxation and debt.

HISTORICAL EXAMPLES:

The gradual collapse of the Roman Empire was at-

tended by very similar symptoms to those apparent in western societies — the centralisation of power, a resulting, growth in government bureaucracy leading to ever-increasing taxation, the decimation of the rural population with a consequent concentration of people into cities, a youth revolt and, believe it or not, a major drug problem amongst young people. Through all this, inflation persisted and finally accelerated.

R. A. Bauman of the Department of History at the University of Sydney, writing in the *Australian Financial Review* of July 31 1973, said: ". . . A few facts about the economic crisis of the Roman Empire may serve as a suitable introduction to a vast and erudite field. The crisis is most readily seen in the sad story of the denarius, the standard silver coin. Originally solid silver of 1/72 of a Roman pound in weight, this coin maintained itself well until the inflationary spiral, which began in the mid first century A.D. The first revaluation was made by Nero, who reduced the weight to 1/96 of a pound. The cautious monetary policy of the Flaseians brought temporary stabilisation, but in the second century the free-spending "senatorial" emperors presided over a rapid decline, until by the end of the century the denarius was a mixture of silver and copper with a silver content of 1/280th of a pound. By the mid-third century it was a copper coin with a thin wash of silver, and within a few years even this pretence of real money disappeared when Aurelian introduced fiduciary money having no 'value' except the sacrosanct imperial signature.

The new money was flatly rejected in Egypt, where brow-beating and threats to make it treason were unable to prevent the old Ptolemaic silver coins from emerging from under mattresses and becoming the local medium of exchange — alongside the gold aureus, of course, but that coin had never been in large scale circulation, and had a somewhat specialised character. Fiduciary money rapid-

ly led to the virtual collapse of the empire's economy.

At the end of the third century, Diocletian brought in his famous edict on prices and wages, but despite the death penalty, goods and services were simply withheld, and the edict soon became a dead letter. An aggravating factor was the government's attitude towards the gold aureus. In the early empire the price of the aureus had been fixed at 25 denarii, and despite all the vicissitudes of the unfortunate denarius since then, the denarius price had been rigorously maintained. The result was, not surprisingly, that such gold coins as were in circulation tended to disappear.

The collapse of Diocletian's edict ushered in the most violent inflationary period of all those troubled years. A modius of wheat, priced by Diocletian at 100 denarii, rose to 6,000 by 335 and to 10,000 by 338, and it was in this period of maximum distress that gold began breaking free of the shackles that had held it down for so long . . ."

(Observers will see a close parallel in the erosion of the United States dollar, the breaking of its official parity with gold in the Smithsonian Agreement, and the current escalation in the price of gold, as the dollar moves into a period of violent inflation and uncertainty.)

In more modern times, the collapse of the German Mark in the Weimar Republic in the early 'twenties highlighted the impact of massive credit creation, spiralling debt and crippling taxation. The Germans, rather than meet wartime expenditure from taxation in 1914, paid for their war almost entirely from loans; whereas Britain raised 20 percent of her war expenses through taxation, the Germans raised only 6 percent of theirs. It was their purpose, as the Imperial Secretary of State pointed out in the Reichstag on August 28th, 1915, when victory had been gained to transfer to their defeated enemies the task of repaying these loans. Thus, in 1910, the German National Debt was 5,013,500,000 marks. In 1920 it was 183,183,195,300 marks -- about four and a half times as great as the total income of the German people. Having lost the war, Germany had to meet these debts herself, together with reparations, under the Treaty of Versailles, of some 225,000 million marks. There was not the faintest chance that Germany could meet this debt bill. In fact she had to increase borrowings to meet interest commitments, plus day-to-day expenditure. The National Debt, which in 1920 stood at 183,183,195,300 marks, had risen by 1923 to 661,075,607,800 marks -- a situation which caused such an internal loss of confidence in Germany that inflation raged completely out of control, until in November 1923, a gold mark was introduced to replace the old paper marks, which had become virtually worthless. In this short period of time, personal savings were wiped out, and large segments of Germany's middle class destroyed.

The inflation of the early 'twenties was followed by the Depression in 1929. From the convulsions in Germany throughout this period, Hitler was subsequently to emerge at the head of the National Socialists. He immediately set about the destruction of the German Federal system.

Power was centralised, the Constitution was discarded, the German Upper House abolished, and the remnants of the independent middle class decimated. The economy, under a "Guns before butter" policy, was geared to large-scale government re-armament.

It was the havoc wrought by the 1923 inflation, which paved the way for the arrival of Hitler in 1933.

The exact nature of that inflation should be stressed. It started with massive debt. More money was created to service that debt. But as that money was "borrowed into existence" it added to the very debt it was created to service. Money creation thus chased debt creation in an irreconcilable fashion. Had a much smaller volume of money been created **WITHOUT** debt, it might have been possible to service the debt in a way, which reduced the burden without threatening law, order and stability.

The Depression threw other western economies into complete stagnation and large-scale unemployment by a banking policy of credit restriction. Many theories have been put forward as the reason for the Depression. The most significant was that of the Chairman of the Midland Bank of England, the Hon. R. McKenna, who said that the Depression had been deliberately engineered.

There is no doubt that, as a result of the Depression, power was given to governments, which previously would have been unthinkable. The New Deal was swept into power in America under Franklin Roosevelt. The financial dogmas of J. M. Keynes were adopted throughout the Free World as a universal "cure-all." Thus we started on the "boom-bust" cycle we have had ever since, with central controls on taxation, bank lending, interest rates, exchange rates and increasing control of investment. These are the weapons by which governments attempt to steer between politically unacceptable inflation on the one hand, and politically unacceptable unemployment on the other. The course has not varied, whether conservative or labour parties were in office. The swing between boom and bust has got bigger. Governments have demanded more and more controls to "regulate" the swing. The strain on constitutional systems designed to prevent the centralisation of power has been increasingly acute and is now becoming intolerable. Small government — particularly local government — has been subjected to heavier and heavier charges, ultimately being taxed along with the rest of the community, as well as being subjected to planning controls which have stifled autonomy in all but name.

But because such measures deal only with effects, the pendulum swing is still increasing, and now produces inflation and unemployment simultaneously. Economists have dealt with this new phenomenon by the simple expedient of coining new words to describe it, while failing to offer any means of altering course. Thus, such gems as "slumpflation" and "stagflation" are monuments to the irrelevance of economic dogmas, in the harsh realities of the real world.

ETHICAL AND MORAL CONSIDERATIONS

While a decreasing number of commentators tell us

we have to "learn to live with inflation", it is in reality morally indefensible. The Institute of Public Affairs recently published a good summary of the evils of inflation:

"(1) Everybody's income doesn't increase as much as prices. In fact the effect of inflation is to redistribute incomes quite arbitrarily. Older, retired people are severely penalised . . . Highly organised workers can protect themselves better than the less powerful or organised groups. Speculators tend to benefit by comparison with those who do the real work of the community.

(2) Inflation tends to undermine a proper moral approach to business transactions. Borrowers pay back less than the real amount of the debts they incur.

(3) As costs and prices rise, exports and industries competing with imports are penalised. The former depend on world prices for their products, and every increase in costs tends to weaken their position".

Wherever a responsible examination has been undertaken of the social consequences of inflation, the conclusion has been one of condemnation. Many Church bodies, both catholic and protestant, have condemned inflation as immoral. The Church of England, for example, at its 1960 Melbourne Synod, carried the following resolution: "That whereas the current policy of "controlled inflation" progressively robs large numbers of people of the value of their various savings, and that whereas this policy bears heaviest upon pensioners, superannuated people and like sections of the community least capable of defending themselves economically, that this Synod considers inflation to be unjust, contrary to right order in society, and that the Federal and State Governments be informed of this resolution".

INFLATION AS A POLITICAL WEAPON

While Church organisations and many leaders have condemned inflation, others have seen it as a valuable political weapon, and one to be fostered. Only a brief reference can be made here to an aspect, which deserves a paper on its own.

Karl Marx, the father of Communism, in his Manifesto, described ten points, the introduction of which could subvert a free enterprise economy in favour of communism. They were all concerned with industry, production, distribution and exchange — apart from one, which stressed the necessity of State control of all education. Among those points were two, which dealt specifically with finance. They were:

- (a) The introduction of heavy progressive income tax.
- (b) A complete State monopoly on the issue of all credit and money.

Keynes, ostensibly a non-socialist economist — although there is considerable evidence to suggest otherwise — introduced financial policies embodying these two Marxist proposals. It was Keynes's hand that the emphasis on "Reserve Banks" and "controlled inflation" was made respectable.

John Strachey, the one-time communist and ardent

Fabian who became Chancellor of the Exchequer in the Attlee Government in Britain, described inflation as "an inevitable step in the RIGHT direction". He pointed out that a society whose currency is being debauched by inflation has no recourse but to accept more and more government controls as a means of solving the problems caused in the process.

The natural extension of such financial determinism is from national economies to international economies. The establishment of a world reserve bank is no longer science fiction.

THE POST WAR PERIOD

The boom, which inevitably follows war — resulting from the incentives incurred in the rebuilding of destroyed productive capacity and capital equipment — lasted but a brief few years. Within less than a decade the war, in physical terms, might never have been. We were soon back on the "boom-bust" cycle, but were assured that the genius of Keynes would circumvent any future Depression. Central controls would "iron out" the fluctuations. That it also inevitably centralised power and ownership was, it was assumed, a small price. The socialists lost no time in blaming the gradual dislocation produced by what were, after all, their own policies, on the dreaded capitalist system.

Slowly at first, but with increasing intensity, every nation accumulated a system of escalating debt, mounting taxation and a rising aggregate of cash and credit, all of which was lent into existence, costed into the price structure, with the result that purchasing power lagged behind prices. Wage increases and price increases only added to the problem, but were the only avenues by which the individual could counter the impact. If he was successful,

"RELEASING REALITY" SOCIAL CREDIT AND THE KINGDOM OF GOD

By Eric D. Butler

The main edition of this brilliant synthesis of Douglas's teachings, launched at the Douglas Centenary Dinner 1979, is now available. After presenting an absorbing picture of Douglas's background, which removes many false conceptions, the author deals with Douglas's contribution towards an understanding of organisation, economic democracy, political democracy, and constitutionalism. Leading on from the chapter on "Social Credit and The Jewish Question", the author then moves to the stress Douglas placed upon "practical Christianity" as the only hope for a re-generated civilisation. Perhaps the most valuable chapter in this work is the final one, "A Realistic Spiritual Revival", with the stress on the divine spirit within each individual, and how it can be developed. Increasing numbers are going to be studying Douglas as a result of this work.

Price \$1.75 posted.

it was inevitably at someone else's expense.

In the same way, nations could mitigate the most drastic effects by increased exports — leading to cutthroat export wars, exchange rate manipulation and protectionism, in pursuit of the 'favourable balance of trade'.

So great was the accumulated burden of debt, and the effects of international friction, that in 1974 the United Nations moved for a New International Economic Order. It provided for a World Central Bank; a new international reserve money, to be the exclusive reserve of that bank; and international control of primary production through the Integrated Programme for Commodities.

Here was Keynes and Marx on a grand scale. With global monopolies in the fields of banking, credit, food-stuffs, fibres and minerals, the crisis caused by Marxist financial policies was used to justify the final Marxist goal — world control.

This Orwellian nightmare is in the final stages of erection. The I.P.C. is due for ratification toward the end of 1979. As the United States dollar moves towards collapse, the International Monetary Fund (World Central Bank in embryo) has established a "substitution account" to "neutralise" dollars, replacing them with Special Drawing Rights, commonly called "paper gold" the embryonic world money system almost upon us.

That this has been achieved in the midst of the greatest production the world has ever seen is a tribute to the patience of the Marxists, and the blind stupidity of the West. The 1978-79 world grain harvest produced over a tonne of grain for every living person on earth — an achievement completely unnoticed in the gloomy predictions of world starvation, which might eventuate unless the United Nations took over.

The world's debt, on the other hand, has increased at a much faster rate than production. World debt knows no boundaries. It strikes at both West and East.

Eastern Europe's debt in 1970 was \$22,000 million. Within 7 years this had increased to \$50,000 million.

Third World debt in 1970 was \$74,000 million. Within 7 years this had increased to \$244,000 million.

The blame for this debt is levelled at the West — the hated Capitalists. Conveniently, the staggering debt of the West itself is ignored. The National Debt of the United States -- **ONLY TEN PERCENT OF TOTAL FEDERAL INDEBTEDNESS** — is \$700,000 million dollars. Britain, Canada, Australia, New Zealand and all western economies stagger from year to year under a debt system that is the biggest factor for both individual and government alike — but which is **NEVER MENTIONED** in the bizarre semantics now substituting for intelligent economic rationale.

Because of unpayable debt, taxes go up.

Because taxes go up, wage demands increase.

Because wages and taxes go up, industrial costs escalate.

To meet industrial costs, more money is borrowed — and so the never-ending saga continues.

BASIC FUND LAGGING

We had hoped that by this time at least half of the 1979-80 Basic Fund of \$45,000 would have been pledged or actually donated. But as we go to press the Fund stands only at a little in excess of \$19,000. And this has been provided by a small minority of supporters. With the momentous challenge of the 80s coming up, a challenge, which will produce a reaction deciding the fate of Civilisation for a long time to come, the League dare not falter. We see the next five years as perhaps the most critical of this convulsed century. Can we have a concerted response from the great majority yet to contribute, from a few dollars upwards? Queensland and Northern N.S.W. contributions to Mr. Jeremy Lee, Ravensbourne, Queensland, W.A. contributions to P.O. Box 16, Inglewood, W.A. 6052. The balance to Box 1052J, G.P.O., Melbourne. A firm pledge for a contribution before the end of May will be appreciated.

The whole process necessitates the creation of new money — always lent into existence, so that the whole process continues on the seemingly inevitable road to disaster.

What the Marxist is pleased to call "the crisis of Capitalism" is in reality the "crisis of the debt system".

Could it be reversed? Yes, indeed. It is not a question of confusion, but a battle over policy.

What is required is a means of increasing purchasing power at a rate conducive with productive capacity.

If freedom is to be preserved, such purchasing power must be given to individuals, not governments or monopolies.

The way this could be done has been known since 1918, and has been accurately described in the policy known as Social Credit. Although attempts have been made to pervert, misconstrue and denigrate Social Credit by its opponents, it offers the only alternative to disaster.

STATE SECRETS

by Comte Leon de Poncins.

The distinguished French scholar and authority on subversion, penetrates to the heart of the colossal work of destruction of Western Civilisation. By reference to generally unknown documents of unimpeachable authenticity — Her Majesty's Stationery Office and the U.S.A. Government Printing Office, for example — the reader is made aware of a mysterious international power, which has operated, within the innermost sanctuaries of the Western Powers. The author does little speculation, adopting the rigorous discipline of the true scholar by focusing the reader's attention on established facts of unquestionable authenticity. Indexed. Highly recommended as a source work for those who want to understand what Poncins has described as "the secret forces behind world revolution. Price \$3.45.

BEHIND THE RHODESIAN DRAMA

By Dr. Ian Anderson

The following article, written late last year by a Rhodesian who has commented on the Rhodesian situation over many years, seeks to provide an answer to questions, which are just as relevant now as they have been in the past.

Exactly who is knocking down rail and road bridges in Zambia is a matter of speculation at present. The world's press seems to have presumed that the sabotage is being carried out by the Zimbabwe-Rhodesian Security Forces, but this has not been admitted by the ZR Government. In a press interview on ZRTV on November 22nd, the Prime Minister, Bishop Muzorewa, offered several ingenious alternatives, prevaricated and skirted round the question, but neither confirmed nor denied the allegation of his government's involvement; and, as Disraeli is reported to have said, "Never believe anything until it is officially denied".

It is also rather puzzling as to why, at this late stage in the war against ZR, such retaliatory action is being taken against Zambia, which, in spite of its overt hostility going far back beyond UDI in 1965, has hitherto been treated with great forbearance by the Rhodesian Government.

It is also not clear why such dire measures are being taken *now* when the doves of peace are at least hovering, even if they have so far refused to roost. One theory is that the measures are designed to hinder the infiltration of Zambian nationals into ZR who, it is known, are being sent here in large quantities to pack the pro-terrorist vote at the forthcoming general election. This is one of the weaknesses and dangers of unregistered voters being permitted to take part in what is meant to be an all-ZR general election; this was foreseen and guarded against by the previous Rhodesian Government in the very well organised and fairly conducted election held in April 1979; but it remains to be seen whether the British-appointed Governor and his staff, aliens to the realities of Africa, will be able to carry out an election with the same degree of fairness and efficiency; or whether (as we suspect) loopholes are being specifically made for the country to be handed over to the Patriotic Front with some show of legality.

We are assured that foreign nationals are being dumped back over the border as fast as they arrive, but a certain number must escape the vigilance of our security forces who cannot possibly watch every mile of our extensive borders with Zambia, Botswana and Mozambique. In any case infiltrators do not use road or rail, so damage to these facilities cannot affect the infiltration of agitators, terrorists and would-be voters.

THE QUESTION OF ZAMBIA

Another question which has remained unanswered for 14 years is why steps were not taken pre- and post-UDI to neutralise Zambia as a terrorist base; attacks from Zambia were recorded as early as 1964 — at least a year before UDI.

From a reading of Harold Wilson's memoirs, *The Labour Government 1964-1970* (pages 181 to 183), it is clear that Zambia's vulnerability was early recognised and was a cause of great concern to the British Government.

"Zambia's economy was utterly dependent on Rhodesia: Her electricity supplies came from the Kariba dam and power-station, situated on the south bank of the Zambesi; her coal came from Wankie; much of her food supplies and nearly all her consumer goods came from Rhodesia; her oil was from the Rhodesian refinery; her exports to, and imports from the trans-oceanic world were largely dependent on Rhodesian rail transport to Beira in Portuguese Mozambique. Kenneth Kaunda was acutely conscious of his weakness. His copper mines would stop production if Wankie coal or Kariba current were cut off". (Page 182).

At that time her copper industry depended on a turn of a switch at Kariba power station, which was entirely in Rhodesian hands. Not only would the copper mines come to a standstill but the pumps would cease working and enormous damage be done by flooding. It is easy to see why the Rhodesian Government hesitated to use such drastic sanctions against Zambia, which, although overtly hostile, was not officially at war with Rhodesia. Not only the United Nations but also world opinion would have been severely critical, if not downright aggressive, towards Rhodesia at a time when we were sorely in need of friends and understanding.

But what is not so easily understood is why less drastic but equally effective sanctions were not exercised. It would, for instance, have been quite reasonable to let Zambia know that we could no longer let them have vast quantities of coal, the loss of which would not easily have been replaced except possibly from Zaire; and indeed we may ask what form of payment we received for the vast quantities of coal which must have gone to Zambia.

Wilson's memoirs make it clear that Britain was seriously worried about the threat to Zambia's copper production.

"Britain was utterly dependent on her copper supplies. Had they been cut off, either by the Rhodesians or by a Zambia made sullen by our refusal to use force, we would have had two million unemployed within a matter of months". Although copper is obtainable elsewhere (Chile, Turkey, Philippines, etc.), Zambia was the only country, which did not insist on payment in hard currency, which Britain was sadly lacking at the time. It would not be pitching it too strong to say that the whole of Britain's industry and economy could have been dealt a severe blow if Rhodesia had acted tough over supplies

of coal and power to the Copperbelt. Yet, so far as we know, not even the threat of such action was ever used as a bargaining counter in our dealings with the British Government.

Since then Zambia's economy has declined from bad to worse, mostly from the incompetence of Kaunda and the Zambian Government and its hostility towards Rhodesia which, on the other hand, has been remarkably lenient towards our puny but malignant neighbour.

It was Zambia, not Rhodesia, which closed the border with Rhodesia. Nevertheless supplies of coal and food continued to flow into Zambia. In return Zambia has become a base for one faction of the Patriotic Front and a satellite of the USSR, with the general direction of the war against Rhodesia in the hands of the Soviet Ambassador in Lusaka, Col. V. Solodovnikov. The Zambian Army is quite incapable of standing up to the terrorist forces of the PF which now outnumber and outgun the Zambian Army, as well as being better trained and more efficient. The net is closing in on Kaunda: no wonder his public weeping has become more frequent of late.

RHODESIAN FAILURES

As I have pointed out before, in all our dealings with the British Government, we have allowed the initiative to pass into its hands. We have allowed it to decide the time, the venue, the personnel and the agenda of all subsequent dealings, whether at Tiger', 'Fearless', Pearce Commission, Geneva or Lancaster House. Any general who permits the enemy to decide the ground, the time and the disposal of forces has lost the battle before it is joined: but this is exactly what happened. What was the force that restrained the Rhodesian Government from ever once taking the initiative in its battles with the British Government?

It may have been fear of UN intervention — but I doubt it. It may have been fear of an invasion by British troops, though this fear was early dispelled and had entirely evaporated after May 1966. So what was the force which restrained the Rhodesian Government in 1965 but

which ceased to restrain the Zimbabwe-Rhodesian Government in 1979?

I submit that we must look beyond the obvious and ask: *what force has always dominated policy in both Zambia and Rhodesia?* To this there is only one answer: international finance or, to be more specific, the Anglo-American Corporation. This body would certainly not have approved of the flooding and loss of profits from the destruction of its property in the Zambian copper belt but would not suffer unduly from the destruction of certain bridges in Zambia.

THE WINNER

One thing stands out clearly: that whoever or whatever bodies have suffered from the civil war in Central Africa, Anglo-American has gone from strength to strength in both countries. When, a few years ago, Kaunda announced the nationalism of the banks, copper industry and other going concerns in Zambia, Africa-watchers held their breath and asked, "What will Harry say to that?" As weeks went by and no reaction from Oppenheimer was recorded, slowly the penny dropped: *what does it matter what any Government owns if you own the Government?*

Similarly in Rhodesia Anglo-American, which started as a mining company, slowly spread its tentacles into every facet of commercial and industrial life. Banks, buildings, building societies, businesses, one by one, were absorbed into the international nexus; so that it is correct to say that Anglo-American now owns Rhodesia; that whatever the outcome of the Lancaster House Conference or the general election, whatever government comes to power in 1980, one thing is certain: the Anglo-American Corporation will come out on top and all other considerations are immaterial and irrelevant to the future, not only of Zimbabwe-Rhodesia, but of southern and central Africa.

Unless this central fact is grasped and understood, none of the recent history of southern Africa makes any sense at all.

"PROBLEMS OF PHILOSOPHY AND DISTRIBUTION"

By Robert E. Klinck, M.A.

To most people, the word "philosophy" connotes airy intellectual discussions of no significance to their lives. However, every person is guided through his life by some philosophy or other, and every one of his actions, or policies, is an expression of his philosophy. When you get up in the morning, you are acting under the influence of a philosophy: there are some persons who would say that it is better not to get up at all, and they would thereby be putting forth an alternative philosophical position. When you put on your shoes, you are declaring your philosophy that locomotion by the feet is the preferred technique; but there are some seekers after novelty that would argue, philosophically, that walking on your hands would be better for you.

In other words, philosophy permeates and conditions everything we do or say.

Not surprisingly then, the relationships that men establish between financial and real credit is found, upon examination, to be governed ultimately by philosophical considerations. Thus, means of distributing the immense benefits of the cultural heritage will be found if people believe that they should be found. A major problem that we face at present is that many persons — especially those in positions of power — do not operate on the

assumption that widespread access to the cultural heritage is essentially desirable.

Amazingly large numbers of the victims of this point of view endorse it. They are believers in what might be termed the Principle of Earned Merit Only as the exclusive basis of economic advantage. The fundamental idea of this principle is that no one should enjoy material benefits unless he has worked for them. It finds common

expression in phrases denouncing "something for nothing", "free rides", "free-loaders", etc.

This doctrine that we should have nothing except what we earn by our own efforts is one of the main obstacles to reforms aimed at eliminating the crippling effect that the present financial system has upon the growth of our Social Credit. Moreover, in social relations, it is a poison that assists the controllers of finance to maintain their domination over the policy of the community.

If people are experiencing economic difficulties, the Principle of Earned Merit Only enables them not only to be blamed for their own suffering, but even to be told that their suffering is good for them in that it constitutes an object lesson in rewards and punishments. Few people will believe this argument with regard to themselves, but many will believe it as it applies to others. If you perceive the economic hardship undergone by your fellow man in terms of justice, you may even derive a certain satisfaction from witnessing it, rather than reacting with sympathy or outrage. Indeed, you may become so preoccupied with the notion that people are getting their just desserts, that you may fail to perceive the real causes of their plight - - perhaps that they are too honest to become involved in crooked, but profitable, economic dealings; or too frank to butter up the boss for the sake of promotion; or possessed of fewer connections than a less competent, yet more successful, person; or unemployable because the banks have initiated a tight money policy and provoked a recession. Interestingly, in every period of financial crisis, a barrage of propaganda emanates from financial centres to the effect that people are reaping what they have sown, that they have been living beyond their means, etc.

THE GRAVEST OF SINS

Of course, what makes this propaganda effective on individuals is Spiritual Pride — a phenomenon that, incidentally, in Christian doctrine, is the gravest of sins. When we consider ourselves apart from and better than other persons, we tend to feel that the difficulties of the latter are merely proper accompaniments of their inferiority. "It would do me good to receive a windfall income, but my neighbour would just indulge all his repugnant propensities if he got his hands on some spare cash". How many times have we heard such views expressed. Their logical corollary is that measures should be taken to keep the neighbour's nose to the grindstone (for his own good) -- which is, naturally, exactly what the controllers of the present financial system desire. The phenomenon of Spiritual Pride is, in fact, the central pillar supporting the present unsatisfactory state of affairs. Without its influence, no community would have tolerated the ruinous inconsistencies between reality and finance for a week. It sets man against man; and, while people are preoccupied with these contests, their mutual enemy, the international banker, blissfully carries on his credit-creation racket undisturbed.

The Principle of Earned Merit Only described above is not only poisonous, but perfectly nonsensical to anyone who will give it a few minutes of serious consideration.

If we were to insist strictly that people should have nothing except what they earned, nobody would have anything at all, because we would all be dead. The fact that we have life itself is not due to our efforts, but to an act of giving on the part of our parents, who themselves have received the gift of the power of reproduction. As for our means of sustaining life, sunshine, air, water, and much food are freely available. Our bodies heal themselves when injured. Indeed, the whole force in nature that proliferates life and continuously spills forth abundance is a gift completely independent of human volition. A man may place certain natural factors together in a combination that produces tomatoes, but he cannot claim responsibility for the existence of the factors themselves. It is no human achievement that the planting of a seed yields a hundred fruit.

Man's role in production is that of an organiser, or a kind of catalyst. He can improve the efficiency of associations in nature by combining them in different ways. However, the fact that certain associations — for example, a tomato seed, water, fertile soil, and solar heat - produce certain results has been provided to him absolutely "free of charge".

UNEARNED ADVANTAGE

The same observation holds even with respect to many human insights and inventions. The knowledge that we possess of the utility of the wheel is not due to our own efforts, but to those of some dim ancestor. It has come down to us as a gift, along with the whole basis of our modern technological productive system. In what sense is a person vacuuming his home with electricity from a nuclear power generating complex responsible for the development of the nuclear theory from which he is benefiting? Has he "earned" the use of this utility? If Einstein were the person doing the vacuuming, would he have earned it? His work would have been impossible had he not had precursors who passed their knowledge on to him as a free gift — or had he not had successors who put his theory to practical use. The Principle of Earned Merit Only simply does not correspond with reality. It is a concept imposed upon mankind as a moral judgment. In fact, if any principle seems truly to represent the nature of the universe, it is just that Principle of Something for nothing, or of Unearned Advantage, so abhorrent to those of the Earned Merit Only School.

The adjective "abhorrent" is appropriate, for the conflict between the two philosophies is total and irreconcilable. Those who believe in a universe of Unearned Advantage hold a view consistent with the Christian idea of God being the source of all and showering opportunities on men because of His limitless love. On the other hand, those who believe in Earned Merit Only are in effect proclaiming human independence from God: men earn their possessions by means of their own talents and abilities; they are self-sufficient; what they have varies strictly in accordance with their own merits. Viewed in the context of even the visible forces outside human volition, which operate in the world, this notion of Earned Merit Only is warped and miserable. The best way to

describe it would be as a fantastic "ego trip" in which people who could not sustain their lives for a second without a thousand processes over which they exercise no control farcically declare their complete mastery over their own fate.

Nevertheless, however preposterous the idea, it is abroad, and it shapes policy. The concept of many persons who are commonly regarded as "successful" is more often that "Others should work as hard for anything they get as I work for what I get" than that "Others should have whatever it is possible for them to have". This attitude (which is reinforced by an economic system in which scarcity, and hence exaggerated competition, is maintained by the disparity between finance and reality) explains why such measures as the Compensated Price and the National Dividend* are so long in coming.

If the urge toward abundance in nature were a matter of common experience, as it has been in more rural societies, the hold upon men's minds of the Principle of Earned Merit Only would be weakened. However, there are many children today who have never seen a garden, much less followed through the process in nature by which grains of seed are transformed into food. They are raised in increasingly man-controlled environments in high-rise cities. They have not learned the astounding lesson taught by the growth of a tomato from seed to fruit, but they have seen their parents worried about losing their jobs. They have seen the discomfort of financial insecurity. And engraved on their minds, as a consequence of such experiences, are the Principles of the Primacy of Money and Earned Merit Only.

THE LESSON OF LOTTERIES

Yet, despite such conditioning, dissatisfaction with the latter principle is general. This is proven by the success of lotteries — a success which demonstrates not only that millions of people want out of a system of unrelenting financial security, but also that, at the personal level, the idea of unearned benefits is extremely popular. In fact, most people have probably at some time or other constructed for themselves programs of what they would do if they won The Million. Of course, few do; and the dream of escape through mere chance for the mass of the population becomes a useful tool of those who want to keep them under the flail of continual financial need. Nevertheless, the appeal of lotteries does offer evidence of a widely embraced dream of financial emancipation; and this dream could find a constructive expression if people could be brought to realise that full monetisation of the cultural heritage would be better than winning a lottery, because it would be based on something real, instead of inflation-soluble bank-ledger, debt money.

The Christian belief in a loving God whose gifts flow to His creatures in a constant stream is usually considered only in a spiritual context. However, these gifts have a physical counterpart — namely, the abundance produced by the establishment of proper associations in nature. This,

***For a full discussion of the Compensated Price and National Dividend, the reader is referred to the various works of the late Clifford Hugh Douglas, founder of the Social Credit movement. (Editor).**

rather than the "scarce resources" of the professional economists, is the real basis of economics.

It is also an important basis for the extension of Social Credit, "the belief people have that they can obtain what they want through association".

One wonders what fate must be reserved for those who have interposed between God's gifts and mankind a ticket system that prevents the transfer of the former to the latter. The role of the architects of the present system, who not only thwart the distribution of abundance on the material plane, but also so preoccupy men with economic concerns that they hardly develop in those cultural and spiritual dimensions which bring them nearer to God, can best be described as diabolical. Perhaps the stakes being played for are much larger than is assumed in common business ethics. If so, we would do well to take pains to consider them and to clarify what side we are on in the conflict.

LIMITED HUMAN REQUIREMENTS

A final note must be made about the Principle of Earned Merit Only, because it is sometimes promoted by means of practical, rather than moral arguments. The thesis runs something as follows: "People should not get too much because greed in men is boundless and, if you begin to give things to people, they will demand more and more, ad infinitum. Therefore, while there may be much greater potential in the economy than we are presently realizing, we have no choice but to limit consumption, and one way of doing this is by allowing people access only to what they earn".

Again, this facile argument has no basis in fact. The test, of course, is to throw all limitations upon consumption off. This happens in some cases. Workers in candy factories who can taste the product as they like, may gorge themselves once or twice, but after that moderation or abstinence becomes the rule. Few women would want to do the housekeeping in a mansion. You can only consume so much food. You can only maintain a property of reasonable dimensions. If you have an automobile that suits your taste and needs, the possession of ten more is no great temptation.

The fact is that, in a society of independent persons (not the present society in which a few controllers of finance have everybody else at their service) the amount of goods most people would want would be limited. If you bury yourself in material acquisitions, your life becomes dominated by them. Few people would really enjoy being in such a position, although in the world of financial adversity we know, many might imagine otherwise.

Certainly, personalities driven by greed do exist. However, this trait is encouraged mainly in a context of artificial scarcity, in which getting enough is a constant preoccupation. If people were confident of receiving their share of the benefits of the cultural heritage, they would turn to matters of more concern than the size of house they occupy or the acquisition of a hundred winter coats. For example, the beckoning of cultural and spiritual aspirations would in all probability evoke a much greater response than at present.