

THE NEW TIMES

\$15 per annum post-free

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

VOL. 54, NO. 8.

Registered by Australia Post-Publication No. VBH 1001

AUGUST 1990.

Australia and New Zealand Edition. Published in Melbourne and Auckland.

COMMUNISM MOVES TO EXPLOIT THE CONSERVATION ISSUE

Under the heading, "When An Issue Becomes A Policy", Iain McGregor contributes the following article to the March-April issue of "The Social Crediter":

Now the euphoria, then what? The morning after will soon be dawning on Eastern Europe and its celebrants far and near. As the downfall of collectivism is presaged and the Western vultures gather, must the newly liberated territories settle for enthrallment with the World Bank, the International Monetary Fund, the European Economic Community, the trans-nationals and global manipulators in general?

Those attentive to the prognostications of the Rt. Hon Enoch Powell last year were not taken by surprise over recent developments. But largely unrecognised were the earlier presentiments of another commentator — the Rt. Hon Michael Heseltine. In a speech before the Royal Institute of International Affairs at Chatham House on November 23rd, 1988, he foresaw "a more dangerous, less predictable world, in which a new ingredient of instability returns the continent of Europe to yesterday's dangers."

He noted Soviet advocacy of what they call "ecological security". Herein "the paradigms of national security based on egotism and military, above all nuclear, deterrence require urgent revision." Mr. Heseltine pinpoints the punch line of this declaration of Soviet intent, dated October 11th 1988, as:

"We believe that the renunciation of certain military programmes, whether planned or undergoing, could be made use of to channel the released resources to establish an international regime of environmental security."

Mr. Heseltine went on to quote *Pravda* of July 2nd, 1988 as reporting the chairman of the new USSR State Committee for the Protection of Nature saying:

"The chief polluters of air, soil and water are enterprises of the Ministry of Power and Electrification, the Ministry of the Chemical Industry, the Ministry of Mineral Fertiliser Production, the Ministry of Ferrous Metallurgy, the Ministry of Non-Ferrous Metallurgy, the Ministry of the Oil Industry, the State Agro-industrial Committee and others."

Mr. Heseltine was in no doubt: "What we are seeing is a well thought-out, carefully crafted attempt to hijack the environmental agenda for ulterior purposes." He went on: "We face the prospect of a difficult round of weapons modernisation within the Atlantic Alliance. We have complex negotiations to pursue on conventional force reductions and on the next round of strategic nuclear arms limitations.

"The linking of the environment and security offers many opportunities for mischief-making with Western public opinion."

In particular, said Mr. Heseltine, the Soviet "Green Peace" was tailor-made for the West German electorate. He foresaw the possibility of "siren calls for resource-and-

technology transfer" or as the Soviet submission to the United Nations put it: "mutual access to advanced technologies".

He said the Soviets would then decide: "how much of it is used for environmental purposes, how much for military purposes or how much to help an inefficient economy to catch up by our efforts where their own have failed."

Pointing out how close environmental technology is to the military needs (surveys from space, data banks etc), Mr. Heseltine observed: "No one should doubt, in the wake of Chernobyl, the difficulty of making a persuasive case for denying them technology that is as crucial to our safety as

OUR POLICY

To promote loyalty to the Christian concept of God, and to a society in which every individual enjoys inalienable rights, derived from God, not from the State.

To defend the Free Society and its institutions — private property, consumer control of production through genuine competitive enterprise, and limited decentralised government.

To promote financial policies, which will reduce taxation, eliminate debt, and make possible material security for all with greater leisure time for cultural activities.

To oppose all forms of monopoly, whether described as public or private.

To encourage electors always to record a responsible vote in all elections.

To support all policies genuinely concerned with conserving and protecting natural resources, including the soil, and an environment reflecting Natural{God's) Laws, against policies of rape and waste.

To oppose all policies eroding national sovereignty, and to promote a closer relationship between the peoples of the Crown Commonwealth and those of the United States of America, who share a common heritage.

it is to theirs."

He concluded: "We are witnessing the birth of green geopolitics. We must be sure we are well prepared."

How then will we be prepared?

We realise that the revised governments of the Soviet bloc, in dispatching collectivism, do not readily embrace the Western practices of what is passing for capitalism. It is our concern to point the more excellent way of Social Credit, which enhances their sense of individual worth, yet protects with a shared experience. If we in the West recognise that our own systems are inherently flawed, we must encourage the liberated East to eschew our sins and to pursue what is good neighbourliness and good husbandry. To this extent, the emphasis by the Soviets on the green issues and the pressure on the West to conform is welcome. But we must be certain that our grounding of this issue is in the inherent attributes of Creation and not in socio-economic expediency.

It is at this point that we must return to our question: after the euphoria, what? Not for long is the human spirit

allowed free play, the ideologies jump in where angels fear to tread. It is our contention that the Soviet ploy has been to retreat in order to advance. Communism rejected is not communism dead.

Communism will allow itself to be over-run, knowing that doctrine has had its day; tomorrow belongs to fear of natural disasters. Emerging again as its champion defender, Communism will play the exploiters of Ecology at their own game: fear. In face of this, we say that the world has more than enough of its worldly needs; use and distribution must and can be harmonised; people must be reconciled to each other, serving each other globally in the same spirit as can be achieved in a hamlet. This is not a dream, it is a vision; and it is a vision that must be enacted, lest we all perish.

IAIN MCGREGOR.

A short version of Mr. Heseltine's speech can be found in "The Salisbury Review", December 1989, £4, from the Claridge Press, 43 Queen's Gardens, London, W2.

THE CONFIDENCE TRICK

by Vic Bridger

There are many paradoxes accepted by individuals in society without question. For example, there was a phrase once used but now in disuse, "Poverty Amidst Plenty". Another is the notion that there is a difference between "Work" and "Play" as though they were opposites. Still another is the belief that "imports" and "exports" are the opposite to what they are portrayed. Ask any Politician or Economist, "Is it better to export more than we import?" and the answer will be yes. Proceed to question them along the lines of increasing exports and diminishing imports until we export 100% of everything we produce, at which point the discussion will stop and you will be told you are being ridiculous.

Individuals in society do not question sufficiently and are too prone to accept the "experts".

The most insidious paradox currently exhibiting itself in our society is that of "money".

An individual accepts what he or she regards as being money as that which he or she has been led to believe as being money. So long as the individual "believes" that, then so long does it remain money. There is a very old, and probably the best definition of money, which highlights this fact. In his book *"Money, Trade and Industry"*, many years ago, Professor Walker provided this definition of money as: —

"Any medium which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his product".

The essential elements of that definition, which express the underlying truth, are, "any medium" and "acceptability". Money can be anything, and over the centuries has been many things, but the foundation of all these things is "acceptability". To achieve this acceptability requires one important requirement and that is "BELIEF".

This is the very nature of this paradox, because it is not the intrinsic nature of what the individual regards as money, which makes it money, but the "belief" that it is. To believe is to "have faith in", "put trust in truth of a statement", "efficacy of a principle, system, machine etc.". (Concise Oxford Dictionary). To put trust in a statement is to have confidence in that statement, and confidence again is defined as, "firm trust; assured expectation".

Whatever may occur to shake the belief which individuals have concerning money, it requires a counter action to support that "firm trust and assured expectation".

Julie Andrews sang in "The Sound of Music" a song entitled, *"I have Confidence"*. This was confidence relating to

MR. VIC BRIDGER

Mr. Vic Bridger provides a most important article at a time when there is a growing concern among Australians about their financial institutions. The spectacular collapse of Australia's second biggest Building Society, Pyramid, has caused widespread concern. Mr. Vic Bridger is one of Australia's most distinguished Social Crediters. An accountant by profession, he has evolved the most advanced Social Credit study course ever presented in Australia. We will be pleased to put any wishing to avail themselves of this study in touch with Mr. Bridger, who resides in Brisbane.

herself, her ability to tackle the job she was facing. The song epitomizes the necessity for that belief within her to be supported, much like a child who sings or whistles in the dark to prevent being afraid. The confidence which people have in their money system requires the same support when they are in the dark and unsure.

With the current loss of confidence in certain institutions it is more than regrettable that this did not occur when it should have but at a time when there was still confidence and at which time individuals were being exhorted to maintain that confidence.

A "Confidence Man" is one who captures the confidence of his victim by creating conditions in which the victim is *assured of his trust*. What is the difference between this man who affects the lives of a few individuals to that of a politician who may affect the lives of many people?

The magic of money and what it can do for those who have it provides the very basis to ensure that those who have control over money have control over people. This "black" magic is like a drug which ensures that the addict no longer knows what he wants, much less how to get it and does not realise that he or she

"DEMOCRATISING MONEY"

by Chas. Pinwill.

The world rings with the term "democracy". It is generally believed that the only type of democracy is political democracy. But political democracy without economic democracy is a fraud. But as Chas. Pinwill shows in this original thesis, economic democracy depends upon the extension of democracy to what in effect is an order system for controlling the money - the "money vote".

This new, fresh approach should prove most valuable at the present time.

Order from all League addresses. \$5 posted.

is under a spell or any sort of control. Like drugs, the magician controlling the black magic of money has his rewards; otherwise there would be no addicts. The rewards consist in the maintenance of control and making the addict more and more dependent upon the magician.

People who have been affected by recent problems with finance institutions *SHOULD NOT PANIC*. They should accept the current conditions, take note of what has been said, ask more questions, become better informed on the question of money, exert unending pressure on their politicians and seek alternative ways of controlling their politicians. If their politicians do not solve their problem they are either ignorant on the finance question, or they know exactly what they are doing, and should be made accountable.

If people are expected to accept that a money system is based on confidence then that confidence must be supported, not necessarily by backing any or all non banking institutions (banks have recourse to the lender of the last resort facilities), but by ensuring that depositors funds are protected by the most stringent controls over the controllers, and certainly not indulging in "confidence" statements when they are not the truth.

It should not be too difficult for individuals who have come to realise that their savings can disappear overnight to see that there is something wrong with a system, which allows it to happen. There is also something terribly wrong with those individuals who suggest that people who have placed their savings in a finance institution such as a Building Society are investors and should take their losses like any other investor.

This is plain stupidity. As individual members of society these people have no control over inflation and unless they place their savings in somewhere to at least maintain the value of their money it will erode away. They are not investors like those who speculate and gamble to obtain greater returns by taking risks.

At the same time those depositors in Building Societies should ask themselves if all of their deposits were in currency or did some of the deposits include cheques. If so would they accept a cheque for a withdrawal? There are many books available for people to learn about the money trick, which is a confidence trick. It is sufficient to say here that if people accept a cheque as money, deposit it as money, why should they not accept a cheque from their building society and deposit this with a bank? If a Building Society has bricks and mortar as security for its assets, what makes it different to a cheque from a bank, which does the same? Let people try it and perhaps they may discover more about the confidence trick, which is perpetrated upon them.

The basis of the greatest proportion of "money" transactions is credit. The very derivation of the word credit, which is — *CREDO - I BELIEVE* - brings us back to our definition of money. If money is a belief, then obviously there need be no limit and therefore no shortage. The only limiting factor is the reality on which that belief is based. If individuals believe that

NEW TIMES - AUGUST 1990.

DO NOT LEAVE NATIONAL WEEKEND BOOKINGS TOO LATE

Bookings for the first major event of the League's National Weekend, "The New Times" Dinner, on Friday, October 5, are flowing in. What a tremendous night it promises to be as League supporters gather to pay their respects to RSL leader Mr. Bruce Ruxton. The special presentation to Bruce Ruxton before he addresses the Dinner will be by one of the League's youngest supporters.

There will be many other highlights and it is the duty of every supporter who possibly can to be in attendance. The charge is \$25 per person. The venue: YWCA, Elizabeth Street. Every effort will be made to seat guests with friends as requested.

The National Seminar will take up the theme of Mr. Bruce Ruxton's Dinner address, an in-depth examination of the Immigration and Multicultural issue. Who is better qualified to present a Paper on "A Christian View on Immigration" than that tremendous teacher and speaker, Mr. Barry Tattersall who will also be sharing his experiences at the Federal Elections when as an Independent he polled 15 percent of the first preference vote, an event of great historical significance.

Our "man from the north", Chas Pinwill, has also promised that those attending the National Action Seminar on Sunday, October 7, will be given a preview of the most ambitious programme in the history of the League. Several clips from a video programme will be shown. Other developing action programmes will be outlined for actionists.

One of the many highlights of an action-packed weekend will be the official opening of the Douglas Memorial Hall. This is a long-time dream of National Director Eric Butler, which has come true.

Limited private accommodation can be arranged for interstate and country visitors. If there are Melbourne or near-Melbourne supporters who can offer some League of Rights hospitality, please let the Melbourne headquarters know.

We are able to put supporters in touch with a travel agency, which, with early bookings, may be able to arrange interstate air travel for a 50 percent discount. Those using this must be prepared to stay in Melbourne a minimum of five nights.

Please do not leave bookings for the National Weekend until the last minute, as it is already clear that it is going to be an exciting and packed weekend. All communications to Box 1052J, G.P.O., Melbourne. Phone (03) 650-9749.

they can produce goods, manufacture goods, provide services, and are capable of achieving these results, and that the only mechanism necessary to facilitate the exchange and distribution of those realities then there should be no shortage up to the limit of their capabilities. Whilst the provision and creation of credit out of nothing is maintained by the banking system and regarded as their own they have the control over everyone and everything, including Building Societies.

When there is a contraction of credit by the banking system the "money" supply shrinks. When the "money" supply shrinks it reveals the great confidence trick. It is equivalent to saying that if you have a leaky tap the best way to fix it is to turn off the water supply. At least that is what some "experts", both political and economic think. If you believe that, you will believe anything.

EXPLOITATION AND CONSERVATION

by Dr. Geoffrey Dobbs

The following is a further section of a series of articles, "On Planning the Earth", by Dr. Geoffrey Dobbs, appearing in the UK quarterly, "Home", published by Home Publications, P.O. Box 42, Bangor, Gwynedd, LL57 2TZ. United Kingdom. Hopefully it will not be too long before Dr. Dobbs' articles appear in book form.

There is a real danger that many sensible people will reject the whole Green Movement as a hoax, because of the massive public misuse of Green propaganda and conservationist and environmental concepts by the very monetary and political agencies, which are the main causes of environmental damage on a world scale. The constant mental bashing of the public with World Doom, Save the Planet, fear-propaganda, and the ruthless exploitation of Green language and images in advertising is producing its reaction.

There is indeed a monstrous hoax being practised on us, but most Greens are its victims rather than its perpetrators, although those who have become its willing agents have their responsibility. The hoax, in fact, preceded the Green Movement by at least twenty years, and was bound up with the engineering of the first World Threat (the Nuclear Holocaust) which is being replaced by the current World Eco-disaster now that the first is weakening. But most Greens are too young to remember this.

In my book *On Planning the Earth* (1951), of which this is a sequel, I gave a contemporary account of the first large-scale centralisation of power over people and the whole landscape in which they lived (the Tennessee Valley) by the financial and political use of environmentalist propaganda.

The sequence of events, which has been followed ever since in one form or another, was as follows: first create a public scandal by monetary means. Then raise a great public outcry, blaming its victims as irresponsible and in need of 'taking over'. Then take over, amid tremendous propaganda about 'democracy', conservation, the environment, etc. and perhaps carry out a few useful practices, but on a petty scale compared to the expenditure on the real purposes for which the whole project is undertaken. When this finally emerges and causes a public outcry, the whole business can start again.

The Tennessee Valley Authority (T.V.A.) was at once the prototype, an example and a warning of the working out of this power policy, which is now fairly openly being applied to the whole world. It was an important part of the American New Deal, which was the name applied to what, elsewhere was called socialism, a name which aroused hostile feelings in the U.S.A. and therefore had to be avoided. At the time of writing, with the breakdown of the socialist and communist style of control and surface ideologies in Eastern Europe, and a turning towards more open monetary control under the name of democracy, the example of the NEW DEAL, and the T.V.A. in particular, is especially worth studying.

FIRST BASH THEM, THEN BLAME THEM, THEN TAKE OVER

First of all came the Great Depression of the 1930's, a purely monetary event brought about by the banks, which gave rise, among other things, to the Dust Bowl of the American Middle West, mass unemployment and poverty throughout the world and the rise of Hitler in Germany leading to World War Two. In rural areas, including Tennessee, it resulted in extreme poverty and bankruptcy with depopulation and dereliction of land.

This gave the excuse for the setting up of a centralised authority on what were described as new grounds of natural conservation, with control over the entire drainage area of the Tennessee River and its tributaries, thus over-riding State rights in no less

than seven States. Conservation, flood control, and above all decentralisation, were the slogans under which the idea was 'sold' to Congress.

Vast sums of money were poured into the area, hundreds of thousands of jobs were created, colossal works of earth moving were performed, world records in concreting, engineering and mechanisation were achieved, and so forth, and behold! unemployment was virtually abolished and prosperity descended upon the Valley. An enormous literature of propaganda and promotion was distributed, amounting to some 3,500 titles, of which the book entitled *TVA - Democracy on the March*, by David E. Lilienthal, the Chairman of the Authority, must be judged to have been the most widely read and influential.

What was achieved in the name of flood control was the permanent flooding of the fertile soil in all the main valleys, the drowning of villages, of houses, churches, graveyards, and the moving of the valley people (56,000 of them) to create the Great Lakes of the South, with much advertised fishing, boating and industrial navigation. What was achieved in the name of conservation was the destruction of the valley farms, with some tree planting, terracing, contour ploughing etc. of the valley slopes. But above all the farming population was 'educated' with a high-pressure programme on how to manage their farms in a modern way, demonstration farms to show what big crops they could get with quick-acting, soluble superphosphates (provided free) compared to the old, slow-acting mineral phosphates.

Since the flood-control dam needs an empty reservoir and a power-dam needs a full one, their purposes are incompatible; which meant building their 21 dams to a double height — the largest job of engineering and construction ever carried out in American history up to that time. It also involved employing tens of thousands of men, clearing more than 175,000 acres of land, relocating more than 1200 miles of roadway and 140 miles of railway, excavating some 30 million cubic yards of earth and rock and pouring and placing 113 million cubic yards of concrete and rock fill — more, it was boasted, than twelve times the bulk of the seven great pyramids of Egypt.

PEOPLE MANAGEMENT

More important still was the way in which the whole population was managed, their opinions and places manipulated with the aid of almost unlimited money, into line with the policy of the TVA. Individuals, groups, institutions of all sorts found that it *paid* to co-operate enthusiastically with the Authority, and the example spread to other areas from which much of the labour was drawn. This was what Lilienthal called 'grassroots democracy.' Its essence was *decentralised administration of a centrally imposed policy*, and it is this, which is the aim of those who seek for World Government to 'save the planet'. From the start the whole operation was set up as an example to be copied, as it has been, in modified ways, first in the USA and later throughout the world.

What then was the final product of this great organisation of 'Democracy on the March' to make the Tennessee River 'work for the people' by providing the second biggest source of electrical power in the U.S.A. and probably in the world? And why should a rural community need so much power? It was in fact completed barely in time for the Hitler war, and provided at one time about half the aluminium for the manufacture of American

bombers, and, finally, from a vast industrial complex in the secret and heavily guarded valley of Oak Ridge, over which aircraft were forbidden to fly, the full flower of its achievement: one of the first two Atom Bombs, which inaugurated the era of Nuclear Psycho-Doom for a whole generation.

It should be mentioned also that Mr. David Lilienthal, the Chairman of the TVA and author of *TVA - Democracy on the March*, moved on to be Chairman of the Atomic Energy Commission and stayed on to be one of the four members of the Committee, which recommended the manufacture of the vastly more powerful H-Bomb. So much, then, for mass-produced, passionate and persuasive verbal 'conservationism' with big money behind it.

If the people of the Tennessee Valley had been allowed a small fraction of the vast sums expended by the TVA along with some genuinely informed advice from the Soil Conservation Service where wanted, all the rural improvements necessary to restore and conserve the soil could have been carried out without any of the monstrous interference with land, water and people which was imposed upon them by central direction. The valley lands could have been retained, and the floods restrained, mainly by afforestation and conservation of the higher terrains; where necessary by a few flood-control dams.

There was not then, and there is not now, any secret about the measures necessary to restore the land and conserve the soil; but all over the world they are beyond the powers of the debt-enslaved farmer. Tree planting, contour ploughing, terracing, legumes, careful choice of crops to suit the soil and real needs rather than urgent cash-return, sub-soiling, and so on: they are all perfectly practicable. The world's supply of rock phosphate is strictly limited, but this plant nutrient is present in most subsoils and needs only to be circulated. The TVA produced soluble and concentrated superphosphate using electric power at central factories and then 'sold' it to the farmers to give them sudden lush growth; but the so-called worldwide phosphate problem can be solved only locally, in every place, by adopting the correct methods which are too slow to 'pay' even the interest, let alone the capital, of borrowed money.

SCALE IS WHAT MATTERS

There is nothing wrong with hydroelectric power on a scale, which does not maul the landscape and its water-flow. It is an indirect use of solar energy, and itself pollution-free, but in so far as it involves interference with the soil and the course of the rainfall in and through it, it becomes entirely a matter of scale. Dams, also, are not for ever. They silt up. Large, centralised schemes are unavoidably destructive; small, local, decentralised ones can be beneficial, as with everything else concerned with man's relationship with nature. Small is not only beautiful: it works! If it doesn't the harm it does is also small and can be put right.

For an earlier generation of socialists it was possible to be persuaded of the idea that the perverted policies of the TVA, because they were in 'Capitalised' America, were an inescapable accompaniment of what they called 'Capitalism'; the private ownership of the means of production, distribution and exchange, and the operation of 'free' enterprise within such a system. They believed that these would disappear under 'Socialism': collective ownership as represented by control by the State. But this never was very tenable, and now the economic near-collapse of the greatest of socialist systems in the USSR has demolished that belief.

First of all, the TVA itself was a system of control by a Super-state Agency, socialist in all but name and claimed as such by the socialists in the USA. There is no evidence that free enterprise in farming — free, that is, from control by debt-agencies, is unable to treat the land properly and maintain its fertility. On the contrary, the evidence is all the other way. And now that almost

complete central control of information by State Agencies in some Socialist States has broken down, it is manifest that the misuse of the land and the soil in them has been even grosser than in the so-called 'Capitalist' States. The USSR has, in fact, behaved like a Super-TVA, in which mass-propaganda, and the carrot of money and career-control, has been supplemented by the whip of secret police and the gulags.

DEMOCRACY - ON THE MARCH

Socialists, on attaining power, are even more prone than other people to promote large-scale, centrally devised schemes, which are out of touch with the local reality. The idiotic groundnut scheme for East Africa attempted by British Labour Government is a notorious example.

In the first rush of revolutionary enthusiasm in the USSR enormous collective State-farms of the size of a British County (e.g. one named Geant) were imposed upon the farming communities. They were of course a complete failure, and collective farming itself has been a disaster, which has transformed the 'granary of Europe,' as Russia used to be called, into a net importer of grain to feed its people, and that at a miserable level despite the control of the greatest area of potentially fertile soil in the world.

Here again, as in the TVA, it was all done under slogans of 'Democracy on the March'. The land was first distributed to the peasants, then followed the liquidation of all the not quite so poor farmers (kulaks) the consequent famine and the 'democratic herding of the rural population into the collective farms. Even so it was eventually found to be desperately necessary to allow the collective workers to cultivate and sell any surplus from their own little domestic plots.

Although heaven may be thanked that the monster scheme for diverting the great Northern-flowing rivers to the South has not so far materialised, there has been enough large-scale central Planning in the USSR to create environmental disasters, especially in the Central Asian republics. The pollution of the Caspian Sea is a case in point, and the allocation of the region around the Aral Sea to permanent cotton growing under massive irrigation from the regional rivers is converting the shrinking Aral Sea into a swampy saline bog.

'Socialism', then, is not the answer. But neither is 'Capitalism' nor is the excessive consumption of the people themselves in the 'richer countries under 'Capitalism' the prime cause of environmental disaster, since that can be worst where consumption is lowest. In every case it is remote, central control which is responsible for the major damage, and it is evident that there is one, worldwide influence, tending always towards remote control, which over-rides all others whether Socialist or Capitalist, and is so all-prevailing that people take it for granted. As indicated clearly in the last Chapter, this can only be the universal Debt-money System. Events in Eastern Europe which show a confused merging of the two ideologies, all under the general dominance of Money, surely confirm this, though it has long been obvious.

SANE PEOPLE UNDER INSANE MONEY PRESSURE

Most people are fairly sane, unless wholly dominated by monetary pressures and worries. That is, they are conservationists at heart; they would rather have a fertile soil than a barren or a poisoned one: they would rather eat and drink wholesome than contaminated food and water, and breathe clean rather than polluted air; just as they would rather live in peace than war or revolution. The ordinary city-dwellers' love for a garden or an allotment, for parks and woods and for 'escape' into the fresh-air and beauty of the countryside, is evidence enough of this.

The ordinary, taken for granted, conservation work carried out without fuss by ordinary people has had little publicity, both

before and after the label 'Green' began to be applied to it. All such work, which is the true work of the genuine 'Greens' as, indeed, it is a major part of the true work of mankind, is essentially *local*, as the land is local, the people who live on it are local, pollution and destruction are local.

Just as local pollution on an ever greater and more widespread scale can ultimately achieve damaging global effects, so also can local restoration and conservation, spreading here, there and everywhere, ultimately achieve global effects. There is no other way. The fantasy of starting at the Top with some wholesale Saving of the Planet by World Agencies employing super-clever scientists is just childish. Remote centralised interference can cause enormous, even global, damage; it can never restore it. Growth is not of that nature. It is localised, not wholesale. You cannot 'grow' a tree, or a forest, in the time it takes to cut it down! The most that central governments and their agencies can do is to *allow* local restoration and right treatment of the land to give a reasonable living, as they should, and to discourage centralised agencies from imposing destructive practices, usually by financial means.

THE REAL WORK, DECENTRALISED

It is obviously impossible to give an account of all the decentralised work which is going on, especially in the more derelict areas of the great cities, for this would require some centralised record, which could then lead on to centralised interference. To start with, every town or suburban garden where the trees, shrubs and herbs are allowed to grow, every derelict patch or old bomb-crater where the soil, and the people, allow growth to take place, is making a contribution to the earth's healing.

There is now, of course, an enormous literature generated by the Green Movement, varying from the fringes of professional ecology, concepts and fashions in land-planning and landscape architecture, to fantasy, politics, economics, philosophy and religion; and buried among it accounts by groups and sub-groups and individuals of their practical efforts to rescue and heal the patch of land over there or down the end of the road. It is a rich and living literature, often confused by abstract verbiage and the pounding we all get from the media, but behind it is this core of practical efforts.

Their variety is as great as that of the habitats: anything from simply protecting a self-sown patch, planting it with native species, digging up concrete and asphalt, making pools, mini-gardens, mini-parks, allotments, school nature reserves and nature trails, planting city heaths and woodlands, to making actual farms with livestock and arable fields on derelict land in a city. Most of this was done with volunteer labour and funds, which drew people together and restored hope and health and neighbourly spirit. Some of the most successful efforts were made in the places where city riots had occurred, notably in Toxteth (Liverpool) and Bristol.

One great virtue of these small-scale, volunteer projects is that they are very cheap since they aim to conform with the natural, self-maintaining ecosystem of plants and animals, in contrast to the need to chop, clear, mow, spray, plough up, and perhaps apply herbicides in order to establish and maintain an artificial community, whether it is an agricultural or horticultural crop, or tidy civic park. After a time, however, in many places such local enthusiasm begins to change the attitude of local government and draw in help from public funds. The Manpower Services Commission might supply some of the labour.

More extensive schemes might be undertaken with an ecological approach. Certain sites, also, might be beyond reclamation without careful research, which would attract the ecologists at the local College or University. The Upper Swansea Valley was such a site, and many dumps of raw, acid colliery waste or quarry tip-

heaps. At Liverpool University Professor Tony Bradshaw and his colleagues have developed techniques for vegetating such sites, and it is probably that, given time and study, there will be few if any sites, which it will be impossible to transform into a more natural, green habitat.

Such growth, from the Bottom Up, has begun to transform some of our largest and most industrialised cities and in the process both the citizens who started with the local patch, and the city councillors and officials, are learning a lot about plants and animals and ecology and geology. Birmingham and the West Midlands, for instance, are now penetrated by threads of greenery, wild life corridors and waterways. Manchester, also, has reclaimed some large areas (e.g. at Moses Gate, Farnworth) and the general official attitude to urban open spaces such as municipal parks, cemeteries, commons, etc. is undergoing an 'ecological' transformation. This is an entirely different thing from the centralised imposition of some 'ecological' theory from the Top Down by Councils or Planning committees.

THE EQUALITY MYTH

In spite of all the evidence to the contrary the equality myth is consistently fostered as if it were a universal truth. The hereditary factor is ignored by people who would never think of placing a bet on a racehorse without consulting its pedigree. Horses belong to the same species, but how many people believe that all horses are equal? A draught horse is excellent for pulling weights, but not for racing purposes. This observation is not a criticism of horses, but one of fact.

To point out that all human beings are not equal, that they have different talents and attributes, is not a criticism of any particular human being, but also a statement of fact. However, to state such a factor produces high indignation among the believers of the equalitarian dogma. A sporting commentator in the United States was strongly criticised for observing that there were sound biological reasons why Blacks do not excel at swimming. Everyone who follows sport knows that there have been no Black Olympic swimming champions. But Blacks dominate in the heavy-weight-boxing field.

So far from all races and all men being equal, they are different. It is correct to describe the French and the Germans as Western Europeans, sharing a common culture. But the German and the French have different characteristics, as do other Western European people like the English, Scots and Welsh.

The strength of the equality dogma has recently been demonstrated in the U.S.A. where a Jewish Professor at a New York college, Dr. Michael Levin, has taught that generally speaking Negro intelligence is lower than that of White Americans. Levin says that this fact explains why few Blacks ever graduate from schools of medicine or engineering. Surveys reveal that most violent crime in the U.S.A. is committed by those of lower intelligence, including Whites.

The majority of Levin's teaching colleagues at the New York college are Jewish, including the President, Dr. Bernard Harleston, and have strongly criticised Levin. The President says, "There is no place here at City College for such views. I have appointed a new panel to investigate his conduct and determine the limits of academic freedom."

It has been made clear to Dr. Levin that academic freedom does not extend to questioning the equality myth!

It is the equality myth, which threatens to bring South Africa down to the same chaotic conditions prevailing throughout "liberated" Africa. The African people generally have different attributes from Europeans and to suggest that a stable South Africa can be built on the equality dogma is a manifestation of madness, a divorcement from reality.

SELECTIVE INDIGNATION AND WAR CRIMES

by N.A. Hunt.

The Press informs us that an aged Pole named Ivan Polyukhovich is to be tried in Australia for allegedly having personally murdered 24 people in the Ukraine during World War Two. He is also accused of being involved in the murder of about 850 others.

Australian taxpayers will note with interest that the trial will cost them A\$6 million, with another A\$2 million being spent on legal aid. Nor is this all — we are told that there are another 79 cases to follow. Watch for a rise in Income Tax to pay the astronomical costs involved in these cases.

It is perhaps needless to say that Polyukhovich's victims were Jews. Among the cases still under investigation are those of several whose names were submitted by the Israeli Government. Given their religious beliefs, the Israelis have no choice but to act as they did. Theirs is the God of the Old Testament, a jealous God of hatred and insistent on revenge, as the Bible makes amply clear.

In contrast, the Christian doctrine is one of love and the forgiveness of one's enemies. In spite of this, the prosecutions will go ahead because, according to the Solicitor General, Australia has a duty under international law to prosecute those guilty of serious war crimes, even though they occurred outside Australia.

So Australia — happy land — can look forward to an endless series of vastly expensive trials of alleged war criminals, all of whom have allegedly been beastly to Jews. They can expect, too, that the Holocaust Industry will flood TV and cinema screens with material designed to make the wicked goy feel guilty for what he allowed to happen to Jews.

As our high-minded Solicitor-General, Mr. Gavan Smith, points out, Australia has a duty under international law to act in such cases. It is of course purely coincidental, and nothing to do with these trials, that when Zionism speaks governments worldwide hasten to obey.

This alacrity in discharging duties imposed by international law so commendably shown by the Solicitor-General was not in evidence in 1948.

SUDDEN END TO JAPANESE TRIALS

Between 1948 and 1950, on Manus Island, the Australian Government was trying Japanese accused of war crimes. Several hundred Japanese were tried for crimes, which included beating Australian prisoners of war to death, cannibalism, throat-cutting and the murder of Allied soldiers and civilians.

After meticulously fair trials held at a time when the matters alleged were fresh in the minds of Australian survivors and when ample evidence was available, about 300 Japanese war criminals were sentenced to long spells of imprisonment; while 24 were condemned to death. In due course, five of these last were hanged and their bodies disposed of at sea.

Suddenly the Australian Government instructed that there were to be no further executions; further that all convicted Japanese war criminals were to be repatriated to Japan as returned soldiers. They left wearing Japanese uniform and exchanging military courtesies with Australian soldiers.

It might seem that the Solicitor-General of the time took his duties less seriously than Mr. Gavan Smith does today.

This is not the case. The explanation is far simpler. Australia was anxious to obtain a long-term contract to sell coal to Japan. To ensure that it got the contract it sought, the Australian government of the day undertook to forgive and forget what the Japanese had done to its soldiers. One wonders why, if a Pole must be prosecuted for allegedly killing Jews in the Ukraine, Japanese may not be prosecuted for killing Australians in New Guinea? Perhaps the Solicitor General would like to explain just why this is so?

If Australia is to prosecute Poles for what they did to Jews in the Ukraine, why does she not prosecute Japanese for what they did to Australians in New Guinea? Or, if Japanese war crimes can be condoned, why cannot those of Poles as well?

THE LEUCHTER REPORT

At the risk of earning the hostility of the Holocaust industry, perhaps one should point out that even "famed Nazi-hunter Eli Wiesenthal", as it is obligatory to call him, and some Jewish historians have admitted publicly that there were no gas chambers in Germany proper.

This of course still leaves the camps outside Germany. Here we can learn much from the Leuchter Report. Mr. Leuchter is an engineer who designs and installs execution hardware throughout the United States in States where gas is used.

Mr. Leuchter carried out extensive investigations at Auschwitz, Birkenau and Majdanek in Poland. His report states that he found no evidence that any of the facilities usually alleged to be execution gas chambers were ever used as such. He adds that, because of the design and fabrication of these facilities they could not have been used as execution chambers. (See page 10 of the Leuchter Report).

Mr. Leuchter concludes his finding by saying: "It is therefore the best engineering opinion of the author that none of the facilities examined were ever utilised for executions of human beings and that the crematories could never have supported the alleged work-load attributed to them".

None of this, of course, means that Ivan Polyukhovich is innocent of the charges brought against him. Still, ever since 1945 West Germany has been paying reparations totalling billions of marks for Jews allegedly gassed to death in camps where the Leuchter Report states categorically that it could not have been done. What is more, the payments go to a state, which did not exist when the alleged gassings took place.

A good example of Jewish chutzpah, one might feel. Chutzpah has been defined as killing one's father and mother, then asking for mercy on the ground that one is an orphan.

Apart from the Leuchter Report there are the papers produced by the Institute of Historical Review. Without exception these confirm that, no matter how many Jews — and of course members of other races too — died in Nazi labour camps, none of them were gassed to death.

FACTS DO NOT MATTER

Not for nothing does the cynical public relations maxim tell us that the facts don't matter; what is important is the way they can be made to look. To put it another way, as someone has said they do in Hollywood: "There's no business like Show (Holocaust) business".

Australians could have a lot of harmless fun — and strike a real blow for justice while doing so — by insisting at every opportunity that every politician be called on to explain why Australia must prosecute Europeans who allegedly killed Jews in Russia, but must not prosecute Japanese who butchered our prisoners of war in New Guinea.

Quite apart from the fun of watching politicians wriggle as they try to answer the unanswerable, the Australian taxpayer could save himself an enormous amount of money if these enormously expensive and by now completely pointless prosecutions

of aged men were dropped.

This article by a British correspondent was written before Ivan Polyukhovich was found shot on the eve of his trial in Adelaide. Mr. N. Hunt is a deep student of history and had many years of experience in Africa.

LITERACY

The following letter by Mrs. Jean Wallis, author of *"Chaos in the Classroom"* and *"The Disaster Road"* recently appeared in *The Wimmera Mail Times*, Victoria:

SIR— 1990 is International Year of Literacy. It was proclaimed by the UN in 1988.

Dr. Robert Muller, former assistant secretary of the UN, suggested that the sub-title should be Global Illiteracy 'because you might have people who know how to read and write, but they all, from a global point of view, are totally illiterate.'

In his address to the 44th annual conference of the Association for the Supervision of Curriculum Development, he said that 'because of the United Nations we know everything about everything and we need a world core-curriculum for the whole world, to educate children', and he believes that we should scrap history!

From its beginning UNESCO has shown no concern for the intellectual development of children. Thus literacy as we understand it has remained, and will remain, neglected.

Victoria's Minister for Education Mrs. Joan Kirner believes that children have never received a better education than they are receiving today. She says that today in classrooms across the state teachers have introduced innovative lessons, which move far beyond the blackboard and textbook.

"Technology, for example, moves across the curriculum as students combine theoretical understanding with practical application as they monitor ocean pollutants, build wind and solar generators, clone seeds, analyse food for chemical residues, communicate internationally with other schools via satellite." Mrs. Kirner said.

"The new Victorian Certificate of Education being phased into schools at year 11 and 12 takes that kind of independent thinking a step further."

Not all education watchers agree with Mrs. Kirner on the quality of schooling or the VCE. Enfilade, February 1990, comments, "In the new course in English released recently by the Victorian Curriculum Assessment Board, VCAB, no texts whatsoever are prescribed. There are suggestions, of course, but it will be possible to spend the last two years of schooling in English without studying any of the so-called classics.

"The new English course is a course without any real content. Certificates will be given out as long as the required 'work' is completed — even if the 'work' involves studying comics or the racing guide or even, believe it or not, other students' work!

Samuel Blumenfeld in his Education Letter, December 1989, states that, 'For the most part, our schools are producing confused, ignorant, vulnerable young adults with poor academic skills and no intellectual curiosity.'

He believes that the academic decline will get much worse — that the wholesale lobotomisation and moral destruction of our youth will continue unabated.

Educators, who promote reading as a 'psycholinguistic guessing game' thereby literally condemning millions of children to lives as learning-disabled functional illiterates, have no intention of changing to intensive, systematic phonics. He sees the rabidly hostile anti-phonics forces continuing well into the '90s;

SUPPORT MARGARET THATCHER

No more constructive action can be taken at the present critical stage of the struggle for the world, than to write supporting Prime Minister Margaret Thatcher in her determination not to surrender completely British sovereignty.

If the U.K. can escape the closing jaws of the Common Market, coming events will make it possible for genuine anti-centralist policies to be pursued.

Mrs. Thatcher should be contacted at 10 Downing Street, London England.

The emphasis will remain on multiculturalism and globalism, heavier doses of values clarification. New Age pagan mysticism, national-international development, hunger and poverty, over population; and let us not forget environmental problems such as acid rain, the pollution of streams, and, of course, nuclear waste disposal.

The themes and concepts dear to the hearts of the globalists, Robert Muller, Joan Kirner et al, might be said, in short, to constitute a sort of elementary introduction to the liberal political agenda.

We should not expect this International Year of Literacy to bring any improvement in the quality of the curriculum. Its political agenda will be related to the new international economic order.

- JEAN WALLIS.

ZIONISTS BACK SOUTH AFRICA'S PRESIDENT

The astonishing retreat by the de Klerk government in South Africa, with open negotiations with declared Communists, can only be explained by reference to the tremendous pressure applied to South Africa by International Finance. Financial orthodoxy and the acceptance of debt finance and the alleged necessity for foreign investments has been the Achilles Heel of a series of South African National governments.

A study of the Zionist press throughout the world shows that the de Klerk retreat has the universal support of Zionist leaders. It appears that de Klerk conferred with Zionist leaders from the U.S.A. before making the announcement that convicted Communist terrorist Nelson Mandela was to be released, and that the African National Congress and the Communist Party of South Africa were to be permitted to operate legitimately.

The Jewish Week (U.S.A.) of February 9 and February 16 reported that President de Klerk met with Seymour Reich, multi-millionaire head of "B'nai B'rith International" informing him of his plans to release Mandela and to recognise the South African Communist Party. B'nai B'rith is described as a Jewish businessmen's fraternity of some 400,000 secret members around the world. President de Klerk understands the main source of international power and obviously felt he needed to inform representatives of that power of his intentions. And, of course, to obtain the necessary permission.

Printed and Published by The Australian League of Rights.
145 Russell Street, Melbourne, Victoria, 3000.

Enterprise

Organ of the
INSTITUTE OF ECONOMIC DEMOCRACY
 P.O. Box 19, Streaky Bay, S.A. 5680.

New Series No. 1.

AUGUST, 1990.

JUST HOW "SAFE" IS YOUR MONEY? BEHIND THE PYRAMID BUILDING SOCIETY COLLAPSE

The collapse of the Pyramid Building Society, the second largest in Australia, has not only distressed those who had deposited their money with it in good faith, and resulted in a number of great human tragedies, but has created a state of such concern right throughout the nation, that people are asking themselves, "Where should I put my money so that it is safe?"

The most foolish action would be to heed the suggestion, now echoed by others, of former Prime Minister Malcolm Fraser before the 1983 Federal Elections, that in the event of a Hawke government being elected, people should take their money out of the banks and put it under the bed. Anyone who had taken that advice seven years ago would have lost approximately 50 percent of the value of their money as a result of inflation.

Inflation is the most insidious form of taxation, a form of theft by stealth. All governments denounce inflation, but in fact their taxation projections are based on the belief that taxation revenue will automatically increase as wages are increased in an attempt to offset inflation. Wage and salary increases bring the taxpayer into a new tax bracket. Continuing inflation is mathematically certain under a financial convention, which insists that practically all money is created as an interest bearing debt. Servicing debt contributes towards the alleged necessity to increase taxation. Higher taxes are an increased financial cost for producers, wholesalers and retailers, which they must attempt to recover in higher prices. . . . And so the vicious circle goes on.

The overwhelming majority of people who deposited their money with the Pyramid Building Society were neither "greedy" nor financial speculators, but generally believed that their money was "as safe as in a bank", that there was the attraction of a slightly higher rate of interest than the banks have been paying, and that on top of that they obtained a better and more flexible service. In a legitimate attempt to protect themselves, large numbers of Australians have been using Building Societies, Credit Unions and Friendly Societies as a type of banking service. These various organisations have been a threat to the Trading Banks, primarily because they have been attracting an enormous volume of deposits which otherwise would have been paid into the banks.

During 1989 non-banking institutions in Victoria attracted a record \$55 billion. In the five years to 1988 deposits with Friendly Societies increased by 700 percent to \$5.5 billion, Building Societies increased by 91

percent to \$5.5 billion and with Credit Unions by 83 percent to \$1.7 billion.

BANKS MAIN BENEFICIARIES

Irrespective of who was responsible for the "run" on Pyramid, eventually forcing it to close its doors, the trading banks have already been the main beneficiaries as witnessed by the escalation of deposits from nervous people withdrawing their money from institutions where they thought that their money was no longer "safe". Unlike building and similar societies, trading banks have a licence TO CREATE MONEY. No examination of the question of "safe" money is possible without asking, and answering these questions: What is money? Who creates it, and how? How does it come into circulation?

The appalling ignorance concerning the money question, one which is deliberately masked by what can best be described as a type of black magic, has been graphically demonstrated as a result of the Pyramid affair. A central feature of this black-magic is the fostering of the view that banks only lend money deposited with them at a slightly higher rate of interest than they have paid the depositors.

THIS IS A COMPLETELY FALSE STATEMENT AS DEMONSTRATED BY THE FOLLOWING SELECTION OF STATEMENTS BY RECOGNISED AUTHORITIES ON THE SUBJECT OF BANKING:

"The banks can create and destroy money. Bank credit is money. It's the money we do most of our business with, not with that currency which we usually think of as money" — Governor Eccles, a former head of the Federal Reserve Board of the USA, in evidence before a Congressional Committee.

The Encyclopedia Britannica, 14th Edition: "Banks create Credit. It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks. The bank's debt is a means of payment, it is credit money. It is a clear addition to the amount of the means of payment in the community."

Many other authorities could be quoted, but the matter was put beyond all argument in a Special Article, "Sources of Money" in *The Bank of New South Wales Review*, October 1978: ". . . Today in Australia, as in most other modern economies, all money is a debt to the banking system....Another important source of money creation is by the banks.... When a banker grants a customer credit by overdraft, the bank 'opens an account' in its books and gives the client the right to draw funds without first having to put money into the account. But bank deposits only increase when the customer actually draws on the account to pay his creditors. In the case of loans, funds are deposited directly to the customer's credit and result in an immediate increase in the volume of money. In either case the money supply increases as a result of the bank's lending activities...."

The uninformed will be astonished to learn that the banking system, not even with the mere stroke of the pen as was once the case, but now with computers, is creating money virtually out of nothing. But as far back as 1924, the Rt. Honorable Sir Reginald McKenna, one-time British Chancellor of the Exchequer, and chairman of the Midland Bank, one of the largest banks of its kind in the world at that time, said in addressing a meeting of shareholders:

"THE BANKS CAN, AND DO CREATE CREDIT"

"I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit."

The modern banking system is in essence a system of bookkeeping, as stressed by a statement by an eminent British banker, Sir Edward Holden, who said, "Banking is little more than bookkeeping. It is a transfer of credit from one person to another. The transfer is by cheque. Cheques are currency (not legal tender). Currency is money."

There is nothing wrong with the banking system as a *system*. It is extremely efficient. But when that system is operated in accordance with the convention that the community's money supply is created as an interest-bearing debt, with the banking system claiming that it owns the money it has created in the form of financial credit, the national economy must become increasingly under the control of those operating that system. The situation is akin to a situation in which organisations printing tickets for the railways claim the tickets as their own property and only loan them, at face value, plus interest, to the railways, without which the tickets would be useless. Irrespective of what form it takes, money is of no value unless there is the backing of real credit, the productive capacity of the nation, sometimes described as the national credit. There is no shortage of real credit in Australia, as witnessed by its vast natural resources and enormous productive capacity.

Attempting to point the finger of criticism at how the affairs of Pyramid and associated societies were run, directs attention away from the much more important questions of how the banking system operates. Taking the ten-year period from June 1975 to June 1985, the total money supply in Australia was expanded from \$28.8 billion to \$90.4 billion, an increase of \$61 billion. The rate of increase continued over the next five years. From June 1985, to June 1990, the total money supply increased from \$130.2 billion to \$165 billion, an extra \$34 billion. As this credit money is created with little cost to the Banks, who receive high interest rates per favour of the Reserve Bank and Federal Treasurer Paul Keating, it is not surprising that bank profits progressively reach new record levels. But attention to these financial profits tends to obscure the more astonishing increase in bank assets.

The Reserve Bank Bulletin of August 1989 revealed that total bank assets had increased by a staggering \$51.1 billion dollars in one year. This development is the result of permitting the banking system to create, at little real cost, the nation's financial credit as a high-interest bearing debt.

Because they have the power to create new money, the operators of the banking system are also in the position where they can write off enormous debts without loss. Writing in *The Bulletin* of July 17, 1990, David Berett, who writes on "Money Matters", points out that in 1980 the three major banks wrote off \$86 million in debt. By 1982 this had increased to \$248 million and by 1987 had reached \$916 million. It is estimated that this figure will reach \$1.6 billion by next year. And still published financial profits soar along with the escalation of bank assets.

The immediate response from those who believe the story about the banks only lending money deposited with them, is that if it is so easy for the banks to create new money in the form of financial credit, why do the banks not create unlimited credit? The short answer is that there has always been a convention, reinforced by Central bank supervision, which originally stressed that the banks expand credit in relationship to what has been termed their "liquid base" this consisting not only of notes and coins, but also of Central Bank credit. Originally the accepted view was that approximately ten new dollars of credit money could be created against every dollar of cash. But in more recent times since de-regulation the ratio has increased.

AN AMUSING DISCUSSION

An amusing, but illuminating incident concerning the reality of the financial situation occurred when, following the collapse of Pyramid, a 'run' started on the Bank of Melbourne, which was previously the State-wide Building Society. As the long queue of depositors of the Bank of Melbourne pressed forward to withdraw their deposits, preferably in notes, armed guards were bringing in more currency from other banks. As a look at official figures reveals, the total amount of notes and coins in Australia is a small fraction, less than 10 per cent of the total national money supply. And only a

fraction of this is in the banks, the balance in the pockets of the people. There is no bank in Australia, which could meet all depositors' demand for their money in notes and coins. Much of the notes and coins being delivered to the Bank of Melbourne was in fact the same notes and coins drawn out by nervous depositors and placed in other banks!

As one nervous depositor stood in the queue, a friend came along and the conversation went something as follows:

"Good heavens, Jack, what are you doing here?" "Well I am afraid that the Bank of Melbourne is going to follow Pyramid and close its doors. A friend of my wife said there were well-founded rumours that a run on the Bank of Melbourne would force it to close its doors so I want to get my money out before that happens. '

'But how are you going to take it out, Jack, and what are you then going to do with it?"

"I want my money in hard cash, real money. '

"So you feel that notes and coins are real money?"

That's right. After all that is legal tender, isn't it - and backed by the government?"

"Well, Jack, what you call real money is only a small fraction of the total amount of money in Australia, and if the depositors of all the banks went in to demand their deposits in what you term real money, they would all have to close their doors. '

'I find that incredible, but as I know you have studied this banking business, I guess you must be right. Well, how safe do you think this Bank of Melbourne is, Bill?"

'If you have read the news you would have seen that the Reserve Bank, sometimes known as the Bank of last resource, has issued a statement to the effect that the Bank of Melbourne is safe and that the Reserve Bank supports it. '

'Does this mean that if the Reserve Bank or the Victorian State government had publicly said that there was no need for a run on the Pyramid Building Society and its associates, these societies could have survived?"

"Exactly. When there were runs a few years back on the Hindmarsh Building Society in South Australia and the St. George Building Society in NSW, Premiers Dunstan and Wran came out publicly and assured the depositors in these Societies that they had no need to panic and should go home. The runs then stopped."

'But, Bill, suppose the runs had not stopped?"

'If that had happened, then eventually they would have had to close their doors. As I have explained, however, no financial institution can survive a run with depositors demanding their money in what you call hard cash. '

'It appears then that the whole financial system is based upon faith and trust, and that if trust is undermined, there will be disaster. I guess that in view of what you have said, I may be wasting my time standing here any longer. Can I buy you a beer? '

As the two went off to the nearest pub, another security van pulled into the Bank of Melbourne to deliver more "real money". Jack's friend observed,

'The notes and coins those characters are delivering were probably taken out of the Bank of Melbourne earlier by nervous depositors like you, and then deposited in another bank. Its a type of re-cycling process."

As soon as depositors regained confidence in the Bank of Melbourne, they ceased taking their deposits out; in fact some re-deposited what they had originally taken out. Once confidence had returned, there was no problem. The whole financial system is based upon confidence. At the height of the public outcry about the Pyramid disaster, the head of one well known financial institution said, The sooner the Pyramid story comes off the front page, the happier I will be." Panic concerning financial institutions more easily develops when there is widespread ignorance concerning money.

THE HISTORY OF MONEY

The history of the evolution of money over the centuries shows that faith and trust are the essential features of any type of a money system. The man who accepted the leather discs cut from the hide of cattle believed that if necessary he could obtain cattle (real wealth) in exchange for the discs. Notes issued by goldsmiths were accepted because of the belief that they could be exchanged for gold. Most people were unaware that the goldsmiths, the first banks, had issued far more notes than they had gold. Experience had taught them that as long as the number of notes did not exceed ten times the amount of gold, they were unlikely to be caught out with a "run".

Up until the outbreak of the First World War, the British people widely used Bank of England notes because they believed they were backed by gold. The notes said that they could be exchanged for gold at any time. But notes were more convenient. However, panic set in, fed by rumours, with the outbreak of war and a major "run" soon forced the British banks to close their doors. The number of notes far exceeded the amount of gold. The British government immediately acted and had designed and printed a new note, stating that it had the backing of the resources of the nation. The banks reopened and people readily accepted the new notes. It was all a matter of faith that the new notes were effective money.

During the early development of the colony of NSW there was such a shortage of money that rum became the accepted medium of exchange although, unlike pieces of paper this type of money had intrinsic value in that it could be consumed!

An incident during the Great Depression of the thirties has relevance to the present situation where a "run" on the Pyramid Building Society forced it to close its doors. Labor Premier J.T. Lang of NSW was the one Australian political leader who resisted the imposition of a financial policy, which created widespread poverty amidst plenty. Lang insisted that reality and human beings were more important than financial conventions. He started to make use of the NSW Savings Bank to ease the financial pressure on the people. It started to finance home loans and to assist the primary producers. This bank was at the time the second largest

of its kind in the British Empire. The Lang policy was seen as a threat to those who had imposed the Great Depression upon the Australian people, and action was taken to undermine confidence in the Savings Bank. By various tactics, including media charges that Lang was threatening the people's savings, a "run" was started.

Like every other bank, the NSW Savings Bank was unable to pay out depositors in notes and coins if a major "run" developed. But the bank put up a tremendous rear-guard battle for seven months, before closing. However, the deliberate undermining of faith in the NSW Savings Bank spread throughout the community and resulted in the depositors with other banks starting to withdraw their deposits. The situation became so serious that Sir Robert Gibson of the Commonwealth Bank Board made a dramatic national radio broadcast on May 31, 1931, stating that "The Government Savings Bank of New South Wales was forced to close its doors because the people who had deposited their money in that bank were led to believe by the foolish statements of those who should have known better, and the statements of those who desired to bring about disaster, that that bank was not in a safe position.... There was no good reason on account of lack of soundness, why it was compelled to close its doors."

The same comment might well have been made about the Pyramid Building Society. On all the available evidence, its assets far exceeded its liabilities. When rumours first started to circulate early in 1990, the then Victorian Treasurer, Mr. Jolly, examined the situation and assured depositors they had nothing to fear. That statement encouraged depositors to believe that their money was safe. Depositors who had originally taken their money out then re-deposited it.

AN HISTORIC STATEMENT

In his historic broadcast concerning any possible "run" on the Australian banks, Sir Robert Gibson went on to make the revealing statement that "... the Commonwealth Bank has control over the note issue, and command of resources, in the form of currency, to any extent which in the opinion of the Bank Board, is deemed necessary." Sir Robert was saying that the Commonwealth Bank would, if necessary, print enough notes to meet any major demand from bank depositors for the type of money they believed was "safe". The old Commonwealth Bank Board was replaced by the

Reserve Bank as the nation's central bank, which now controls the printing of currency and the minting of coins. The Reserve Bank dictates the overall financial policy of the nation and it might well be asked why the Reserve Bank, along with Federal Treasurer Paul Keating, did not back the Pyramid Building Society in the same way that they expressed their confidence in other financial institutions.

While the Victorian Cain government must, because of the State legislation concerning Building Societies, accept the major responsibility for the Pyramid disaster, the role of Treasurer Paul Keating with his destabilising financial policies, a major feature of which has been high interest rates, must not be overlooked. If the Cain government had formed the opinion that Pyramid and its directors were moving outside the guidelines for Building Societies, appropriate action should and could easily have been taken to correct the situation without creating the type of panic, which undermines faith. Only the threat of political disaster forced Premier Cain to reverse his earlier decision to sacrifice over 200,000 Pyramid depositors and to attempt to do what, if done earlier, would have permitted Pyramid to continue. The banks have left no doubt that they have no desire even to assist Premier Cain fulfill his promise that Pyramid depositors would receive 100 cents in the dollar for their deposits. They would like to see Building Societies and Credit Unions closed or brought under the direct control of the banking system.

The widespread suffering and concern, which the Pyramid disaster has caused, was completely unnecessary. But if the appropriate lessons are learned from this affair it could prove a blessing in disguise, directing people's attention to the realities of the money system with a realisation that the destructive policy of escalating debt, crippling interest rates and crushing taxation being imposed by the Central Bank and Treasurer Paul Keating is completely unnecessary and can be changed when enough people demand that the changes be made. Such changes would halt the treacherous policy of sacrificing the nation's heritage with the encouragement of a flood of Japanese investments.

What is physically possible can be made financially possible. Australians must insist upon using their own money, their own financial bookkeeping, to serve their personal and national aspirations.

EQUIP YOURSELF WITH THE KNOWLEDGE NECESSARY FOR SURVIVAL

The Institute of Economic Democracy is a specialist Division of The Australian League of Rights, its main publication being the quarterly journal ENTERPRISE, issued as a supplement to the monthly finance-economic publication The New Times. Subscription: \$15 per annum, Box 1052J, G.P.O. Melbourne.

The following books are highly recommended:

THE STORY OF THE COMMONWEALTH BANK. A piece of exciting but suppressed history of how the "People's Bank" was originally established and used to serve the Australian people under the direction of the enlightened first Governor, Sir Denison Miller, who helped to finance the national effort during the First World War with an interest rate of less than 1 percent. \$5 posted.

THE MONEY TRICK. A clearly written and authoritative work on how money is created, issued and used to control the individual.

Contains a practical survival programme at the conclusion. \$7 posted.

DEMOCRATISING MONEY by Chas Pinwill. A brilliant little work, which opens up a new vista of how the control of money can be decentralised into the hands of the individual members of society. \$5 posted.

Printed and Published by The Australian League of Rights,
145 Russell Street, Melbourne, Victoria 3000.