

# THE NEW TIMES

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

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## THE HIDDEN AGENDA BEHIND THE GULF WAR

*by Eric D. Butler*

**The original purpose, of the Gulf War, according to President George Bush, was to force Saddam Hussein to withdraw from Kuwait. But then President Bush started to talk about the Gulf War leading to a "New World Order". This has never been clearly defined, and perhaps Bush is speaking to a brief he does not fully understand. As C.H. Douglas has pointed out, the 'real objectives of the last (the first World War) War were the Bolshevik Revolution, the League of Nations, and the financial subjugation of Great Britain'. One of the major objectives of the Second World War was the establishment of the Zionist state of Israel, the extension of the World Government concept through the League of Nations' successor, the United Nations, and the elimination of the British Empire.**

As it became clear that the massive technological military-power was forcing Saddam Hussein to agree to what the Gulf War was allegedly all about, to withdraw from Kuwait, it became clear that President George Bush was determined to move far beyond this objective, and to endorse the Zionist objective of smashing Iraq completely and to eliminate Saddam Hussein himself. Zionist spokesmen had expressed fears that the Iraqi's would agree to withdraw from Kuwait with Saddam Hussein still in control of Iraq. Now they are delighted with the Bush strategy to completely humiliate the Iraqis and to destroy Saddam Hussein. This ensures that Zionist Israel remains the major military power in the Middle East. Israel claims that it has the right to develop nuclear weapons, but that the Arab nations do not.

Like Nasser before him, Saddam Hussein clearly never understood that he was serving the long-term objective of those he believed he was challenging. He deserves no sympathy. From the time he accepted massive Soviet and Western aid to conduct his destructive eight-year war against Iran, with Saudi Arabia, Kuwait and other Arab nations also supporting him as one they saw defending them against the growing threat of Islamic fundamentalism in Iran, he was on a disaster course. But those who smugly believe that the demonstration of Western military superiority over Saddam Hussein's Iraq is going to usher in any type of peace and stability in the Middle East, are as unrealistic as were those who claimed that peace and stability would flow from Zionist Israel's crushing defeat of the Arabs in the six-day war of 1967.

### AN UNREALISTIC BELIEF

The desperate Palestinians, who clung to the unrealistic view that Saddam Hussein, leading a nation of only 17 million, with deep cleavages inside Iraq, could by some miracle defeat the greatest military power ever put together, are left more embittered than ever. Zionist Israel's expressed determination to take advantage of the situation to use even harsher measures to suppress any protest movements by the Palestinians, will inflame still further not only the Palestinians, but people right throughout the Islamic world. Even Arabs who had condemned Iraq's annexation of Kuwait, have become increasingly anti-Western as they

saw a fellow Muslim country being crushed by Western power and what they saw as George Bush's vindictiveness. Every informed

### 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.

person on the Arab world knows that the Kuwaitis and their ruling family were generally disliked and despised throughout the Arab world. Little publicity has been given to the type of government being imposed in Kuwait.

In the short term, Israel, backed by International Zionism, is the big winner of the Gulf War. Without having to fire a shot themselves, and experiencing relatively little damage from abortive Scud attacks by Iraq, former terrorist Shamir and his colleagues have won further massive military and economic aid from the Western nations. The USA and its allies have achieved Israel's declared objective to eliminate Iraq as a potential threat to Israel's expansionist programme in the Middle East. And they have persuaded the West that they should also at the same time pay them for allowing the Americans and their allies to do their fighting for them. The fact that Saudi Arabia and the other Arab States who joined with the USA, have had to contribute substantially to financing the USA military campaign in the Gulf, will not be forgotten by the Palestinians and other Arabs.

President George Bush may well find himself haunted by the legacy of his military victory in the Middle East. Any attempt to have American military forces based in the Middle East, can only increase the wave of anti-Americanism now sweeping the whole Islamic world. Now more than ever, the USA is perceived by the Islamic world as a front for International Zionism. All forms of imperialism are resented by national groups controlled by it, as Gorbachev has discovered in the Soviet Union. Harmony between nations requires that the legitimate interests of each nation be protected with a balance of power. The Arab world has long resented what it has regarded as evil influence of Western imperialism, and the type of leaders thrown up in the post Second World War period is a reflection of this resentment, the Arabs longing for some type of a "strong leader" who can correct the situation.

### **WHAT ABOUT LEBANON?**

Those who believe that the Gulf War was a "just" one concerned with the destruction of human rights in Kuwait, might consider not only the rights of the Palestinians, some of them Christians, but also the rights of the Lebanese Christians and other Lebanese now under the firm control of Hafez al Assad of Syria, probably even a more obnoxious type of leader than Saddam Hussein. Assad has controlled Syria with the same type of secret police system used by Saddam Hussein. He is a member of the same revolutionary type of party, the Ba'ath Party, and his long-term ambition is to extend his control into Iraq. The Bush policy concerning Iraq could make his task that much easier. And, he is now in the good books of American policy makers, having become an ally in the "just" war against Iraq. His criminal acts in Lebanon can be conveniently overlooked, masked by virtually the same argument used by Saddam Hussein, that Lebanon historically is part of Syria. The Bush policy concerning Syria, including enormous financial aid, met with the approval of the Zionists, even though there is still conflict between Syria and Israel concerning the Golan Heights.

The greatest contribution President George Bush can make to preparing the way for peace and stability in the Middle East is to announce that one of the first major steps is that Zionist Israel accept the same type of UN resolution used to justify the Gulf War, the withdrawal from all occupied Arab territories and the progressive establishment of an independent Palestinian State. Because of its deep historic significance, Jerusalem must be restored to a situation in which all three religions, Christianity, Judaism and Islamic, not only have equal free access to the holy places, but, in the words of a Vatican statement, accepts the fact that because of the uniqueness of Jerusalem this "requires that for all three religions a level of parity without anyone of

them feeling subordinate with regard to others."

### **MODERATE ARABS ACCEPT ISRAEL**

Most moderate Arabs have long stated that they accept the right of the State of Israel to exist inside the original boundaries drawn by the United Nations. In order to meet the claims by Israeli leaders that they fear for their security if an independent Palestinian State were established, the Western nations can provide an adequate military force to police a transitional period. Preferably such a force should be provided by the British and French, because of their historical association with the Arab world and a better understanding of it than the Americans.

Once it became clear to the Arab world that the West was determined to deal constructively with the Israeli-Palestinian issue, much of the anti-Western feeling throughout the Arab world would start to subside and the way prepared for other steps throughout the Middle East. But the starting point is to face the Zionist issue, a type of cement, which unites the Islamic world, irrespective of violent cleavages inside that world.

As the national euphoria associated with the Gulf War victory wears off in the USA, and the American people are no longer distracted by the Gulf War, they will be faced with the depression conditions they are experiencing. Any stimulant resulting from the rebuilding of Kuwait and Iraq, will not remove the growing rot in the American body politic. As the Duke of Wellington found after his defeat of Napoleon at Waterloo, the crowds who hysterically cheered him upon his return to London, later were abusing him as they groaned under their economic burdens.

It can be predicted with certainty that any "New Order" in the Middle East, which does not resolve the Israeli-Palestinian problem, is doomed to failure.

If President George Bush and his advisers do not address themselves to this basic issue, then it is obvious that the Gulf War has masked a hidden agenda, with a glimpse of that agenda being revealed by references to a New World Order. The outlines of that New World Order have been provided by President Bush's Trilateral banking friends, with a first major step being the development of the New International Economic Order. A feature of the proposed Order is an international energy strategy, which includes oil.

However, as C.H. Douglas said many years ago, when warning about the programme for internationalism, it was doomed to failure because it ran contrary to reality, that centralisation of power possessed the seeds of its own destruction. But he also warned that the attempt to impose centralised power must result in the break up of Civilisation. This is what is already happening. Survival and regeneration are only possible where the centralising process has been at least retarded. Smaller countries like Australia, New Zealand and Canada are much better placed to survive than the bigger and more highly centralised countries like the United States.

### **BASIC FUND TARGET IN SIGHT**

Only just over \$5000 is required to carry the League of Rights' 1990-91 Basic Fund past the target of \$73,000. The dedicated support of our readers is greatly appreciated. All of the planned programme for League up-dating, including technical office equipment, is in process of being implemented, with League directors confident that the relatively small balance of \$5000 will be provided by those who have not yet contributed. The Basic Fund must be finalised by the end of April, at the very latest. All donations to Box 1052J, G.P.O., Melbourne, 3001. Receipts not forwarded unless

# SOME EXPERIENCE WITH REAL CREDIT

by J. Crate Larkin in the June, 1937, issue of "The Fig Tree", a Douglas Social Credit Quarterly Review

Mr. Larkin relates how the Larkin Co. Inc., of Buffalo, U.S.A., of which he is Vice-President, tried the experiment of issuing their own currency and succeeded in a practical and profitable demonstration of retail discount ideas, during the Great Depression.

At the beginning it seems advisable to state plainly that, to the writer, economics as taught in college textbooks hold no attraction. Having been born into a family extensively engaged since 1875 in the business of manufacturing and merchandising, and being familiar by personal experience with the various phases of these operations, economic facts have appeared simply as everyday business matters of costs and prices, mark-ups, gross profits and turnover, rather than the dusty abstractions set forth in standard volumes. In business practice these elements were combined in the effort to buy and sell according to the principle, "Save all costs that add no value".

During the years just preceding the financial crash of 1929, the attention of businessmen engaged in merchandising was forcibly drawn to problems of credit by reason of the rapid increase in the volume of sales to consumers, financed on the instalment plan. The depression following the 1929 crash played havoc with credit conditions of every kind and many of us during this period received a severe but enlightening initiation into the workings of the financial system. In these circumstances it was quite natural that we should begin to question the nature of credit and its creation, and to ponder about the sources of buying power.

Beyond doubt, the fundamental purpose of any business (and of the economic system which represents all business) is to produce and deliver goods and services for consumption. Already it has been quite generally agreed, even by governments and their advisers, that the full accomplishment of this purpose is frustrated by a shortage of consumer purchasing power. For instance, the underconsumption admitted in the studies of the Brookings Institution was correctly identified by N.R.A's General Hugh Johnson as due to a shortage of buying power when he stated in 1933: "The ability of the people to buy is not so great as the total cost of what there is to sell."

As early as 1931 the fact became apparent that the then current depression was due primarily to financial rather than industrial causes. Following out this line of thought, some of the members of our research department encountered in their reading the New Economics and undertook a study of money and credit from this viewpoint. In gathering material, they met with the ideas of Major C.H. Douglas and began an intensive investigation of his Social Credit proposals. At first sight the Douglas proposals seemed to us almost too good to be true. However, the realistic diagnosis of the causes of shortage of buying power, and particularly Douglas's conception of the nature of real credit, enlightened and stimulated us greatly, explaining exactly many things we had sensed but never before realised so clearly. The practicability of the retail discount idea impressed us so forcibly that we requested our cost accountants to make an experimental application of the procedure for recording retail discounts. Results of this study indicated that it would be much less expensive to maintain the necessary records on a large volume of business than to supply tax information to the Government as now required. But it was not until December 1935, that our checking was completed by other investigations in which we sought to apply various modifications of Douglas's ideas to our own business.

We arrived at this point by a rather roundabout route, but broadly speaking, it was an understanding of our own real credit, "the ability to deliver goods and services, as, when, and where required," that served as the basis on which we undertook

to initiate our experiments. Being possessed of large manufacturing and distributing facilities, functioning at only a fraction of their capacity, we set to work to devise some method of drawing upon our real credit to finance increases in our business activity. The nature of the business being extremely diverse, encompassing both production and distribution, we had a wide field in which to work. Our business includes the manufacture of food products, clothing, paint, soaps and cleaning preparations, toilet articles, perfumes, cosmetics and pottery. Most of these products are distributed mainly from factory-to-family by mail and through our own chain of food stores. Wholesaling, warehousing and gasoline stations are other phases of the business.

The scope of the business made it no easy task to develop a means of implementing our productive capacity with some form of credit other than the financial credit customarily monetised as debt by orthodox banking methods. We made little progress with it until March 1933. Then events began to force our action. It became apparent that the epidemic of bank closings would assume the proportions of a complete breakdown. Anticipating trouble ahead, about a week before the so-called "bank holiday" (in which all banks were closed and deposits immobilised by government order), we prepared in our printing plant approximately \$36,000 worth of our own currency. We called this currency merchandise bonds. This money of our own was designed in the same size and general appearance as U.S. currency, bore a portrait of the founder of the business and a serial number, and was printed on our own special watermarked paper so that it could not be counterfeited. On the face of the Bonds appeared the statement, "This Bond, properly endorsed, is redeemable in merchandise purchased at the Larkin Department Store, or any Larkin Food Store, or Larkin Gasoline Station."

## MERCHANDISE BONDS SERVE AS CURRENCY

As soon as the banks closed, bank credit was of course frozen solidly and it became impossible to secure sufficient currency to meet the needs of business. We therefore submitted to all our employees the question of how much of their salaries and wages they wished to take in Merchandise Bonds. Some took 100 per cent, others 75, 50, 33 1/3 per cent—all according to their own desire. No compulsion whatever was attached to their choice. They could have had the whole amount in currency if they wished, but no one asked for it. They took Merchandise Bonds and began to use them. Their families began to present this currency in exchange for merchandise in our stores.

The news of what we had done spread rapidly throughout the city. Other business houses called up to advise us that these Merchandise Bonds would likewise be accepted by them in trade. For example, the theatres were among the first to make use of the Bonds, since they knew they could purchase cleaning supplies from us in exchange for the Merchandise Bonds they accepted from their customers in payment for admissions.

It became necessary to supply Merchandise Bonds as change to our chain food stores scattered throughout Western New York and Northern Pennsylvania. Many of our customers, knowing that the Merchandise Bonds were redeemable at their face value in goods, accepted them readily as change for purchases made with U.S. currency. In short, the Bonds started to circulate, stimulating our business directly. The original issue of \$36,000 of our own Larkin currency accomplished a turn-over of more than

\$250,000 worth of merchandise before we cancelled it out of existence.

The principle banks reopened after the Government had guaranteed bank deposits with the Federal Deposit Insurance Plan, and we gradually suspended the use of Merchandise Bonds, issuing them only to those of our employees who requested them. Certain political dignitaries expressed an interesting disapproval of what we had done, and now that the banking crisis was past the Bonds were no longer vitally necessary.

But we had added to our sales some considerable volume of additional business and we learned a great deal out of this experience. In a new light, the relationship of money as buying power to money as a financial creation was revealed to us. It had cost us only paper and printing expense to issue our own valid currency, backed solidly by actual goods and services. We could issue these tickets for goods and services up to the full limit of our capacity to deliver the wanted goods and services. And the currency thus issued maintained its value so long as its holders were able to exchange it freely for wanted goods and services. No disturbance in prices and no possibility of so-called inflation existed, because we issued these circulating monetary instruments against only a small percentage of our total real credit. Customers and employees alike evidenced their appreciation of our action.

The more this experience was digested in our thinking, the more we became convinced that these things being true in our own particular experience with our own real credit, it should be equally practicable to make use of national credit backed by real wealth and introduced into business in the form of a retail discount.

### DISCOUNT POSSIBILITIES

As we discussed this among ourselves, the possibility of using our Merchandise Bonds to offer a retail discount to our customers began gradually to evolve in our minds. Quite naturally, we were limited in our ability to make a full application of this discount idea. All our costs had to be recovered in the prices at which our goods were sold. We had no National Credit Account back of us to reimburse us for discounts offered to the public. But, on the other hand, any economical means of increasing our total volume of business would correspondingly reduce our percentages of expense. Our past experience indicated public acceptance and approval. Even though our customers did not intellectually grasp the underlying mechanics of what we had done, they liked it. So after careful consideration we determined to try a further experiment.

Certain conditioning factors in this experiment appeared at the outset. Obviously, it was logical to use some simple and generally known vehicle to ensure enthusiastic support for the experiment. All of our employees were already familiar with our Merchandise Bond currency and thoroughly "sold" on its use. We decided therefore to utilise their experience and enthusiasm in presenting our experiment to the public based on the idea of a contest, for which we chose the name, "*Buy from Larkin*" Contest. The following excerpts from the rules drawn up for the conduct of this Contest will serve to explain the basis of the plan:

1. The "*Buy from Larkin*" Contest will be open to all Larkin employees, including Buffalo Pottery, branches and all departments of the Larkin business.
2. The Contest starts at 8 o'clock Monday morning, September 16, 1935, and ends at midnight Saturday, December 7, 1935.
3. Larkin Merchandise Bonds, which form the basis of this Contest, will buy anything from Larkin Co. anywhere, just like U.S. Government money. The Bonds are accepted by Larkin Co. at face value the same as cash for any goods sold or services rendered at retail by

Larkin Co.

4. Larkin Merchandise Bonds are issued in denominations of \$10.00, \$2.50, \$1.00, 50 cents, 25 cents, and 5 cents. *During the period of the Contest any contestant may purchase \$1.10 worth of Larkin Merchandise Bonds for \$1 cash.* This arrangement offers Merchandise Bonds at a saving of 10 cents on each \$1 purchase. Employee contestants can sell Bonds to their friends to be used for the purchase of Larkin merchandise or services. The Bonds can be sold by employees in any quantity to any purchaser. They are permanently good for redemption at any time.
5. The purpose of this Contest is to secure additional new business for Larkin Co. Merchandise Bonds sold in the Contest provide a discount on all purchases. The Bonds are an inducement to secure extra business, and the employee is rewarded for this extra business. Contest credits will be awarded, based on the sale of Merchandise Bonds. The contestant winning the highest number of credits will be adjudged winner of the Contest. Contest credits are not transferable and must be individually earned.

Fifty prizes were offered to the 3,000 employee contestants, the grand prize being a new deluxe model Ford car.

The plan was as well received by customers as by employees. Instead of allowing the currency to circulate freely, we cancelled the Bonds as they were presented at our stores. This was done for accounting purposes. To summarise briefly, during the twelve weeks of the Contest a total of \$536, 210 worth of business was transacted by means of the Bonds. The business done exceeded our expectations both in volume and in facility of handling. Aside from satisfying ourselves experimentally as to the feasibility of offering a retail discount, we gained an important volume of business, which would otherwise have gone to our competitors. The undertaking proved profitable in more ways than simply the acquiring of information. In fact, it succeeded so well that its outcome made us wish the Government might be persuaded to designate our stores as a testing ground for the practical application of a real retail discount, financed by national credit.

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It seems logically appropriate that a few of the many impressions gathered and conclusions formed out of this experience might be listed herewith. Perhaps these may be of some interest to persons desiring to discover something of the truth about money and its relationship to the business of supplying goods and services to many millions of consumers eager to enjoy the abundance that industry can provide.

1. Money is NOT wealth. Money and wealth are two separate and distinct things, the former being a symbol for the latter.
2. The modern use and consumption of wealth is dependent upon an adequate and dependable supply of money. But while a great deal of cost and energy is required to produce wealth, the production of the money necessary to accomplish its consumption is relatively costless.
3. Wealth and the ability to produce and deliver more of it constitute the only scientifically reasonable basis for the creation and issuance of money.
4. The present practice of regarding money as more important than wealth is a fatally dangerous illusion. Moreover, the highly

profitable business of creating and issuing money is fraudulently misrepresented. The profits of money-creation are maintained at the expense of the consuming public. Eventually, large-scale mass consumption cannot continue unless these illegitimate gains are made available to the public in the form of lower retail prices and relief from the burden of exorbitant taxation.

5. Considering that business men deal constantly with costs, prices and operating statements, it seems indeed strange that they have so little interest in the economic process of price making, being concerned much more with the dollars and cents of prices than with the how and why. It is quite generally taken for granted that buying power and prices are always equal to each other in a more or less constant relationship over any period of time. And so long as business prospers, businessmen do not trouble themselves to inquire into economic causation.

Herein appears to lie a logical reason which explains why it is not clearly understood by anyone who considers the problem fairly that in the process of production and distribution the buying power released via salaries and wages, dividends and profits, is only a fraction of the accumulated price figures. Hence this buying power cannot purchase the goods to which these price figures are attached. Yet the failure to realise this obvious fact is the basic cause of violent strikes and labour troubles, exemplified by those now besetting the shipping and automobile industries in this country.

6. It seems evident that the level of economic development and the standard of living in the U.S. is conditioned by the conflicting action of two mutually antagonistic opposing reciprocal pressures: (1) The pressure of the system of organised finance with its various devices for the control of wealth upon the mass of the population, painfully ignorant of their submissive state of exploitation and the means by which it is accomplished. (2) The pitifully disorganised defensive resistance of the population against the domination of the highly organised financial system.

The average man, if it is permissible to make use of such an abstraction, is caught between these pressures and suffers in every department of his life from this conflict.

7. Reluctantly, experience convinces us that in round figures, out of every thousand of population, 100 persons may be said to be capable of discerning the most elementary principles of money and economics. Out of this 100 who become acquainted with the facts of their plight, only one may be expected to take any active part in doing something constructive about improving the situation.

8. Neither Socialists nor Fascists recognise the most evident financial facts, although the doctrines of both seem to be growing increasingly in popular acceptance. Whether Fascists or Communists win out in their struggle with each other, the financial system wins from both, and all the time. As opposed to these extreme viewpoints, the Social Credit proposals represent a very conservative procedure to preserve the values and eliminate the defects of capitalism by removing its illegitimate private control over the money supply, and its associated chronic shortage of consumer buying power.

9. We have been forced to the conclusion that progress in economic improvement and monetary reform is a slow and painful process of education by experience. Meanwhile debt accumulates so rapidly that it seems likely within the not far distant future that our existence in the economic sphere will have to suffer a major collapse before man's intelligent administration of his material welfare can become fundamentally better.

10 In our opinion, Major Douglas offers a most businesslike basis for maintaining progressive economic balance. His Social Credit proposals involve no regimentation, and no confiscation. Their adoption would encourage the present efficient organis-

ation of business, preserving and protecting private property and individual initiative based upon the just reward of profit for service rendered. Our investigation of Social Credit has resulted in the conviction that it is not a matter upon which judgment may be passed lightly. The Douglas proposal for National Dividends, payable partly as a reduction in retail prices, deserves the careful study and thoughtful attention of forward-looking businessmen everywhere.

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## HYPOCRISY CONCERNING CHINA

Communist China is a permanent member of the UN Security Council, and, if it so desires, could veto any proposal put before the Council. When the critical vote concerning Iraq and Kuwait was taken, China merely abstained, helping to give the go-ahead signal to President George Bush. The Chinese were repaying the debt they owed to the Bush administration, which had used a backdoor method of providing credits to China after the massacre of the Chinese students.

Prime Minister Hawke turned on one of his televised crying sessions over the Chinese student massacre, and he has been at great pains to justify Australian participation in the Gulf War by highlighting the atrocities allegedly taking place in Kuwait during the Iraqi occupation. Confronted with the brutal Soviet repression policy in the Baltic States, Prime Minister Hawke did suggest that he might have to consider sanctions if the Soviet repression continued. Either Mr. Gorbachev has not heard about Mr. Hawke's possible sanctions, or he and his colleagues are contemptuous of such suggestions.

Well might Gorbachev be contemptuous as he notes that the very moral Australian Prime Minister has now removed most of the sanctions originally imposed on China. Foreign Minister Senator Evans admits that freedom of speech and association continue to be repressed, but claims there have been improvements in other human rights areas. Senator Evans stressed that Australia's long-term interests required better relations with China. In simple English, he is saying that Communist China provides a big market for the future — if the West provides enough credits!

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## FRICITION INSIDE THE EEC

As anticipated by critics of the European Economic Community policy of progressively centralising power, friction is mounting inside the EEC. Media reports state that there is a deepening rift between Britain and its European Community partners over how to penalise governments for overspending under European economic and monetary union.

The British Treasury is trying to fend off calls for "tight budgetary" discipline to be imposed on countries that run up what the central planners regard as excessive budget deficits. The Bonn government is contemplating tax increases to meet the much higher costs than anticipated on the re-unification of Germany, wants binding rules added to the Treaty of Rome.

Reports state that Germany is already backed by the Netherlands and appears to be winning over the French, who are calling for sanctions to be imposed on loose spending States. Mrs. Thatcher was right when she warned that a nation surrendering control of its monetary policies has completely lost its sovereignty.

# LAROUCHE ECONOMICS

## A CRITIQUE OF

### "SOVEREIGN AUSTRALIA - AN ECONOMIC DEVELOPMENT PROGRAMME TO SAVE OUR NATION"

Prepared by the Research Division of the Citizens' Electoral Councils

by Charles Pinwill

"*Sovereign Australia*" is really an application of the economic ideas of one Lyndon LaRouche, the American founder of the organisation and magazine, "*Executive Intelligence Review*", to the Australian economy.

The document was largely assembled in the LaRouche headquarters in the U.S.A. and the help of E.I.R. is acknowledged. Page 16 refers to "the greatest living economist, Lyndon LaRouche". The premises and the approach of the programme closely follow LaRouche ideas.

LaRouche's economic approach to solving the developing economic crisis in the West (and elsewhere) may perhaps be paraphrased as:

"The extension of longer-term lower-interest credit to physically productive enterprises such as agriculture, mining, manufacture, transport, etc. Lower interest charges together with substantially higher production, are seen not only as the greater part of the answer, but as the urgent priority."

To a trained Social Creditor, this approach has, of itself, no prospect of a permanent correction of our economic woes, though temporary benefits may accrue.

The inability of industry to distribute purchasing power at a rate sufficient to enable sales to liquidate industry's costs (an observation known to Social Creditors as "the A + B Theorem") inevitably undermines its basic approach.

It is true that the development of new industrial capacity does fund consumer needs during construction, through the wages involved in construction costs. However at the commencement of production, construction wages cease and the charges to recoup these costs commence. Then wages (and other payments to consumers) to induce production ("A" payments) are less than "A" plus capital cost recoupments ("B" payments). "A" is less than "A + B".

Ever-increasing construction of greater and greater industrial plant is ultimately impossible to sustain. As the purpose of production is consumption ("To you it shall be for meat" — i.e. for consumption — Genesis 1:29), production beyond consumption is abuse.

Perhaps being conscious in some way of this difficulty, LaRouche, as is mentioned on Page 1 of "*Sovereign Australia*", is "renowned for his calls (among other things) for the colonisation of Mars."

There is no doubt, as the document shows that production in many industries, especially manufacturing, is falling in Australia. It can also be shown that this is so, whilst many groups such as pensioners and large single-income families, are in need.

However, LaRouche's answer to this is at variance with Social Credit's approach. Australia (and all other developed countries) already has unused present industrial capacity. Why develop more industrial capacity, when we have not yet learned how to allow consumers to use our present capacity?

#### AT VARIANCE WITH SOCIAL CREDIT

The Social Credit perspective draws attention to the question of "the ownership of money creations" as being the key to using present capacity. Australia's annual new money creations now amount to over \$50 billion, which is over \$12,000 per family of

four. Yet since this is all distributed as debt, thereby incurring greater costs, present capacity still remains unused, causing industry shutdowns.

Under LaRouche economics (and the "*Sovereign Australia*" programme) money creations are not seen as the personal property of citizens, with each receiving his or her share in the post, as a national dividend. The ownership and direction of spending of these money creations, is to remain with the Banks and Government, apparently. Though it is to be made available on better terms, and largely redirected to increasing productive capacity, the debt system is to be maintained.

In any system where new money creations are not gifted to the citizenry, the system is either one of debt, or theft, or both.

If credit creations are gifted, for instance, to industry to build additional productive capacity, this amounts to theft from the rightful owners, the citizens, not only of this money, but of their power to direct industry, through purchases of products and investments, as to what they require. The citizenry are both robbed and disenfranchised.

Where credit creations are not gifted to any entity, there is only one of two options. Whosoever assumes ownership may distribute the money by buying assets (perhaps ultimately all, or nearly all of a nation's assets) or by loaning it out.

Buying the assets outright will bring Socialism if the Government assumes ownership, and serfdom if these funds are privately owned.

Lending the credit into circulation maintains the debt system, inflates costs, as borrowers need to gather debt repayments through prices, and robs the citizens of their free and equal share in these credit creations, as a necessary precondition for doing so. Debt and theft are here.

Perhaps it can be said that the Sovereign Australia Programme is better than what we face now. But it must also be added — not much, and not for long.

#### DENIED ACCESS TO PRODUCTIVE CAPACITY

As citizens are now denied access to present productive capacity, paying citizens to create more productive capacity, is temporary alleviation. Thereafter we have even more production, which we don't have enough purchasing power to use. We also have the debt for this new industry's construction to service.

Just as the ballot paper is a man-created piece of paper to allow political choice, so is a \$10 note a man-created piece of paper to allow economic choice.

If we agree that when we print ballot papers, they should be distributed on the basis that we all get one each, can we hold back from the proposal, that when we print \$10 notes we should all get one (or six or twenty) each?

Only by freely distributing new printings of money (or credit creations) do we end the debt system. By overcoming our inability to fund the full use of present industrial capacity in this way, we escape the debt. By escaping the debt, and the charges to service it, we also escape the ever recurring, and increasing, deficiency in our ability to buy what we can currently produce.

If we can afford, and want to use, a product that industry places before us, at a price high enough to allow all costs of its production to be paid by producers, then, and only then, can industry replace it on the retailer's shelf.

From the Social Credit viewpoint, this is the road to enabling greater production where required. More debt, on whatever terms, for more industry, cannot solve our inability to afford to buy our own production, be it at present levels or some increased future production level.

Although the major theme of *"Sovereign Australia"*, thus far the only theme discussed, is in the end unequal to the task of national recovery, it is well worth the \$10 investment to read it.

Several of its minor themes are spot on target. The need to reduce the tax burden, the madness of allowing speculative financial transactions to reach a volume 32 times greater than actual world trade in goods and services (Pages 3 and 4), and the gravity of Australia's debt problem, are well documented. Our need to upgrade our defence forces is persuasively argued, and there is more, too.

Advocating our need to develop and apply sovereign policies for a Sovereign Australia, which has been sacrificed to the Great God 'Deregulation', is a welcome breath of fresh air to patriotic Australians, though advocating that "The role of the Governor-General should be replaced (by voters' veto)" is not.

Voters' Veto need not, and in my view should not, replace anything at all. It should supplement present law making and repealing processes. Short of complete republicanism, the only way it can work in Australian law, is through vetoing Parliamentary advice to the Governor-General as to the will of the

Australian people, where this is being misrepresented, by advising the Governor-General otherwise.

### DOING C.I.R. A DISSERVICE

The cause of Voters' Veto (and other C.I.R. proposals) are done a great disservice by this form of advocacy, both unnecessarily and unwisely. It is only the legal authority of the Governor-General which makes the rejection of Parliamentary advice, in deference to the more direct advice as to the public will, through voters' veto, legally possible.

Harnessing C.I.R. to republicanism is both completely unnecessary and counter-productive to attaining C.I.R. Let's let republicanism, for what it's worth, or whatever it's worth, stand on its own feet at the bar of public judgment. Its coupling with C.I.R. is illegitimate.

*"Sovereign Australia's"* advocacy of decentralising media ownership, the voters' right of recall of public officials, and the full retention of powers over police by the States, will meet with wide approval and support.

It's a 44-page document, with lots of graphs, maps and useful information.

Copies are available from John Koehler, Box 731, Kingaroy, Queensland 4610, for \$10.

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## WHY OUR WAR VOTE JUST DOESN'T WASH

by Ted Mack

The following article by Ted Mack, Independent Member in the Federal Parliament, which appeared in *"The Australian"* of January 28, explains why Mack took the stand he did in opposing Australian intervention in the Gulf War.

Bob Hawke's recall of Parliament to debate Australia's involvement in the Gulf War was irrelevant — it was merely a contest to see which party could wrap the flag tightest around itself.

How could it be otherwise? We were committed to the war a week before. Even Saddam Hussein obtained a rubber stamp from his Parliament before the event, as did the Americans before authorising their country to go to war in a split decision of both Houses.

Our debate saw members of the House put party ahead of conscience. Pontius Pilate was alive and well. When the vote came, in spite of all the "crocodile tears" about war, I was alone.

Is it any wonder that Australians increasingly hold politicians, parties and Parliament in contempt?

Australian democracy has been an early casualty. Both in August 1990 and now, the Government committed our forces, then called in Parliament to rubber-stamp the decision, with the moral blackmail of calling for a unanimous decision to "support the troops".

Saddam is a thug and tyrant. He is an unacceptable threat to the world and his power must be removed. That was not the question before Parliament. The question was whether Saddam's removal should be attempted now by war or by continuing the economic blockade with the allied forces in place, and whether returning to the blockade would be worse than continuing the war.

In my view, going to war was not justified. This is not an extreme view. Almost half the American Congress and Senate took that position and certainly the vast majority of Australians would not be prepared to die for what is supposedly at stake in Iraq.

Aside from the merits of either option, this war is not about removing a tyrant. We didn't go to war about Idi Amin, Somoza, Pol Pot and all the others. It is not about the right of nations to exist without fear of invasion. Many countries have been invaded

and occupied — the Baltic States, Tibet, Timor, Eritrea, Grenada, Panama, Afghanistan, Cyprus, even the West Bank, most of them by United Nations Security Council members — yet we didn't go to war.

It is not about enforcing UN resolutions — what happened to the UN's 1975 resolution requiring Turkey to leave Cyprus or the UN's 1967 resolution calling on Israel to leave the West Bank?

Nor is it about restoring democracy in Kuwait — it is unthinkable that any Australian should die for the restoration of the despotic and obscenely wealthy Sabah family.

This war is about oil. It is about years of greed and intrigue by local despots and by the developed world. Saddam is a Frankenstein monster created over many years by the US, the Soviet Union, China, Britain, France, Germany and other countries that supplied Iraq with armaments and with the technology for chemical and nuclear war.

The French built Saddam's nuclear reactor. Only a month before the Kuwait invasion, the US Department of Commerce tried to push through a \$US7.6 million (\$9.7 million) sale of nuclear parts to Iraq. Nine percent of the world's total armament production in the past five years was sold to Iraq, while billions of dollars more went to other Middle East countries run by despots.

Saddam, a monster created largely by Permanent Members of the UN Security Council, is now out of control and must be stopped by those responsible for him. Not one Australian should be asked to die to achieve this.

I reject the notion that Australia's youth have any responsibility for the present war and the attempt to apply doctrines of collective security to it. If war advocates believed their own rhetoric, they would be supporting a full Australian air, naval and ground force commitment, not the token 884 sacrificial lambs. If they really believed their pious statements of sympathy for our

servicemen and women, they would bring them home.

The results of war are unpredictable. Another prime minister stood in Parliament 25 years ago talking about a quick surgical war and the invincibility of B-52 bombers. He would not have taken that view if he had known what would happen.

Would Japan have attacked Pearl Harbour with the expectation of Hiroshima? Would 1939-45 have been different if it had been known that Germany and Japan would become the dominant economies of the world — that they would be paying the youth of the US, or at least the blacks and lower income groups, to fight a war to ensure a supply of oil for their economies?

History gives little credence to the concept of a "just war". Could the people of Tel Aviv, or the Palestinian mother who was shot last week on her balcony for breaking the curfew, appreciate a just war? Is it a just war for the hundreds of Kurdish people opposed to Saddam who were reported killed by bombing? Is it a just war for the 47 per cent of the Iraqi population under the age of 15? Who will explain the just war to the families of Australians who may be killed?

No war will solve the problems of the Middle East. Mr. Hawke's suggestion that this war has one cause only is gross oversimplification.

This war arises from 2000 years of history, from religion, from artificial national boundaries imposed by France and the United Kingdom, based on propping up feudal despots. It arises from poverty and a 40 per cent illiteracy rate that has enabled Saddam to emerge and will create other Saddams in the future.

Stability in the Middle East can never be achieved while the world's armament industry, banks and governments are pumping in billions of dollars of weapons. Nor can it be achieved unless there is some justice for the Palestinians.

A lot of emphasis has been placed on the enforcement of UN resolutions directed at Iraq, while resolutions directed at Israel have been ignored. Bombing is unlikely to change the Arab view that there is one rule for them and another for the West.

The war is creating an Arab legend of Saddam Hussein. Whether he survives or is killed, he's winning the public relations battle in the Muslim world. It will poison millions in future Arab generations against the West.

The war option has reinforced the Mao Tse-tung doctrine that power comes out of the barrel of a gun. Twenty countries now can wage nuclear war. The number will grow and the war option will soon be available only to the insane.

Much has been said about a new world order, but almost everything that has been preached in support of this war represents the old order.

The unpredictable nature of war is never more obvious than in economics. The US is the dominant superpower, but it is faltering and in recession; it is now the world's largest debtor. This economic slide began in Vietnam. The first day of the Gulf War is estimated to have cost \$US 645 million.

While there are many criticisms of the US role as the world's superpower, there are worse possibilities in an unstable world, with the disintegration of the Soviet empire, the growth of Islamic fundamentalism and the rapid arrival of China as a dominant world power.

The consequences of war have barely been considered. A lot has been said by experts around the world about the unpredictable environmental effects, and these statements can't easily be dismissed.

The war will result in an explosion of refugees. Already there are more than a million. How will Australia cope with large-scale Iraqi refugee immigration after the war, as happened after Vietnam? Can reconstruction of the Middle East in some form of "Marshall Plan" be afforded?

To arrange a ceasefire for a period and continue the blockade, with military forces in place, may have disadvantages but there is less to be lost with this option. There has been a substantial reduction in Iraq's military capability. The war option remains available. The argument that more time would allow Saddam to improve his position is not sustainable when Iraq is so heavily dependent on imports, even to feed itself. The only way the "Saddam Hussein legend" can be defeated is to have him removed internally by Arabs.

I reject the idea that any alternative to war means appeasement. The containment and deterrence policies followed by the West in dealing with the communist world over the past 45 years were certainly better than war.

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## SHIFTING SOVIET JEWS TO ISRAEL

The Jewish Agency in Israel projects that by the year 2000, only nine years away, half of the population of the Soviet Union will consist of Soviet Jews.

The Agency's chairman, Mr. Simcha Dinitz, predicts one million Soviet Jews in the wave arriving by the end of 1992. And he expected another million by the end of 1995. There were already close to 300,000 Soviet Jews in Israel before the present wave began, bringing the total population to nearly 4 million.

While Zionist spokesmen everywhere are in the forefront of campaigns to promote multiculturalism, attacking those who oppose immigration policies, which threaten to break down homogeneous societies, Zionist Israel imposes a strict immigration policy, a clear indication of a determination to maintain a cohesive Israeli nation. Non-Jews cannot become Israeli citizens, with the teaching of Christianity strongly discouraged.

The big increase in the Israeli population, this requiring billions of dollars to finance, makes it increasingly clear that Israeli leaders have no intention of halting the development of Jewish settlement in the occupied territories. The Palestinians are becoming more desperate and growing acts of violence are inevitable. These acts will then be used to justify continued Israeli pressure on the Palestinians.

What is taking place is a striking confirmation of the collectivist philosophy of the Zionists, who treat the rank and file of Jews as so much raw material to be moved around as required. It is also the philosophy of the One Way Street — the "Chosen" can do no wrong.

### VALE FRED C. CODNER

It is with deep regret, and a sense of great loss, that we record the recent death of Mr. Fred C. Codner. Fred Codner was of that breed whose word is their bond. A man of the highest principles, Fred Codner gave of his very all to support Social Credit and the work of the League of Rights. Fred Codner was one of the greatest letter writers produced by the League, one of his letters in "The News" Shepparton, Victoria, resulting in local Federal Member Bruce Lloyd taking legal action against him. Fred Codner set a high standard for those League supporters who have come after him. Our deepest sympathy to his wife Gwyn, daughter Norma and grandchildren.