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

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A SERIOUS MISREPRESENTATION OF SOCIAL CREDIT

By Eric D. Butler

Dr. Gary North of the U.S.A. writes two bi-monthly Christian newsletters, *"Biblical Economics Today"* and *"Christian Reconstruction"*, published by the Institute for Christian Economics. While over the years Dr. North has offered some criticism of Social Credit, much of it based on misrepresentation, he has now produced a major work, *"Salvation Through Inflation"*, with the sub-title *"The Economics Of Social Credit"*. It is extremely difficult to review a book the very title of which is completely dishonest, implying that the founder of Social Credit, C.H. Douglas, advocated what he consistently warned against — progressive inflation — predicting that it was mathematically certain if conventional financial and economic policies were pursued.

AS Gary North places considerable stress on the importance of academic qualifications and scholarship to the point of appearing pompous and self-righteous, it is appropriate to point out that his own scholarship concerning Social Credit is badly wanting. We are told *"Academic historians and economists prefer to pay retroactive homage to John Maynard Keynes rather than Major Douglas. Keynes, for all his bizarre personal behaviour, was a scholar. Douglas was not.. Keynes' General Theory was incoherent in a scholarly manner. Douglas's little books were incoherent in an amateurish fashion. Style counts for a great deal in academia and in fashionable intellectual circles. Keynes had style. Douglas did not."* This statement tells us more about the nature of Gary North than about Douglas. It suggests, perhaps unfairly, that he is an intellectual snob, which is unfortunate.

Douglas was an intensely practical man with an international reputation as a consulting engineer. But all those who knew Douglas personally agree that he was a most cultured man while his writings reflect a wide range of knowledge concerning history and literature. Douglas's first major work was *Economic Democracy*, which appeared serially in *The New Age*, beginning in June 1919. Generally regarded as the most brilliant English-language journal of the time, it was edited by the famous A.R. Orage. A wide range of highly gifted writers, including G.K. Chesterton and Hilaire Belloc, had graced the columns of this journal. Some, like G.B. Shaw, were those Socialists infected with the Marxist virus. When Orage introduced Douglas into his journal, there was an immediate split in the ranks of its readers. But a number, along with Orage, grasped the significance of what Douglas was saying.

PROFESSIONAL ECONOMISTS ANSWERED

Economic Democracy was written at a time when the traditional Christian value system was still widely accepted. So when Douglas wrote that systems - economic, political and financial - existed to serve the individual, he did not feel it necessary to explain the Christian root of this concept. Every genuine student of Douglas knows that many of his statements of profound significance, are condensed and could be expanded into a book. Gary North echoes earlier complaints that Douglas was "hard to read". The last major attempt by

orthodox and "trained economists" to refute Douglas's economic views was 60 years ago, when in Australia Professor Douglas Copland, one of the architects of the Great Depression in Australia, wrote a pamphlet with the title, *Facts And Fallacies Of Douglas Credit*. Copland was Dean of The Faculty of Commerce in the University of Melbourne at the time. At the same time, a senior British economist, Professor Robbins, of The University of London, was also offering a refutation of Douglas. Douglas replied to both Copland and Robbins in his book, *The New And The Old Economics*.

Like Gary North, Copland had criticised Douglas's literary style, stating *"his writings have not been characterised by that clarity of expression that will enable the average man to follow him with certainty"*. Douglas commented, *"It is, unfortunately, inevitable that the process of pioneering is not*

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) Law, against policies of rape and waste.

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

usually associated contemporaneously with the laying down of high-speed roads..." Douglas went on to point out that in books subsequent to *Economic Democracy* he had devoted a great deal of attention to make clear any obscurities which appeared in earlier efforts. Douglas said that the subject was a difficult one "involving many subtleties, both of thought and language". But large numbers of readers had over the previous 14 years grasped the meaning, which they were intended to convey. One of the features of the growth of the Social Credit movement was the calibre of individuals who grasped what Douglas had to say. Engineers, generally, readily grasped what he was saying.

As Gary North makes the statement that it is not easy for anyone interested to read all of Douglas's books and articles in order to decide whether Social Credit is true or not, because "Major Douglas's books are not all in print. They are not easily available", it is necessary to point out that *The New And The Old Economics* has never been out of print and is readily available. With the exception of his *Land For (The Chosen) People Racket*, not only are all of Douglas's numerous works available, but in *The Development Of World Dominion* The Social Credit Secretariat republished a selection of the writings of Douglas up until the time of his death in 1952. The scholarly Gary North apparently knows nothing about the official body established by Douglas to transmit his teachings into the future. If Gary North had done some genuine original research he would have known that the first Chairman of the Social Credit Secretariat, following the death of Douglas, was a distinguished British Scientist, Dr. Tudor Jones. If he had continued his researches, he would have found that there were a few senior Social Crediters with PhDs, this clearly regarded as most important in the eyes of Gary North. His researches would also have led him to discover that Dr. Tudor Jones's successor was Dr. Bryan Monahan of Canberra, one of whose last books, *Freedom and Inflation*, was devoted to an examination of the menace of the very inflation which Gary North says Social Credit advocates.

THE "ANTI-SEMITIC" SMEAR

These matters are raised primarily to demonstrate that Gary North is most unreliable when it comes to matters of demonstrable fact. He raises the old "anti-Semitic" smear. "Anti-Semitism" is, of course, one of the most fashionable swear terms of recent times and is even applied to those Jews who do not follow slavishly the Zionist line. The great Russian writer, Solzhenitsyn, when charged with "anti-Semitism" because he listed the names of those operating the notorious Soviet gulags, most of these happening to be Jews, suggested that the time had come to stop using a term which had been drained of all relationship to reality. Gary North repeats the old claim that *The Protocols* were a "forgery" produced by the Czar's secret police in the late 1890s, quoting as his authority the Jewish writer Norman Cohn, "Warrant For Genocide". If, in fact, these documents are a forgery, does this mean that there are some originals? The truth is, of course, as a number of scholars like the British historian Nesta Webster have shown, origins of these documents can be traced back to much earlier documents.

Gary North quotes Douglas on the Jewish Question in *Social Credit*, concluding with Douglas's statement that "Of the Jews themselves it may be said that they exhibit a race-consciousness idea to an extent unapproached elsewhere, and it is fair to say that their success in many walks of life, is primarily due to their adaption to an environment which has been moulded in confor-

mity with their own ideals". But he does not conclude what Douglas said: "That is as far as seems useful to go, and there may be a great deal to be said on the other side. It has not yet, I think, been said in such a way as to dispose of the suggestion, which need not necessarily be an offensive suggestion, that the Jews are the protagonists of collectivism in all its forms, whether it is camouflaged under the name of Socialism, Fabianism, or 'big business', and that the opponents of collectivism must look to the Jews for an answer to the indictment of the theory itself. It should in any case be emphasised that it is the Jews as a group, and not as individuals, who are on trial, and that the remedy, if one is required, is to break up the group activity".

Douglas has said that the day-to-day behaviour of many Jews compares more than favourably with that of other people. Douglas's complete statement gives a much more accurate picture of his views on the Jewish Problem, and how it might best be solved with benefit to individual Jews. The real tragedy for the rank and file of the Jewish people is the exploitation of the collectivist philosophy to use them as a type of cannon fodder by their will-to-power leaders. The problem has been intensified with the emergence of the international Zionist movement. As a number of eminent Jewish scholars have pointed out, modern Judaism is an extension of Pharisaism. The will-to-power is a deadly threat to the best interest of the individual, irrespective of nationality. But when the will-to-power is expressed through the type of collectivism imposed on the Jewish people over a long period of time, and linked with the "Chosen Race" concept, the result is explosive. A number of courageous Jews have attempted to deal with the subject, but with little success. The famous Dr. Oscar Levy spoke of a type of "madness" which had run over thousands of years.

Douglas was not novel in what he said on the Jewish Problem. But what was novel was his policy for decentralising all power. He correctly predicted that while the basic flaw in the finance-economic system remained, the process towards ever-greater centralisation appeared to be "inevitable". Douglas was not a "reformer", as Gary North claims. And he was certainly not a "trained economist", which Gary North stresses. Douglas was, however, a trained engineer with an intimate knowledge of cost accountancy. It was because of his background that during the First World War he was made Assistant Superintendent of the Government Aircraft Factory at Farnborough for the purpose of solving problems. It was Douglas's experiences during this period, which resulted in his conclusion that modern industry, over any given period, was distributing insufficient purchasing power to consumers to meet total prices created over the same period. Douglas formalised what was taking place in his famous A+B theorem.

A theorem might be described as a statement of fact, which is not self-evident. The same might be said of an axiom, which can be demonstrated to be true. Douglas subsequently provided a mathematical proof of the A+B theorem. Neither the premises nor the reasoning of this proof have ever been refuted, although critics of the theory have repeatedly been challenged to attempt to do so. Gary North rejects the A+B theorem but makes no reference to the mathematical proof offered by Douglas. He merely embellishes the number of alleged disproofs of the A+B theorem with the general conclusion that there is in fact no deficiency "on purchasing power. But it was impossible to maintain that approach during the Great Depression of the thirties when it was blatantly obvious that there was widespread poverty amidst actual or potential plenty. A large number of prominent people, including His

Majesty King George V, the then Prince of Wales, later the Duke of Windsor, and Winston Churchill, pointedly drew attention to the fact that the basic problem was not one of production, but one of consumption, a lack of adequate purchasing power. The Southampton Chamber of Commerce, one of the largest Chambers in the world at the time, conducted its own research and in essence endorsed what Douglas was saying. Credit creation by the banking system and its operating methods was the major problem.

THE ROLE OF JOHN M. KEYNES

The Douglas challenge to the Monopoly of Credit reached the stage where something had to be done to defend that monopoly. Thus the entry of Gary North's "scholarly" John Maynard Keynes. While criticising the inflationary programme advocated by Keynes, apart from telling us that Keynes had "style", we are not told why Keynes was preferred to Douglas. Keynes had admitted in an indirect way that Douglas was right about the deficiency of purchasing power. Writing in *The Social Creditor* of March 4, 1950, Douglas said, "*To anyone closely in touch with affairs in the ten years before the outbreak of the second phase of the war, it was obvious that Keynes, and the Keynesian distortion of the Social Credit thesis, were the Financiers' answer to the attack on the Bankers. Keynes was an able man, and was furnished with the best assistance unlimited money could provide; and the Keynesian Proposal for Deficit Spending, by which the under-distribution of purchasing power, disclosed by the A+B Theorem, and rather cleverly admitted by Keynes, was paralleled by money issued to finance Public Works which were not for sale ... were a brilliantly devised trick to put the population permanently to work for Lord Keynes's employers.*" Keynes became a Director of The Bank of England.

In an Appendix B to *Salvation Through Inflation* Gary North issues a grandiose challenge to "Social Credit Leaders". Once again the tone of Gary North's writing is revealing: "*I have written the first scholarly book published since the late 1930s that refuted the economics of Social Credit.*" "*Those defenders of Social Credit who have come in the name of Major Douglas alone are simply not worth anyone's time or energy to challenge. They are defenders of what is clearly a long-lost cause. They are intellectually incapable of writing books. All they publish are little pamphlets and an occasional newsletter ... they cannot recruit those well educated people and professionals who are vital for leadership in a serious economic reform movement.*"

Attempting a response to Gary North is almost impossible when his book *Salvation Through Inflation* contains so many breathtaking false or misleading allegations about Social Credit. Some of these allegations are so outrageously false that the kindest thing one can suggest is that Gary North has been carried away by his own inflated opinion of his own ability. For the sake of the record I will list but a few samples.

As an introduction to his book, Gary North quotes, obviously with approval, a statement by the Austrian Ludwig von Mises in which Douglas is linked with Pierre Joseph Proudhon, Ernest Solway and a "*host of other reformers*" who "*want to reduce the rate of interest to zero and thus to abolish altogether the security of 'capital'.*" At no time did Douglas advocate such a policy.

In Gary North's Foreword he writes that "*Under Social Credit the State would take over the bankers' economic function: creating credit and deciding which businesses would*

receive it." This is completely false, as witnessed by Douglas's many statements on the dangers of a State Monopoly of financial credit creation. Why has Gary North ignored these statements and misrepresented Douglas?

Gary North urges his readers not to be deceived by "lots of assertions". Gary North would be well advised to heed his own advice. He claims that proposed Social Credit reforms "*will produce spectacular economic growth, which is what Major Douglas promised*". I challenge Gary North to document this assertion. Douglas said that the "economic growth" policy was necessary in an attempt to make the orthodox finance-economic system work, this resulting in an enormous waste of productive capacity and resources. At a time when it has become fashionable to talk about conservation, it is appropriate to point out that Douglas stressed that various types of economic sabotage were essential in an attempt to make the present system operate. "Built-in obsolescence" is standard practice in many industries. Farmers are forced to "mine" their soils rather than practise good husbandry, all in the name of financial orthodoxy.

There is no point in this general review of Gary North's book to deal with his alleged proof that Douglas was in error concerning the A+B theorem and the deficiency of purchasing power. There was considerable discussion about this matter in the early days of the Social Credit movement, and the columns of *The New Age* and other journals were filled with discussions on the subject. Gary North says nothing that has not been said before. But the reality is that an expanding debt structure to finance capital production growing consumer debt to enable people to mortgage their future incomes to buy today the production which is readily available, and the fierce striving to "capture" foreign markets, a type of economic warfare, all demonstrate the validity of the Douglas analysis.

DOUGLAS'S METHODS

It will be helpful, however, to draw attention to the fact that Douglas's methods by which he reached his conclusions were just as important as his findings. Douglas did not set up some theoretical proposition while analysing the workings of the finance-economic system. He did not even put forward a working hypothesis to account for what were clearly observable and verifiable facts. He adopted the inductive approach of Francis Bacon, generally regarded as the father of modern science. Only when Douglas had finished his inductive analysis did he turn to a deductive line of approach. Both the inductive and deductive proofs confirmed that over any given period of time, industry distributes insufficient purchasing power to buy its own production. In reaching his conclusions Douglas pursued the methods of empirical science.

At one time *The Australian Year Book* used to publish the total annual prices of production and the total prices of incomes and salaries distributed. These demonstrated that total prices were always far in excess of total wages and salaries. But in recent years the *Year Book* no longer makes this important information so readily available. A simple but comprehensive statement of the A+B theorem is provided by Australian Social Creditor J.D. Malan who, like his father before him, a pioneer Social Creditor, was a trained professional engineer. He outlines a clear example of the truth of Douglas's statement that in the physical world, the true cost of production is the total consumption involved in the production, and that with every improvement in technique the true cost of production is progressively being reduced.

A group of native islanders who had never heard of money could build a bridge providing they had the necessary building materials. The real cost would be the materials used and the food consumed while building. When completed the bridge would be regarded as a community asset. There would be no debt. The real cost of production had been met as the bridge was being built.

RIGHT ON ONE POINT

Gary North is right on one point: "...*economic crises are always ripe for economic innovation.*" Most people only go to see a doctor when they are ill. And providing the body has not been too badly damaged by the cause of the illness, it can regenerate itself if the cause of the illness is removed. The majority of people do not take a deep interest in politics and economics except in times of crisis. Douglas was philosophic about the length of time it would take for a change in policies of disaster, stressing that events and the "long lever of history" would bring change — providing that there was an adequate number of informed and qualified Social Crediters to provide service and realistic advice.

Gary North says that he regards his book "*as a kind of inoculation for a coming period of economic breakdown*". He quotes the Soviet dissident Shafarevich to demonstrate how during last century "*peculiar little socialist groups discussed in isolation their economic ideas...*" "*Then without warning, these ideas would sweep across a nation and become the basis of a successful political programme.*" Only an historical illiterate would accept Shafarevich's view of what happened in the Soviet Union. As Spengler points out in his *Decline Of The West*, no revolution in modern history has taken place without the backing of Money Power. The International Money Power brought Lenin and his Marxist revolutionaries to power in the Soviet and with massive economic blood transfusions sustained it as long as was practical. That same power is now trying to draw the former Soviet Empire into the much-publicised "New World Order" programme.

A FALSE STATEMENT

Gary North, looking to the future, predicts, "*I expect the next economic crisis to be inflationary, not deflationary*", going on to make the completely false statement that "*Social Credit is a system designed for a deflationary era, not an inflationary one*". The orthodox financial "experts", including those "trained economists", have only one answer to inflation, deflation resulting from a restriction in the rate of new financial credit creation. The devastating results of this policy can be seen worldwide, with mass unemployment and growing social disintegration. Even the German "miracle", which Gary North says was the result of a 1948 deflationary policy, along with the Japanese "miracle", has evaporated. Gary North apparently is not aware that West Germany was put on its feet after the Second World War by the abolition of its debts and Marshall Aid. There was vast scope for reconstruction because of the massive wartime damage. But, as in Japan, the economic expansion was based on mounting financial debt.

Gary North's view that "deflationary monetary reform" can eventually result in prosperity appears to reflect his philosophy, which he claims is Biblically based. It can be predicted that, in the absence of a serious modification of present finan-

cial and economic policies, no prosperity and social stability is going to emerge from the present financial and economic policies. Developments are confirming Douglas's view that eventually the very foundations of Western Civilisation must crumble if increasing centralisation of power is used in an attempt to preserve those policies. If Gary North were as well informed on Social Credit as he would have the readers of his book believe, he would know that, as the Second World War, which Douglas predicted, and subsequent events unfolded, Douglas increasingly devoted his attention to fundamental philosophic issues, including the subject of constitutionalism. Gary North advises his readers, who wish to know if Social Credit is true or false, to read all of Douglas's books and articles, but then goes on to make the completely false statement that Douglas's books "are not all in print", with the snide suggestion that this has been deliberate policy of Social Crediters. With the exception of *Land For (The Chosen) People Racket*, all of Douglas's books and major addresses are in print. In Australia, where Social Crediters heeded Douglas's advice not to become sucked in to the boglands of party politics, *The New Times*, which enjoys an international circulation, has been published continuously for nearly 60 years. Social Credit study courses are constantly being expanded with the use of videos. An advanced school of Social Credit studies is conducted from Brisbane, Queensland, under the direction of a man with a long professional career as an accountant.

THE ROLE OF THE LEAGUE OF RIGHTS

The post-Second World War strategy of Social Credit in Australia took shape through the Australian League of Rights, whose philosophic base is indicated in its first objective, to defend the Christian concept of God. Even its enemies agree that the League of Rights is the most influential non-party political movement in Australia, with occasional references to its "funny money" policies. Currently the League of Rights is heavily involved in defending the Australian Federal Constitution and the Monarchical system of government. Anyone who has read Douglas's last major address, *Realistic Constitutionalism*, delivered after the Second World War, would know why Australian Social Crediters are vitally concerned about constitutionalism.

But a study of *Salvation Without Inflation* suggests that North's reading has not taken him past the first (1937) edition of *The Alberta Experiment*. Thus Gary North makes one of his numerous factual errors by stating that Premier Aberhart of the Albertan Social Credit Government "*never instituted any of Douglas's recommendations. Thus ended the first and most important political victory in the history of Social Credit*". Perhaps I can assist Gary North with a little true history. He will find it in my Introduction to the 1984 edition of *The Alberta Experiment* and the background notes provided by L.D. Byrne, economic adviser to the Albertan Government and Douglas's personal representative. The initial mistake made by Aberhart was to try and act like a financial expert. He had grasped the broad thrust of Douglas's ideas, but had a faulty understanding of technique. He was being de-railed by those financial interests who had a vested interest in preventing the implementation of any Social Credit ideas.

The end result was a revolt by a number of the better-informed social Crediters in the Albertan Parliament with eventually a delegation being sent to see Douglas and to invite him to Alberta. Douglas's reaction was that as the Albertan Government had done practically everything possible to discredit Social

Credit, before he would become involved he required an invitation from the Government for either himself or his nominees to visit only for the purpose of obtaining a first hand report on the facts. This was accepted and eventually L.D. Byrne, a man of considerable business experience and a dedicated Christian, found himself as the economic adviser to the Aberhart Government. The strategy devised was to unite Members on a policy designed to break the grip of the Credit monopoly on the Province. That strategy was followed step by step for five years, with Aberhart being advised by Douglas's representative. There were many beneficial results. The tragic death of Aberhart in 1943 and his succession by the strongly pro-Zionist Ernest Manning, who eventually finished as a bank director, is a story in itself.

A MAJOR PROBLEM

A major problem with Gary North's book is that he makes so many blatantly false or misleading statements that it would take a number of books in an attempt to deal with them all. As Douglas's writings contain many criticisms of both Utopian plans and State Planning, it is incredible that Gary North should charge Douglas with supporting what he specifically repudiated. It is breathtaking to read that Douglas advocated the closing down of private banks by the government, and supported zero interest rates. A supporter of the gold standard, Gary North writes, that "*there was tremendous economic growth under the gold standard, as Douglas knew but refused to mention. What he had to explain was how this could be true if his economic theory is also true*". A study of Douglas shows that he pointed out that there was nothing basically wrong with the developing free enterprise system of last century, with consumers dictating through gold sovereigns what production they required. The only problem was that some people did not possess enough golden sovereigns. I am not charging Gary North with "refusing" to mention this, rather that he appears to be oblivious to much of what Douglas did say.

And how did Gary North come to the conclusion that "Social Credit rejects falling prices"? A key factor in Douglas's proposals was a progressive reduction in prices reflecting that the true costs of production was falling. If Gary North's much-vaunted scholarship has not brought Douglas's views on the evils of inflation and his advocacy of a programme for reducing prices, I am sure that there are Social Crediters who will help him out. A partial application of Douglas's policy for overcoming inflation was used in all English-speaking nations, with the use of consumer price discounting. The use of this policy in Australia resulted in zero inflation for five years, from 1943 to 1948.

A QUERY ON CHRISTIANITY

As Gary North queries Douglas's commitment to Christianity, the most charitable comment is that once again his study of Douglas has been rather restricted. In his *Realistic Position Of The Church of England*, Douglas described himself as a member of that Church, but he was critical of the role of that Communion. He stressed the importance of "practical Christianity" with particular reference to the Doctrine of Incarnation, pointing out that the expression of faith in a Truth does not of itself make things happen; that the appropriate mechanism must be devised. Douglas condemned collectivism and centralisation of power as manifestations of the growing ascendancy of the Anti-Christ, with the creativeness of the individual being suppressed. In *Realistic Constitutionalism* Douglas mentioned the Athanasian Creed and the trinitarian nature of reality. From my long experience as a Social Creditor I can say that many Social Crediters have come to regard Christianity as having much more relevance to the affairs of men than they previously thought.

It is made clear in Gary North's correspondence with Chas

Pinwill, as published in *The North-South Dialogue* and his statements in *Salvation Through Inflation*, that one of his reasons for opposing Social Credit is his interpretation of Christianity. Although Chas Pinwill approached Gary North in a Christian spirit, inviting him to provide a concluding statement to the correspondence he had initiated with North concerning his views on Social Credit, this was not provided. Chas Pinwill said that Gary North's concluding statement could "*represent what you would most like to leave with the wider readership, to whom this dialogue is eventually intended to be made available*". Gary North says that when Chas Pinwill in 1990 sent him a manuscript, he responded "privately", "*hoping to save Mr. Pinwill the embarrassment of going into print with numerous errors. I had assumed however, that Mr. Pinwill was aware of and would abide by international copyright law, which says that no more than one percent of an author's private letter may be reproduced verbatim without his permission. He did not abide by the law*". This sounds more like the type of Pharisaical legalism Christ denounced than the appropriate reaction of one Christian to another.

However, Gary North, in patronisingly overlooking Chas Pinwill's ignorance of a law, says "*I am not going to charge him with moral failure. Mr. Pinwill is probably a very fine fellow. He just knows nothing about academic etiquette and international copyright law. This is the problem facing any movement which is run by amateurs. They don't know what they're doing*". One cannot help being struck with Gary North's lack of modesty.

A CHALLENGE

He challenges Social Credit leaders — two from England, Canada, Australia, New Zealand and South Africa — to produce some type of a collective response to *Salvation Through Inflation*, the response of a 150-page manuscript to be sent to Gary North by September 23, 1993. Failing this, Gary North will, in 1994, begin advertising "*The Devastating Attack on Social Credit Economics That No Social Credit Leader Has Been Willing Or Able To Answer!*" I cannot speak for the Social Credit Movement, but as a lifetime Social Creditor I can tell Gary North that my first requirement before even discussing Social Credit with him, would be that he corrects the many verifiable incorrect statements he makes in his book. I am thoroughly familiar with the old debating trick of erecting straw men for the purpose of destroying them.

Gary North's self-esteem is such that he considers what type of tactics might be used by Social Crediters against him: "*...I don't think you will adopt the silence strategy. Leaders of religious cults are incapable psychologically of remaining silent when someone attacks The Founder in a full-length book devoted to challenging The Founder... I think some of you will make it your life's work to refute this book, month after month*." I am producing only a general review of his book because I have been sent a review copy and because its publication will be of some interest to Social Crediters.

CLEAR ON ONE ISSUE

Gary North is clear on one important issue: He rejects the view of Douglas, and large numbers who are not Social Crediters, that the basic problem confronting mankind is how to maintain a policy of "full employment" when the technological revolution, an extension of the industrial revolution, makes it increasingly easy for the requirements of the individual to be provided with only a fraction of the population engaged in the production system. A growing Leisure Age is not only physically possible, but is essential if the disintegration

of civilisation is to be reversed. As Douglas pointed out, the major factor in modern production is not human labour, but a cultural inheritance which every individual has a right to partake of. In a money economy, financial dividends, progressively supplanting wages, with a reduction in a responsible manner of the working life of people, are the obvious ways to pass the benefits of the cultural heritage to the individual. Now Gary North will have none of this, which is contrary to his concept of scarcity economics with hard work for all. The cliché about something for nothing being in some way demoralising is common among those who adhere to Gary North's philosophy. In the meantime individuals continue to breathe the air without which they cannot live and no one denies access to the sunshine, which can only be regarded as one aspect of God's unearned Grace. The dividend concept is described by Gary North as one of putting the whole nation "on the dole", and an extension of the Welfare State. The Welfare State is a perversion of a dividend where the individual gains access to his own inheritance as a right. He should be free to use that inheritance as he sees fit, so long, of course, as he does not jeopardise the rights of other individuals.

The Social Creditor believes in genuine freedom, freedom for all. Freedom can be extended as economic developments make it possible to free more individuals from the work force, with a system of social dividends. The very young are not expected to join the work force, but they expend an enormous amount of energy in various creative activities generally described as playing. A matured man, or woman, freed from the ordinary work force at, say, 50 years of age, and having economic security, would almost certainly engage in a variety of activities during which they may well expend more physical

energy than when engaged in the work force. But his activities would be voluntary.

A FEW SUGGESTIONS

I well understand why Gary North rejects all of this and I leave him with the question: If Social Credit as a policy is incompatible with his concept of Christianity, would it not be more profitable for him to discuss philosophy with fellow Christians who are Social Crediters rather than concentrate on economics? This is what Chas Pinwill attempted to do in his correspondence, showing that Social Credit was compatible with what Gary North describes as Biblical Christianity. It seems a great pity that Gary North did not continue the correspondence, instead of throwing out the type of challenge he has. For my own part, I believe that anyone who can seriously state, as does Gary North, that "*money is a marketable commodity*" is so far divorced from reality that rational discussion appears impossible. If Gary North cares to visit Australia, I will undertake to join with him in an experiment. We will go out to the Simpson Desert with whatever kind of money he cares to nominate, perhaps gold, but with no water, food or shelter for Gary North. The experiment would demonstrate how long he could live on his "*marketable commodity*". Knowing the harsh reality of the Simpson Desert, I would take adequate water, food and shelter. As a fellow human being and Christian, I would not, of course, allow Gary North to perish clinging to his useless "*marketable commodity*". I would help him with reality, demonstrating that any form of money is completely useless in the absence of the physical requirements of life.

BRITISH FINANCIER SUPPORTS RETENTION OF FAMILY FARMS

Prince Charles was strongly criticised when he publicly supported the retention of French family farming, stressing its cultural significance. As usual, said the critics, Prince Charles was being "impractical". However, the Prince has been given strong support from what some might describe as a most unlikely quarter. British financier Sir James Goldsmith has caused a stir with an article, which argues the case for the retention of the family farm.

The *Financial Review* of July 7 reported that just prior to the recent G-7 Tokyo GATT talks on international trade, farmers' unions from North America, Europe and Asia held their own Tokyo summit claiming that "free trade" (if applied to agriculture) "will lead to the loss of millions of family farmers".

Sir James Goldsmith's article reads as follows.

Economic growth is the way to measure success, and science and technology are its principal tools. That is the basis of modern thought, but I question it.

The leading modern society, America, has produced the greatest surge in economic growth and material prosperity in history. In the past 50 years, its gross national product (GNP) has grown in constant, inflation-adjusted dollars from US\$1.5 trillion to US\$5.9 trillion dollars. American science and technology have achieved incredible innovations. And yet, American society is deeply ill.

Britain and other Western societies have succeeded beyond their dreams in the past 50 years, but they are in deep trouble. Perhaps success cannot just be measured in economic terms. Perhaps national recovery is not just a product of economic growth.

As America is the remaining super-power and most of the world, more particularly Britain, seems to be turning to her as an example, I will do likewise. Many Americans tend to believe that science can unravel all problems and that the whole world is some sort of puzzle that modern technology can analyse and measure. Measurement rather than wisdom has become the preferred tool and this can lead to some serious mistakes.

For example, GNP is the official index of a nation's prosperity. If a natural calamity strikes, the immediate impact is growth in GNP, as industry gears up to repair the damage. If crime explodes, GNP grows as police forces are expanded and more prisons are constructed. So GNP is not a measure of success or contentment; just a measure of activity, good or bad.

American cities that are racked with crime, drug taking, alcoholism, suicide and family breakdown are, according to official figures, considered "richer" than many poorer cities elsewhere in the world which are still rich in stability and contentment.

My second example of measuring rather than understanding is the belief that a geographic space, once populated, becomes a nation; the belief that you can bring together all sorts of people from all sorts of cultural and ethnic backgrounds and create a nation. In reality a nation is something very different. It is the common culture, identity and traditions, which create a nation's heritage and constitute a vital pillar of its stability. And the community of spirit takes a long time to develop.

Not to understand the difference between a populated space, a state and a nation leads to policies, which create social breakdown, misery and ethnic conflict. That will be the case whatever the growth in GNP.

My third example concerns geographical mobility. People, it is believed, should move to jobs rather than the reverse. But this shows deep ignorance of how human societies work.

In a stable society, each member of a family has a role in the upbringing of the children, as have their friends. But if, to find work, the mother, father and children are forced to move, then the influences that help to educate the children are transformed and the function of relatives is diminished. Often this function is transferred to schools, which, themselves, are in deep moral crisis.

The elders who have been left behind regroup in special retirement cities, and the children become more anonymous within impersonal communities. Society begins to disaggregate. In particularly severe cases, when the families break down, the children seek alternative families and find surrogate relatives in urban gangs.

People who speak of reducing urban crime just by increasing the size of the police force confuse causes and symptoms. We create the disease by failing to understand the longer-term results of our own actions.

The whole of our culture has been deformed by the modern method of thought. Let me try to propose some practical solutions.

First, when assessing new ideas, new plans and political programmes, go further than just attempting to analyse their effects on economic growth. You should also try to understand their longer-term effects on the stability of society. Of course, we need economic prosperity, but economic growth is valuable only if it contributes to the stability of a community.

Second, protect the nation and do not let anyone transform it into a populated space in the face of ever-increasing pressures to open the gates. Article 123 of the Maastricht Treaty states: "*It shall aim ... to increase their geographical ... mobility within the Community.*" This is not just allowing mobility, but actively encouraging and subsidising it. It is not the way to create Europe, but to destroy it.

Outside Europe, population is exploding and vast numbers of people are being uprooted. Tragically, we are responsible. Ill-conceived international treaties like GATT will have devastating consequences on the stability of society. The dual effects of exploding population and its systematic uprooting will lead to mass movements of peoples which will engulf those nations too weak to protect themselves.

People who confuse Europe with the United States of America forget that that great state was formed by immigration. They were starting from scratch; we are the opposite. Our populations have deep national roots, which is a wonderful strength as long as we do not attempt to shuffle people like a pack of cards.

Europe must build on the strength, cultures and traditions of each nation and each must retain the overwhelming majority of its existing power to govern itself. The powers that are transferred to the centre must be principally those necessary to coordinate defence, diplomacy, environmental protection and trade. That was what "Subsidiarity" was supposed to be all about: transferring to the centre only those responsibilities, which could not be assumed at national level.

Alas, "Subsidiarity" has become, to some degree, a disguise behind which lurks the centralising lust of the European bureaucrat. To centralise would be a disaster. Vast groupings of international peoples governed by great central administrations are not stable, as we have seen in the Soviet Union and to some degree in the U.S. Brussels should not be either the Kremlin or Washington.

Perhaps the major centralising dynamic of the Maastricht Treaty is the proposal for single currency. Its damage goes far beyond the economy. To understand the effects of a single currency imposed uniformly on both rich and poor regions, look at Italy and Germany.

The economy of northern Italy is highly competitive where that of the south is not. The unemployed southerners move north to seek work and to stem this migration, Italians have subsidised investment in the south to create jobs there. To do this, they formed special institutions such as the *Cassa del Mezzogiorno* and its successors, through which were channelled massive transfers of funds to the south. The policy failed. Much of the investment went into useless bureaucratic mega-projects and much was stolen or diverted for political purposes.

Instead of generating employment, the subsidies generated corruption. They also failed to stem migration, which conti-

nued to deracinate southern communities and to over-populate and destabilise those in the north.

This fiasco caused a great resentment in northern Italy, resulting in the formation of the Lombardy League, a political party whose platform is to separate the north from the remainder of Italy. It has become the leading party in its region, with similar leagues emerging in Tuscany and Venice.

The subsidies and migration have taken place within the same nation. Nonetheless, they have aroused strong separatist passions. Imagine how much more resentment would be generated if they took place in entirely different nations such as between Greece and the Netherlands or between Spain and Germany.

It must be obvious that the imposition of a single currency would unleash centrifugal forces that would tear Europe apart. But, alas, our centralising bureaucrats are unable or unwilling to understand.

My fourth and last point concerns the General Agreement on Tariffs and Trade, which looks as though it is just promoting world trade and economic growth, but which inevitably will cause immense harm. The GATT negotiations, as they affect agriculture, propose that nations would be prohibited from limiting the volume of important agricultural products. The idea is that the inefficient agriculture of some countries would be forced either to modernise or to be replaced by the products of other nations, which already have implemented modern and "efficient" methods.

It sounds all very logical, but we need to define and understand what is meant by "efficient". It is generally accepted that large, mechanised farms using modern scientific methods produce more food, more cheaply, for the benefit of the economy and of people throughout the world. But this conclusion is based on one-dimensional thinking.

When people leave the land, they gravitate to the cities. If there are insufficient jobs, there will be increased unemployment. And if there is insufficient infrastructure, such as schools, houses and hospitals, then there will be a need for substantial new capital expenditure. These costs must be taken into account when calculating the financial benefits of so-called intensive agriculture.

But there is a deeper price. When people are forced to move from the countryside to the towns, both the countryside and the towns are destabilised. The famous *favelas* of Brazil, the slums of such mega-towns as Rio de Janeiro, did not exist before the Green Revolution, which was supposed to eradicate hunger throughout the world by applying science to agriculture and thereby increasing output.

Change often produces unexpected results. Large mechanised, scientific farms did produce more food per person directly employed, but those no longer employed were chased into towns, creating vast urban concentrations with their attendant slums. As they were uprooted not only from their homes but also from their cultures and families, the refugees and their children were reduced to dependence on welfare and crime.

Now the mega-towns and their slums are blamed for the economic and social collapse of whole nations. We have forgotten that we created them.

The GATT proposals would do even greater damage. By preventing nations from protecting their farmers, rural communities throughout the world would be washed away as if by flood. Whole populations would be uprooted and swept into urban slums. In the world as a whole, the rural population consists of about 3.1 billion people. Let us suppose that as a percentage of total population, it were to be reduced to the levels that already exist in the "new" farming countries such as Australia and Canada.

The result would be migration from the land to the towns of about 2.1 billion people, figures that worsen as the world's population grows. As the affected nations become ungovernable and impoverished, so their people will be forced to seek refuge elsewhere. Mass migration will follow, and do not think

that any nation would remain unaffected by vast movements of uprooted and tragic peoples. In our one-dimensional search for growth in GNP, we systematically undermine societies, create unemployment and then spend our time dealing with the symptoms. Money, although necessary to alleviate pain, solves no fundamental problems. It deals with symptoms not causes.

As Professor Walter Williams of George Mason University has pointed out, the money spent in the U.S. on poverty programs since the 1960s could have bought the entire asset of the 500 largest companies in America "plus virtually all the U.S. farm land. And what did it do? The problems still remain and they are even worse".

NEW ZEALAND POLITICAL UPHEAVAL

Mr. Winston Peters, a part Maori and former Minister in the present Bolger National Party, is undoubtedly the most popular politician in New Zealand today. Since his expulsion from the National Party, it was almost certain that he would eventually lead a new political movement in New Zealand. Both the Nationals and the Labour Opposition dreaded this possible development. Now it has taken place with the stage being set for a major New Zealand political upheaval at the next General Elections, these to be probably held later in the year.

Peters appears to be more of a nationalist than an internationalist and condemns the progressive selling off of New Zealand industries. He also says that the primary responsibility of a Member of Parliament should be to his electors, not to a party. That view alone explains why Peters is feared by the political power brokers.

BOOK NOW FOR LEAGUE NATIONAL WEEKEND

All roads will lead to Melbourne for the first weekend in October, starting with the Annual "New Times" Dinner on Friday, October 1; this will be followed by the Annual National League Seminar on Saturday, October 2, with the finale being the all-day Seminar on Sunday, October 3 - starting with a short non-denominational Divine Service.

National and International developments demand that all League supporters who possibly can should be present for what we can predict will be a momentous weekend, with some pleasant surprises.

The toasts to "The New Times" will reflect the high quality of the younger recruits to Social Credit ranks.

Under the chairmanship of National Director David Thompson, the National Action Seminar will have all key Directors present to outline the most comprehensive forward planning programme in the history of the League.

The task of the organisers will be made easier by early bookings. The charge for "The New Times" Dinner will be held at last year's charge of \$30. No bookings will be accepted without payment. Admission to the Dinner is strictly limited to League supporters and members of their families. The organisers reserve the right to decline any bookings.

Limited private accommodation is available for interstate and country supporters. As several Melbourne supporters who normally host visitors will be away, offers by any Melbourne supporters to host interstate visitors, this strengthening the family concept of the League, would be greatly appreciated.

The best-discounted airfares for interstate guests can be arranged if early bookings are made.

Plan now to attend the 1993 League National Weekend. It will be another experience of a lifetime.

ANOTHER VETERAN PASSES

Early supporters of the Social Credit Movement will recall the sterling activities of Norman F. Rolls. We regret to record that following a long period of ill health, Norman Rolls recently passed away at the age of 88. Mr. Eric Butler gave a short address at the funeral service.

THE DAVID IRVING DRAMA CONTINUES

The barrister representing the Federal Government at David Irving's recent appeal to the full bench of the Federal Court in Perth made the remarkable suggestion that the British historian should be banned because his presence could lead to riots and the destruction of property. The only people involved in organising riots, such as those which took place when the David Irving video tape, "The Search For Truth In History", was to have been shown around Australia, were Zionist inspired opponents of Irving. This revealing video, \$35 posted, is available from all Australian League bookshops, is available in New Zealand from the New Zealand League of Rights, while David Irving's Australian publishing representatives state it will also be available shortly in the U.S.A and Canada.

In republishing part of Mr. Nigel Jackson's Melbourne Conservative Club address on the wider implications of the Irving affair, in the June issue of *The New Times*, we reported that the League was planning to reproduce the complete text of Nigel Jackson's address in booklet form. But we are now informed that Veritas Publishing Company has commissioned Nigel Jackson to expand his address into a paperback book. Nigel Jackson has made a special study of the David Irving affair and his book should make a valuable contribution to a debate of major international significance. We will report when Nigel Jackson's book becomes available.

The August issue of *Quadrant*, Australia's most prestigious literary and cultural journal, carried the following letter from David Irving:

THE IRVING NON-VISIT

Sir: I cannot allow Dr. Colin Rubenstein's letter in a serious journal such as *Quadrant* (June 1993) to go unanswered. Firstly, the Australian Government's decision to refuse me a visa was *not* taken on the basis that I am of bad character or may represent a danger to the community; as its own files, which were produced in evidence during my appeal, showed, the ministry found *no* grounds to exclude me on grounds of character. The refusal was dictated by the Prime Minister's office who determined that my visit might lead to violence or disruption (although neither of my previous tours did); this of course makes an innocent, law-abiding visitor hostage to any criminal elements who may conspire violently to abrogate his (and the Australian people's) rights to free speech.

Dr. Rubenstein however goes further than the minister's own file (including submissions by ASIO). Without a shred of evidence he states that I am "closely and actively" involved with groups inciting violence and racial hatred in Europe over the last two years and that I have "direct links" with neo-Nazi thugs in Germany. He refers to my "demonstrable record as a political agitator and rabble-rouser", and claims that I have "frequently addressed Swastika-waving neo-Nazi rallies throughout Germany shouting Sieg Heil to young German skinheads" and that I "parade in neo-Nazi rallies making the Nazi salute". This is completely untrue. In the last two years, apart from research visits to the various German archives, I have spoken there only twice: once in a great hall to the legally constituted German People's Union (the speech is a matter of record) and once to a private meeting of supporters in Munich after being fined \$22,000 for expressing an opinion (which happens to be true). Nobody shouted, nobody saluted, and to suggest otherwise is lying. This is the only method however that my opponents can now resort to. David Irving, London