

# THE NEW TIMES

*"Ye shall know the truth, and the truth shall make you free" - John 8:31.*

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## **REALITY VERSUS IDEALISM AS THE PROBLEMS OF THE EUROPEAN COMMUNITY MULTIPLY**

*by Eric D. Butler*

No serious student of international affairs disputes that there are now major problems in what is generally known as the E.E.C. As one commentator puts it, "Even in Germany, which has provided most of the driving force behind the E.E.C. concept, there is a growing feeling that a dream has become sour." The attempt to create a centralised bureaucracy presiding over a United States of Europe has intensified the tensions inherent in the modern finance-economic system. Massive unemployment, particularly in Germany and France, is creating growing social disintegration. While what is generally described as "the extreme right wing Le Pen movement" in France, does not appear to have advanced any constructive policies to deal with the flaw in the finance-economic system, it is increasing its political support by heading the growing French demand that a stricter immigration policy be implemented to keep out aliens competing for jobs with the French unemployed. The immigration issue is producing violent riots in Germany.

Realistic discussion concerning the growing problem of Western Europe, which directly and indirectly affects the rest of the world, is made increasingly difficult because of confusing terminology. The wise Chinese sage Confucius said that his first major reform in taking over a nation would concern language. Sometimes described as the father of modern science, Francis Bacon said that correct definitions were the very soul of science. Shakespeare understood the importance of the subject, with his observation that a rose by any other name would smell as sweet. Irrespective of how it is described, an unpleasant smell is still unpleasant.

It was the brilliant anti-Zionist Jewish writer and philosopher, Dr. Oscar Levy, who wrote that the ideal was the enemy of the real. He raised many eyebrows when he pointed out that Hitler's race policies were a replica of the Jewish "Chosen Race" doctrine. Irrespective of whether Hitler was of part Jewish background or not, as some reputable researches believe, as pointed out by C.H. Douglas his policies were basically Jewish policies. In one of his most important addresses, "*A Policy of A Philosophy*", Douglas stressed that there could be no real understanding of any policy without a clear understanding of the philosophy in which it was rooted. Those who have taken the trouble to understand the close relationship between policy and philosophy have never doubted that a harmonious United States of Europe was impossible.

### **OUR POLICY**

To promote service to the Christian revelation of God, loyalty to the Australian Constitutional Monarchy, and maximum co-operation between subjects of the Crown Commonwealth of Nations.

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, either described as public or private.

To encourage all 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.

# LIBERALISM

From the April 1997 issue of *Triumph of the West*, P.O. Box 29335, Columbus, Ohio 43229, USA. Published monthly. Subscription rates and book lists upon request.

During my 1962 tour of Great Britain warning about the real threat of the Common Market, I found that one of the most difficult arguments to contend with was that which stated that a "united Europe was essential to meet the growing Soviet challenge." In dealing with this question I often quoted the warning of the famous South African lyric poet, Roy Campbell, who wrote of the danger of becoming that against which we fight. Communist leader Trotsky, long before the Soviet Union was established, was advocating the creation of a "United States of Europe". But so did Hitler, the man who took over a Germany centralised late last century by Bismarck and his Marxist allies. The Germany of the separate States, the Germany that produced Schiller, Goethe and many others, was crushed by the Bismarck-Marxist alliance, described by the famous statement that "We march separately but we march together." One of the biggest disasters in human history was the establishment of the Soviet Union, described as the Union of Socialist Republics.

The establishment of a highly centralised Germany was supported and financed by the German Jewish bankers. Today's International Bankers are prominent in all programmes to centralise power. Modern Italy was established by a programme of centralisation, which has never truly "united" Northern and Southern Italy. Mussolini, the dictator who taught that the State was all and the individual nothing, established the Corporate State under Fascism. Originally Mussolini was a Socialist working with the Marxists. Mythology labels Mussolini, along with Hitler, as anti-Communist. Douglas the realist described Fascism as Bolshevism "wintering in the Mediterranean."

From the days of the Roman Empire until today, history clearly teaches that centralisation has always ended in disaster. The fact that the centralisers were often great idealists, painting glowing pictures of the alleged benefits of their centralisation, has not altered reality.

Consider one further tragic example of the bitter fruits of idealism, that of Yugoslavia. In 1915 a group of earnest and well-meaning idealists, academics who formed the "Jugoslav Committee", wrote a blueprint for a Federal Yugoslavia. They wrote, "Only by uniting all the members of the Jugoslav race and their territories in one independent state can peace be secured for South Eastern Europe." Neither in Germany nor in Italy, where a Federal government was established to preside over people speaking the same language and sharing the same culture, was there organic loyalty to the new Federal states. Not surprisingly, the results have been even more disastrous in Yugoslavia. And surely only a madman would seriously believe that an Asian counterpart of the E.E.C. can be established.

But then, idealism is a form of madness, a divorcement from reality. The relative successes of the English speaking peoples has stemmed from a philosophy, which stresses the decentralisation and limiting of power. This is a lesson, which the people of Australia should never forget - if they wish to survive as a free people.

"The superficial logic of liberalism is a vision of man as the cleverest member of the animal kingdom. Man's origin lay not in Eden under God's rule but in 'a state of nature' in which each was driven by self-interest and might made right. Man drew himself out of this slough of anarchy by a 'social contract' to broker power between the weak and the strong. This is the state...

"Today a more sophisticated vision of 'nature' has brought us to a deeper psychology and social science of the human animal. It has given us a virtuous hedonism, a social democracy and a global village, yet it remains incoherent . . . because it depends upon residual habits of Christian virtue cut off from the science that justified them, the authority that motivated them, and the grace that gave them power.

"The work of liberalism is to discard 'stereotypes', reconstruct man's nature 'scientifically' and get man to conform to the reconstruction. In particular, liberalism is at enmity with the Church's doctrine of free will, the loneliness of each soul before God. For this is the source of a far more fearful freedom than liberalism dare contemplate, the freedom that makes man not an animal.

"The ancient living tradition of Christian polity and the liberal revolution comprise two worlds, which are two definite possibilities. At the moment the living tradition is in eclipse, and we have received the liberal revolution by default. Yet it is not too late to choose the tradition, and it is the only life-giving choice we can make.

"We can have the individual embedded in the Church, nation, and custom that are the lifeblood of his individuality or the atomised individual 'freed' of these encumbrances and doomed to sterile innovation in search of an identity.

"Liberalism is a philosophy in search of a theology. Its crowning work is the discovery that the gods are but projections of our own values (our creatures). If we have bad gods, we refer the fault to ourselves and make better ones.

"Liberalism's redeeming virtue is that it is a Western philosophy and still has the revealed God dimly in its background. It is really searching for its home, searching for the Faith, which it left behind forgotten centuries ago. It imagines that the New Man will build a new faith, far superior to the old, and make his new home therein. But that will not be.

"He who spurns the old will not deserve the new. Unless he learns to love the Faith that gave him birth, Western man will continue to search in vain. And the home that he will build in pride will be nothing but Orwell in sunshine."

## AN OPPORTUNITY TO CELEBRATE WITH CANADIAN LEAGUE OF RIGHTS SUPPORTERS

The Canadian League of Rights will, in October of this year, celebrate 50 years of the publication of the Canadian *Intelligence Service* by Mr. Ron Gostick, National director of the Canadian League of Rights. The story of Alberta is a special part of the history of Social Credit. It is therefore appropriate that the capital of Alberta, Edmonton, will be the main centre of the anniversary celebrations. Plans are being made for a group of Australian league supporters to visit Alberta, and to participate in a tour of Western Canada, with its spectacular scenery. There will be the opportunity to meet with Canadian League supporters in a number of centres, including Victoria, the capital of British Columbia. It is estimated that the proposed tour will cover approximately two weeks and cost between \$3000 and \$3500. This includes all transport and accommodation. Those interested should contact Melbourne League office immediately. A trip of a lifetime, including a little "Springtime in the Rockies"!

# ALGER HISS CASE HAUNTS THE LIBERALS

The case of Alger Hiss, the top US State Department official who played a major role at the infamous Yalta Conference of 1945, when Soviet dictator Stalin was granted everything he wanted in both Eastern Europe and Asia, still continues to haunt the liberals who produced Hiss and who attempted to defend him. Typical of those who did not want to believe that Hiss was a traitor to Western civilisation was Australian Minister for External Affairs, and later Australian Governor-General, Lord Casey, who, at a public meeting in Seville, Victoria, repeated what his "good friend" Dean Acheson, American Secretary of State, had said - that there was no evidence to suggest that Hiss was a traitor, that the whole affair was but "a storm in a teacup". The attempt to defend Hiss is similar to the attempt to re-write history in order to minimise the role of powerful Jews in the Bolshevik Revolution.

The following article is from *The Phyllis Schlafly Report*, issued from P.O. Box 618, Alton, Illinois, 62002, U.S.A.:

The 1950 conviction of Alger Hiss for perjury in denying that he was a Communist spy was a seminal event in American politics. It is difficult to name any other trial that had such a widespread effect on American politics, even including the convictions of atomic bomb spies Julius and Ethel Rosenberg.

Alger Hiss was the quintessential Establishment Man: Harvard Law School, Carnegie Endowment for International Peace, erudite, good looking and perfectly tailored, with a glorious resume and fervent testimonials from everyone who was important.

His social friends did not suspect, indeed found it incredible, that Hiss could have been a Jekyll-and-Hyde double persona, living half his life underground where he carried out traitorous missions. When the facts were spread on the table, one of his friends told me in shock, "If Alger could be a Communist, anyone could be."

Indeed, anyone could. In those years, many people who had as elegant an image as Hiss were secret Communists. The handsome husband of my best friend in college turned out to be a secret Communist, a fact which my friend learned only when the FBI told her after the Party ordered the husband to get a divorce and marry a Party member.

Good looking men and women leading double lives held jobs throughout the Roosevelt and Truman Administrations in the 1930s and 1940s. When the House Committee on Un-American Activities exposed this Communist virus, the liberals in and out of government, especially in the media, counterattacked against the anti-Communists with a frightening ferocity.

The culpability of the liberals in standing cheek-to-jowl with the Communists was summed up by the founder and first chairman of the House Committee on Un-American Activities, Martin Dies, in his book *Martin Dies' Story*. He wrote: "Without exception, year in and year out, the American Liberals have defended, protected, encouraged, and aided the Communists, both in the United States and abroad." Dies said that there is a "sympathetic tie between the ultra-liberals and the Communists. Actually, the ultra-liberals have always been socialists at heart."

Because the Rooseveltian liberals were soul mates with the socialists and Communists, they closed ranks to defend Alger Hiss, and continued to defend him year after year, even after he exhausted his appeals and spent four years in prison, and even after all subsequent revelations confirmed his guilt beyond quibble. On the other hand, Hiss's conviction proved that treachery and subversion were real, and, to the anti-Communists, America's honour was at stake.

Alger Hiss wasn't merely a middle-level bureaucrat who turned over classified documents to the Soviet espionage network. He was the number-two man in Franklin D. Roosevelt's State Department and a key player in our foreign policy and relations with the Soviet Union.

Hiss was the principal author of the United Nations Charter, which was drafted at the Dumbarton Oaks Conference. Hiss presided as the UN's first Secretary General at the San Francisco Conference in April 1945, where we learned that a secret agreement had been made at the Yalta Conference the preceding February, giving the Soviet Union three votes in the UN, while every other nation has only one.

Poland, the first country to resist Hitler and supposedly the reason why the West entered World War II, was barred from the UN until the legitimate anti-Communist government of Mikolajczyk was replaced by Communist stooges from Moscow. As this was not accomplished until the fall of 1945, Poland's seat was empty in San Francisco.

At the Yalta Conference, Alger Hiss had been the chief aide to Secretary of State Edward Stettinius. In the telephone system set up for the U.S. delegation, Roosevelt was #1, Stettinius #2, and Hiss #3, and Hiss's hovering presence is apparent from the news photographs.

Most of the obituaries on Alger Hiss since his death on November 15 were encrusted with layers of liberal bias. The *New York Times* headlined the event as "Alger Hiss, Divisive Icon of Cold War, dies at 92." That headline is misleading. Alger Hiss was an *icon of the liberals* in their war against the anti-Communists. He was the personification of the Communist chic, which patriots believed should be removed from our government.

The definitive account of the Alger Hiss story was written by Allen Weinstein in 1978. He started out as a liberal determined to prove Hiss's innocence by getting access documents under the Freedom of Information Act. The documents convinced Weinstein that Hiss was guilty, so he entitled his book *Perjury*.

Hiss's guilt was reconfirmed in 1993 by the release of the files of the Interior Ministry in Budapest, and again in 1996 by the release of the Venona papers. The Venona papers are hundreds of messages sent by Soviet agents between Washington and Moscow, which had been decrypted and translated by our National Security Agency.

The Alger Hiss story proves that traitors made policy at the highest levels in our government during the 1930s and 1940s. The Alger Hiss story validates the courageous battle waged by anti-Communists to rout traitors out of our government.

# THE EROSION OF FREEDOM IN CANADA

Canada is generally regarded as belonging to that group of English speaking nations rooted in the Common Law tradition. But although the Canadians still sing about freedom, it has been progressively eroded. Australians and New Zealanders should take careful note of what has happened in Canada. The following is the latest report from *Friends of Freedom*, P.O. Box 40143, Victoria. B.C.V.8 W 3N3, Canada.

## Victoria News

Following the Victoria City council meeting, the civic election was held in Victoria with all the councillors and the Mayor who voted against the motion to censor groups "likely" to promote hatred, discrimination, etc., being re-elected. As well, the councillors who supported the motion, and who ran again, were elected.

The biggest victory was that the mayor (who didn't support the motion) was re-elected, while one of the councillors who ran against him and who had supported the motion, was defeated.

Following is that motion:

**"That Public space, facilities and properties within the jurisdiction of the City of Victoria will not be made available or accessible to any individual or group that promotes views and ideas which are likely to promote discrimination, contempt or hatred for any person on the basis of race, national or ethnic origin, colour, religion, age, sex, marital status, family status, sexual preference, or disability.**

**"That the city of Victoria request the Capital Region Race Relations Council/Association to facilitate a meeting of the Capital Regional District, the Greater Victoria Regional Library, the City of Victoria Police Board, the McPherson Foundation, and other governance bodies in which the City of Victoria has participation, with a view toward having those governance bodies adopt similar policy initiatives.**

**"That the City of Victoria request the Capital Region Race Relations Council to work with Council members in consultation with the community to construct guidelines regarding implementation.**

**"That the City of Victoria request potential users of public space to certify that they will not be conducting any business that violates the Criminal code, Human Rights Act and other applicable legislation."**

## Library Board Revises Policy

On November 28th the Victoria Library Board met and one of the subjects discussed was the controversy over the renting of the meeting room to the Canadian Free Speech League and the city council's response to it by passage of the above motion. Supporters of the CFSL were present and made submissions to the Board, as did General counsel, Doug Christie. There was no one present that argued against freedom of expression as at the City Council meeting. The end result were the following resolutions:

**"That the Board reaffirms its support of the principles embodied in the Intellectual Freedom statement and the Meeting Room Policy," and "That the suggested wording, 'The library will not knowingly permit any individual or groups to use its facilities in contravention of the Criminal**

## Code of Canada be added to the Meeting Room Policy and Application Form."

The Library board appears to put itself on a collision course with the city Council, since they are not going to exclude our right to a meeting. In fact, we held the first of a planned series of public information meetings on November 30, 1996, at the library. The agenda read "The Canadian Free Speech League is sponsoring a series of public information meetings to allow victims of censorship to present a history of their cases, so that the public may question them directly."

At this meeting, Tony McAleer of the Canadian Liberty Net, whose case is presently proceeding to the Supreme Court Canada (in one instance) and to the Federal Court of appeal (in another instance) explained the sequence of events with the Elterman complaint, the Paysant complaint, the Muldoon order, the Teitelbaum contempt citation and the appeals.

The average person needs to hear from censored persons to see them as human beings, to see for themselves who they are and hear what has happened to them because of their viewpoints. Usually the point of view presented by the media is so abbreviated or conforming to a stock image that the ordinary reader or listener does not get an accurate picture. Only when they can see for themselves will ordinary people begin to see the evil nature of censorship. There's a big difference between Tony McAleer as presented by the *Vancouver Sun* and Tony McAleer in person, for example. (*The Vancouver Sun* is presently being sued by Mr. McAleer for defamation for saying falsely that he was "twice convicted of promoting hatred." Actually he was merely found to have issued discriminatory messages contrary to section 31(1) of the Canadian Human Rights Act.

## Canadian Chiefs of Police Report on Hate Crimes

(Analysis by Doug Christie)

The Canadian Association of Chiefs of Police gives us another example of the emerging police state in Canada.

As well as new laws to allow preventive custody on suspicion (Bill C-55) and new powers to seize at will, and the power to arrest for obstruction (Bill C-17) they want to control thought, belief and expression to silence those who oppose special status based on race for Indians, because those people, they say, are racists.

They call such opponents racists in the new double speak of our time. We live in a large, closely guarded insane asylum but unfortunately the inmates are the wardens, guards, authorities, and media. The suicidal destruction of our culture, language and tradition is being fostered by a docile police force which, though still largely European, is selling us out to thought-control so they can survive long enough to get a pension. Perhaps then they can

live in a remote area of Canada, far from the disaster of social confusion and cultural conflict they will have created in our cities.

The Chiefs of Police Report *"Hate Crimes in Canada"* is scary because it seems to be written with the presumption of guilt firmly fixed in mind and the view that even if you haven't been charged, you are still guilty of promoting hatred if you oppose immigration.

The Chiefs of Police Report that an atmosphere of intolerance is created only by "right or extreme right groups". The police chiefs have been made effectively KGB-style enforcers for the communists and the left. The plan is simple, characterise the right wing as criminal and put the police to work. This politicisation of the police is common in communist countries and eventually discredits police and law.

Certain statements stand out not only for their grammatical errors but also for the brazen overt bias of the reporter. For instance, *"With the media and the police lies the task of not allowing hate propagandists a platform from which to speak because people generally do not know too much about who commits hate crime."*

Think about that. Aren't the public to be trusted to discern what is or isn't criminal, or rather, do the authorities really want to secretly prosecute those with whom the public would sympathise. What happened to the public's right to know? The police know best and the media seems part of the team.

Consider the mindset of these people. They believe only one side of a story should be told so their side appears right. They know the danger of letting the "hate propagandist express himself. As with witches, the authorities want to control all the aspects of the trial. So when a person is on trial for their words, the authorities police and media control the message as to what those words really are to prejudice the trial. This is how they convicted Zundel and Keegstra.

The Chiefs of Police Report sees the need to censor "hate mongers" and also sees the need to censor "real life" policing on television (shows like *"Cops"*) because it presents the dangerous criminals as non-white. This too should be prevented, according to this report, since it conflicts with the multiracial goal of the thought police. This report indicates in effect the public perception and reality itself must be censored and controlled to achieve the perfect society. These people believe they should control the "public mind".

When you start censoring the words of the accused in a word crime, to prevent their defence from being effective, you end up having to censor reality itself.

One should consider the implication of what the report refers to as the *"top 10 challenges for investigating and prosecuting hate/bias motivated crimes"*. Notice that "bias" is equated with "hate" as if the authors don't have a bias!

If this were really a crime such as theft or fraud would the following "challenges" exist?

*"1. Making the investigating officer conscious of the possibility that the crime is hate/bias motivated."* Note that bias motivation is now criminal!

*"2. Identifying the crime as hate/bias motivated,"* etc.

*"3. Dealing with resistance from victims, especially with questions dealing with sexual orientation (fear of*

*identification)"* Can it be said that a victim of a real crime needs to be stimulated to complain and what orientation do they mean . . . necrophilia, paedophilia, or perhaps sado-masochism?

One could go on but the point is made. They can't get the crime statistics here up fast enough to silence the critics who might stop the social decay evident around us. So we can expect the thought police to spare no efforts, money or time to pursue thought crimes while robberies, rapes, murders, thefts, fraud and drugs run rampant on our streets frequently driven by Asian gangs. But to say so would be bias crime, one supposes.

What the Chiefs of Police Report refers to as organised hate groups are defined by innuendo to include any group opposed to a multicultural or multiracial society. In the end, this means destroying our future identity by force.

The law of Canada has, together with its new hate/bias crime emphasis some other interesting new twists, such as Bill C-55, which gives judges the power upon request of a province's Attorney General to place someone under police supervision and force him or her to take medication or wear electronic ankle monitors. The individual need not have a criminal record or be charged, a judge merely needs to believe the person could commit a crime.

Combine this with the words from the Chiefs of Police Report at page 17: *"When anyone, or any group of racists commences 'practicing any racist activity a prosecution could be levelled at all members of that group."* Could the KGB have asked for more powers?

## 1996 in Summation

Freedom of expression took two really severe blows during the past year, with the Supreme Court decisions in the Malcolm Ross case and the James Keegstra case.

In the first, the rights of teachers to hold unpopular religious views, which they expressed completely outside the classroom, were annihilated. Malcolm Ross has since lost his employment, even in a non-teaching position, with the school district.

In the denouement of the James Keegstra case, the Supreme Court completely ignored the pro-freedom decision of the American Supreme Court in *RAV v. Minnesota*, which unanimously struck down a hate crimes law in favour of freedom of speech. Our highest court upheld the hate crimes law once more, and refused to uphold the Alberta Court of Appeal's decision to order a new trial in the Keegstra case due to problems with the judge's charge to the jury. It was remitted back to the Alberta Court of Appeal for the sentence appeal, and Mr. Keegstra was given a new sentence of one year's suspended sentence together with 200 hours of community service. The decision contained a diatribe against James Keegstra in the strongest terms, in part revealing an unawareness of circumstances at the trial. This ends the courtroom struggles of this case that have continued for over twelve years.

The aftermath of these two decisions was great depression among the people who were aware of the real issues involved, and not just the personalities, as presented by the media. We have since, however, recovered our spirits and the realisation that the struggle for freedom, especially freedom of speech is ever ongoing, and never over, unless we all capitulate. It seems that each

generation, each individual who chooses to think for themselves must by necessity fight the battle for him or herself, all over again.

The errors of the Ross and Keegstra decisions will have to be revealed to people, in the course of time.

The case of Francisco Nota Moises was carried on, against the *Times-Colonist* newspaper, and is proceeding to the Supreme Court of Canada in an application by the paper's lawyers for leave to appeal Mr. Moises' recent victory in the B.C. Court of Appeal. In this case the newspaper was denying Mr. Moises freedom of speech while asserting its own. In this country, it seems that media has freedom of speech, while individual citizens often do not. And the media is very lax in supporting free speech for anyone but themselves.

In the McAleer cases, leave was granted to appeal to the Supreme Court of Canada regarding the Teitelbaum 2 month jail for contempt citation and his opponents have been allowed to appeal the Muldoon order.

Also in 1996, we succeeded in defeating the attack on Ernst Zundel through the Security Intelligence review Committee. This was through the judgment of Daryl Heald in the Federal Court of Canada. Now, of course, Mr. Zundel is faced with an appeal there. The latest attack on Ernst Zundel is through the politically appointed Canadian Human Rights Tribunal. There Sabina Citron and the Toronto Mayors' Committee on Race Relations, trying to shut down the Zundel site in California, operated by Ingrid Rimland. This fight will definitely continue in 1997, probably

making its way to Federal Court and beyond, as it is a very important first case involving the censorship of the Internet, between countries' jurisdictions.

The trend toward using Human Rights Tribunals has continued to grow, whereby special interest groups can pursue an individual to tribunals presided over by politically appointed judges, where politically correct decisions can be imposed. Thereby the process of the jury trial and the criminal justice system is avoided, thus sidestepping the stricter requirements for due process and fundamental justice.

As well, Bill Berscheid and Doug Collins are still fighting the Human Rights tribunals established to hear complaints against them.

In 1996, the Canadian Free Speech League fought censorship at city Hall in Victoria, and hope that you will be vigilant in your own cities and towns, to what the censors wish to do to stop all sides of an issue from being heard!

The 1996 George Orwell Award and Dinner was held and the freedom of speech award presented. That in itself was a big accomplishment, given the attempts to stop us from doing so.

The essential thing to remember is that freedom of expression is never really won, and will never be lost if we keep fighting. It will be as real as we are willing to struggle to make it, always peacefully and with reason and civility. It can only be maintained if you support our efforts with those of your own. What does it mean to you? Can we hear from you?

## EXTRACTS FROM "THE THOUGHTS OF DOUGLAS" PREDICTIONS

". . . I am convinced that if you go along the lines that you are following at present, and if you continue along those lines for any considerable period of time... I am perfectly certain that you are heading for the most terrific disaster the mind of man can conceive."

*From evidence by Major C.H. Douglas before Select Standing Committee on Banking and Commerce, House of Commons, Canada, April, 1923.*

### **THE SUPREME STATE, PLANNING, AND SCARCITY**

**Extracts from a speech by Major C.H. Douglas at Calgary, Alberta, Canada, April 1934.**

. . . I will put the objective as I see it for your consideration in a very general form and that is, we want to establish a correct relationship between the individual and the group so that the group, and the attributes of the group, shall serve the individual and not the individual be the slave of the group. The whole of society exists from my point of view - it may not be yours - but from my point of view, the whole of society exists for the benefit of the individual.

. . . The great danger at the present time is not that the present financial system will persist . . . but that under the confusion that will exist as a result of the crises caused by the breakdown of the financial system, an even greater tyranny may be put over on you as in the cases of many countries at the present time, and which is in active progress in still more countries even as I speak That is the danger, and you must keep in your minds, to avoid that danger, some clear objective, and that objective, the proper relationship of the individual to the

group, is in my opinion, the relationship and objective to which we want to strive.

. . . We are at the present time unquestionably under the domination of a financial system, which rules us. It rules us in our most basic necessities; the necessity for bed, board and clothes, and the other things that go to make up the standard of living. But we do not want to transfer that domination from, let us say, what we can call the banking system under another name to something we call the State. We have no desire whatever if we will analyse what our objective is, to change one master for a still more powerful master. That is one of the greatest dangers at the present time - that large bodies of people will be carried away by words of which they have not analysed the meaning.

. . . The opponents in this matter - we will put it on its lowest terms - can either allow the world to be plunged into another great *delirium tremens*, another great World War, or the opponents themselves can take steps to change the system. Now I have myself no doubt as to what is happening at this particular

time, and that is that the opponents are endeavouring to change the system and the endeavour is being made to change over from the tyranny of finance to a tyranny of administration. That is being pursued with extraordinary sagacity. It is coming in many nations, at this particular moment almost under your very eyes.

... In Great Britain the phrase under which this change is taking place is called Rationalisation or Planning; in Italy as the Fascisti or Corporate State; in Russia it is the Dictatorship of the Proletariat . . . and is being aimed at in Germany by the Nazis . . . Whether it be by accident or design, the world is

steadily moving over from a financial tyranny which has both the elements of breakdown and has also been found out to another tyranny, a tyranny of administration . . . the setting up of an entire State which can say, "*You shall do so and so*"; "*You shall have such and such rations*"; "*You shall live in such and such a house, you shall work such and such hours*"; "*You shall be taught such and such things*." "*And any deviation from those laws which we lay down for you will be penalised by either starvation or by all the rigors of the law.*"

## PART III THE ECONOMIC PROBLEM

### Its root causes reside in Financial and Price systems

It will be seen . . . that we have in the industrial field, a double problem to solve; while retaining the benefits of mechanism for productive purposes, to obtain effective distribution of the results and to restore personal initiative.

C.H. Douglas, "*Economic Democracy*" Chap. 4, 1920 edit

### THE "PRODUCE MORE" CRY

The proposition, which is being urged for orthodox capitalistic quarters as a means of dealing with this situation is a little ingenuous. It consists of an intensification policy by which, in some mysterious way, all the unpleasant features, by being exaggerated, are to disappear, and it is usually summed up at the moment in the phrase, "We must produce more". A fair statement of this demand for unlimited and intensified manufacturing would no doubt be something after this fashion:

- 1 We must pay for the war and for betterment schemes.
2. This means high taxes.
3. Taxes must come from profits and earnings, which are part of one whole.
4. High earnings, high profits, and low labour costs, and low selling and competitive costs, can only be combined if increased output is obtained.
5. High earnings will mean wider markets.

Now this is a very specious argument; a large number of people, whose instincts warn them that there is a fallacy somewhere, have not felt themselves able to offer any effective criticism of it, since some practical knowledge of technique is involved. . . Let us give to this statement ("We must produce more") the attention it deserves, . . . In order then to make this analysis it is unavoidable that we should enter into some detail with regard to the accountancy of manufacturing.

. . . purchasing power is the amount of goods of the description desired which can be purchased with the sum of money available, and it is clearly a function of price.

It is a widely spread delusion that price is simply a question of supply and demand, whereas, of course, only the upper limit of price is thus governed, the lower limit which under free competition would be the ruling limit, being fixed by cost plus the minimum profit which will provide a financial inducement to produce.

Where competition is restricted by Trusts, price is cost plus whatever profits the Trust considers it politic to charge.

Money is essentially an order system. It has been defined by Professor Walker ("*Money, Trade and Industry*" p. 6.) "as any medium, no matter of what it is made or why people want it, no one will refuse it in exchange for his goods."

### PRODUCTION

#### The Generation of Costs, and the Distribution of Purchasing Power

Looked at from this standpoint it is fairly clear that the kernel of the problem is factory cost, since it is quite possible to conceive of a limited company in which the shares were all held by the employees, either equally or in varying proportions, according to their grade, and the selling costs were internal - that is to say, all advertising was done by the firm itself, and the cost of its salesmen, etc., was either negligible, or confined to their salaries. We should then have the complete profit-sharing enterprise in its ultimate aspect, and the argument against Capitalism in its usual form would not arise. -

C.H. Douglas, "*Economic Democracy*", Chap. 5, 1920 edit

. . . Such an undertaking would, let us assume, make a complicated engineering product, requiring expensive plant and machinery, and would absorb considerable quantities of power and light, lubricants, etc., much of which would be wasted; and would inevitably produce a certain amount of scrap, the value of which would be less than the material in the form in which it entered the works. The machinery would wear out, and would have to be replaced and maintained, and generally it is clear that for each unit of production there would be three main divisions of factory costs, the "staple" raw material, the wages and salaries, and a sum representing a proportion of the cost of the upkeep on the whole of the plant, which might easily equal 200 percent, of the wages and salaries. As the plant became more automatic by improvement in process, the ratio, which these plant costs bore to the cost of labour and salaries would increase. The factory cost of the total production, therefore, would be the addition of these three items, staple material, labour and salaries, and plant cost, and with the addition of selling charges and profit, this would be the selling price. ...

## **The gap between Prices and Purchasing Power**

As a result of the operations of the undertaking, the wealth of the world would thus be apparently increased by the difference between the value of all the material entering the factory, and the total sum represented by the selling price of the product. But it is clear that the total amount distributed in wages, salaries and profit or dividends, would be less by a considerable sum (representing purchases on factory account) than the total selling price of the product, and if this is true in one factory it must be true in all. Consequently, the total amount of money liberated by manufacturing processes of this nature is clearly less than the total selling price of the product. This difference is due to the fact that while the final price to the consumer of any manufactured article is steadily growing with the time required for manufacture, during the same time the money distributed by the manufacturing process is being returned to the capitalist through purchases for immediate consumption.

A concrete example will make this clear. A steel bolt and nut weighing ten pounds might require in the blank about eleven and a half pounds of material representing say, 3s. 6d. the nett selling price of the scrap recovered would be about one penny. The wages value of the total man-hours expended on the conversion from the blank to the finished nut and bolt might be 5s., and the average plant charge 150 percent, on the direct time charge, i.e. 7s. 6d. The factory cost would, therefore, be 15s. 11d., of which 7s. 6d., or just under one-half, would be plant charge. On this plant charge probably 75 per cent., or about 5s. 7d., is represented by the sum of items which are either afterwards wiped off for depreciation and consequently not distributed at all at that time, or are distributed in payments outside the organisation, which payments clearly must be subsequent to any valuation of the articles for which they are paid, and so do not affect the argument. Without proceeding to add selling charges and profit it must be clear that a charge of 15s. 11d. on the world's purchasing power has been created, of which only 6s. 10d. is distributed in respect of the specific article under consideration, and that if the effective demand exists at all in a form suitable for the liquidation of this charge, it must reside in the banks.

But we know that the total increase in the personal cash accounts in the banks in normal times is under 3 per cent, of the wages, salaries and dividends distributed, consequently, it is not to these accounts that we must look for effective demand. There are two sources remaining; loan-credit, that is to say purchasing power created by the banks on principles, which are directed solely to the production of a positive financial result; and foreign or export demand. Now loan-credit is never available to the consumer as such, because consumption as such has no commercial value. In consequence, loan-credit has become the great stimulus either to manufacture or to any financial or commercial operation which will result in a profit that is to say in an inflation of figures.

. . . An additional factor also comes into play at this point. All large-scale business is settled on a credit basis. In the case of

commodities in general retail demand, the price tends to rise above the cost limit, because the sums distributed in advance of the completion of large works become effective in the retail market, while the large works, when completed, are paid for by an expansion of credit. This process involves a continuous inflation of currency, a rise in prices, and a consequent dilution in purchasing power.

. . . The reason that the decrease in the consumer's purchasing power has not been so great as would be suggested by these considerations, is, of course, largely due to intrinsic cheapening of processes which would, if not defeated by this dilution of the consumer's purchasing power, have brought down prices faster than they have risen.

. . . There are thus two processes at work; an intrinsic cheapening of the product by better methods, and an artificial decrease in purchasing power due to what is in effect the charging of the cost of all waste and inefficiency to the consumer. And it is clear that under this system the greater the volume of production the larger will be the absolute value of the waste which the consumer has to pay for, whether he will or not, because as the bank credits are created at the instance of the manufacturer, and repaid out of prices, each article produced dilutes, by the ration of its book price to all the credits outstanding, the absolute purchasing power of the money held by any individual

. . . These facts are quite unaffected by the perfectly sound argument that increased production means decreased cost per price, since it is the total production price which has to be liquidated . . .

## **The Fallacy of "More Production"**

Already there is not very much left of the argument for the innate desirability of unlimited, unspecified and intensified manufacturing under the existing economic system, but more trouble is ahead of it. While the ratio of plant charges to total wages and salaries cost is less than 1:1 over the whole range of commodities, a general rise in direct rates of pay may mean a rise (but not a proportionate rise) in the purchasing power of those who obtain their remuneration in this way. But when by the increased application of mechanical methods, the average overhead charge passes the ratio of one to one (which it rapidly will, and should do on this basis of calculation) every general increase in the rates of pay of "direct" labour may mean an actual decrease in real pay, because the consumer is only interested in the ultimate products and overhead charges do not represent ultimate products in existence.

. . . The whole argument which represents a manufactured article as an access of wealth to the country and to everyone concerned, no matter what its description and utility, so long as by any method it can be sold and wages distributed in respect of it, will, therefore, be seen to be a dangerous fallacy based on an entirely wrong conception, which is epitomised in the use of the word "production", and fostered by ignorance of financial processes . . .