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

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THE REAL COST OF REVERSING INFLATION

by Eric D. Butler

Media reports state that Dr. Alan Greenspan of the American Federal Reserve Bank is heading a campaign by the international bankers to force the Japanese government to implement a credit expansion policy designed to "kick start" not only the Japanese economy but that of all the Asian economies. Reports state that Communist China has already embarked upon an expansionary national credit expansion policy. But these reports all stress the danger of inflation if such expansionary credit policies are persisted with. In his earliest works the author of the movement, which came to be known as Social Credit, C.H. Douglas had demonstrated that it was mathematically impossible to continue operating the orthodox finance-economic system without escalating debt and rising price levels. Based upon his knowledge Douglas was able to predict that periodical credit restrictions resulting in business bankruptcies and mass unemployment were inevitable. Such restrictive policies would, said Douglas, lead to international friction with military conflicts the eventual outcome. Events proved Douglas to be correct.

As the rate of credit expansion was slowed during the Great Depression years, so did the rate of inflation fall. Business bankruptcies increased, as did unemployment. Unemployment was the result of employers desperately attempting to remain solvent by reducing their labour costs. The social cost to communities became horrendous. The Douglas view, supported by a growing number of community leaders, and organisations like the London and Southampton Chambers of Commerce, was that the basic cause of the Depression was a shortage of purchasing power in the hands of consumers to purchase what the production system had so readily made available. This was basically the view expressed by his Majesty, King George V, in opening the London World Economic Conference in the thirties. Douglas put forward two basic concepts for meeting the problem of insufficient purchasing power: an expansion of consumer purchasing power by the payment of a dividend to all citizens, this dividend being a reflection of the fact that the major element in modern production was inheritance which belonged as a right to

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.

every member of society, and the use of new credit to finance a system of consumer discounts of basic items in the economy.

These two proposals would result in increased purchasing power without inflation. Douglas's political proposals were designed to unite electors to demand that politicians, irrespective of party labels, give an undertaking that they would work for the abolition of poverty amidst plenty without encroaching on individual rights. Douglas's strategy and tactics were making progress in many parts of the English-speaking world until interrupted by the outbreak of the Second World War. But one of the results of the expansion of the Social Credit movement was the promotion of a clever form of subversion with the promotion of the views of British economist John Maynard Keynes. Keynes readily admitted that the banking system created financial credit, a fact that could no longer be disputed as a result of the work of the Social Credit movement. Keynes eventually went on to become a director of the Bank of England. Keynes indirectly conceded that periodically there was a shortage of purchasing power but that this shortage could be best overcome by "deficit budgets", which meant an expansion of credit, for the purpose of creating capital works of varying types. These capital works would result in an immediate increase in incomes ahead of the ultimate price of the goods to be produced by the capital invested.

CONTROLLED INFLATION

Keynes admitted that his proposals would increase prices. What was required was what he termed "controlled inflation". There was no question that in the short term Keynesian economics did alleviate the worst of depression conditions. But as the informed Fabian Socialists saw, they also assisted the Fabian programme of slowly eroding the free enterprise system with increasing centralisation of all power. One of the boasts of the managers of the Soviet system was that they were able to operate an expanding economy without inflation. The Soviets were able to achieve such results as the result of an army of slave labourers together with generous credit loans from the West. There was also an enormous expenditure on military defence, together with the subsidies on basic food items.

The massive destruction as a result of the Second World War, followed by the Korean conflict and the war in Vietnam, together with the tribal conflicts which have been such a feature of African "liberation", have helped to ensure that the problems of "poverty amidst plenty" have been minimised. The

on-going conflict in multi-cultural Yugoslavia has also contributed towards what is sheer economic waste. Which brings us to the question of Asia and its enormous populations. The internationalists had long seen the possibility of Asia being used to advance a programme whose objective is the creation of the World State. It has been generally forgotten that it was that loyal servant of International Finance, Dr. Henry Kissinger, who prepared the way for Communist China to be accepted into the "World Community". Massive credits were poured into all Asian countries as a major feature of the developing "New World Order". Asia not only offered vast supplies of natural resources, but tens of millions of slave labourers. These slaves are being used to flood Western nations like Australia with cheap production, which plays a major role in ensuring that their inflation rates remain low. The internationalists envisage cheap labour from Africa and the Latin American nations being used for the same purpose.

FAILURE OF THE NATIONAL FARMERS' FEDERATION

Instead of exposing and resisting a programme which threatens the future of the family farm in Australia, the National Farmers Federation have accepted the Big Idea of Australia being used to establish a type of corporate farming which in essence means treating the soil like a factory to be exploited for the benefit of shareholders in international corporations whose major interest is not in good husbandry but in quick financial returns on investments. Australians who are prepared to accept a policy, which appears to minimise their nation's inflation rate, are taking a very short view of what is happening. Eventually, of course, the flooding of Australia with cheap production from Asia or elsewhere must be followed with the demand that Asians, as well as Africans, are encouraged to move to Australia to provide cheap labour for those industries which have not already been destroyed by "economic rationalism".

A realistic financial policy would make it possible for Australia to provide itself with a production system designed to produce what is required for defence of the nation without inflation. It is not without significance that the greatest abuse directed against the League of Rights has been on the subject of consumer discounts. It was Douglas who observed that a falling price level without loss to the producer was a major essential for the elimination of social friction in society. The use of the threat of inflation to drive mankind down the road to the slave State is a major problem to be resolved by those who wish to enjoy genuine freedom.

THE CHALLENGE OF THE BASIC FUND

We are deeply embarrassed by the number of dedicated supporters who have apologised for not being able to do more to ensure that the Annual Basic Fund is filled. These supporters are the "salt of the earth", and they have no need to apologise. The Basic Fund has crept forward to the position where it is now only approximately \$4000 short of the objective of \$65,000. We wish to conclude the Basic Fund appeal over the next four weeks.

Can we please have a magnificent and inspiring finish to what has been a most difficult year. We do not wish to hear from those who have already contributed. A relatively few dollars from each of those who have not yet contributed will take us past the target of \$65,000. All contributions to Box 1052J, Melbourne 3001.

THAT ACCURSED THING - THE NATIONAL DEBT

by Wilfrid Price

The February-March issue of *Social Credit International*, BCM. Socred, London, U.K., W.C. IN 3XX

Though America is the world's greatest producer of real wealth, its National Debt (1994) is \$4.5 trillion, (\$4.5,000,000,000.000). According to Cardinal Arns, Archbishop of Brazil, the Third World owed the Western Banks (1987) \$1 trillion. The British National Debt is about £250 billion with annual interest of nearly £20 billion. In all, there was not that money in the whole world years ago. Where does it come from?

As William Paterson, founder of the Bank of England and creator of the National Debt, said, "The Bank hath benefit of interest on all moneys which it creates out of nothing."

Reginald McKenna, then Chairman of the Midland Bank and former Chancellor of the Exchequer, said on Jan. 25, 1924, "I am afraid the ordinary citizen will not like to be told that the banks can and do create money. The amount of money in existence varies only with the action of the banks in increasing and decreasing deposits and bank purchases. Every loan, overdraft, or bank purchase creates a deposit, and every repayment of a loan, overdraft, or bank sale destroys a deposit."

The Report of the MacMillan Committee, 1929, stated: "It is not unnatural to think of the deposits of a bank as being created through the deposit of cash representing savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft, or purchasing securities, a bank creates a credit in its books which is equivalent to a deposit."

H.D. McLeod, in *"The Theory and Practice of Banking"* stated: "The essential and distinctive feature of a bank is to create and issue credit payable on demand, and this credit is intended to be put into circulation and serve all the purposes of money. A bank, therefore, is not an office for the borrowing and lending of money. It is a manufactory of credits."

A.L.G. Mackay, Professor of Economics, University of Rangoon, stated: "By means of a loan, overdraft, or by cashing of bills, the banks are able to increase the volume of deposits in the community, and because of this process it is not correct to say that a bank loans out deposits which people make with it. It is clear that it creates the deposit by the issue of the loan: the loan travels back to the bank or another bank and assumes the form of a deposit."

Lord Stamp, a former Director of the Bank of England, said in 1937: "Banking was started in iniquity and born in sin. Bankers own the Earth; take it away from them but leave them the power to create credit and, with a stroke of the pen, they will create enough money to buy it all back again . . . If you want to be slaves of the bankers and pay the cost of your own slavery, then let the bankers create money."

H.W. Whyte, Chairman of the Associated Banks of New Zealand, testified before the New Zealand Monetary Commission 1955: "The banks do create money. They have been doing it for a long time, but they didn't quite realise it, and did not admit it. Very few did . . . But . . . there has been a development of thought until today I doubt very much whether you would get many bankers to deny that banks create credit."

William Cobbett, MP in the reformed Parliament of 1832, wrote: "I set to work to read the Act of Parliament by which the

Bank of England was created, and all the Acts about loans, and funds, and dividends, and payings, and sinking funds, and I soon began to perceive that the fate of the Kingdom must finally turn upon what should be done with the accursed thing called the National Debt. The sum at first borrowed was a mere trifle. The inventors knew well what they were about. Their design was to mortgage by degrees the whole of the country . . . to those who would lend money to the State . . . The deep scheme has from its ominous birth been breeding usurers of every description, feeding and fattening on the vitals of the country, till it has produced what the world never saw before - starvation in the midst of abundance!"

Lenin wrote: "In running the current account of a certain number of capitalists, the bank may seem to be undertaking only a technical process; but when these operations assume massive proportions, the result is that a handful of monopolists control all the operations . . . of capitalist society. They can . . . first ascertain exactly the position of isolated capitalists, then control them, act on them by restricting their credits or, on the contrary, by extending them; at length they can entirely determine their fate. . . ."

In *Bundesbank - The Bank that Rules Europe* (1922), David Marsh writes under the heading 'The central bank can topple the government' about conflicts between Fritz Schaffer, West Germany's first Finance Minister and Wilhelm Vock, the Bank leader. Vocke complains (1950): "The main theme running through your newly drawn-up regulations is certain mistrust towards the central bank. As you say yourself, your concern is that 'The Central Bank can topple the Government.'"

This power was to increase and the Bundesbank was able to remove three Chancellors: Ludwig Erhard (1966), Kurt Georg Kiesinger (1969) and Helmut Schmidt (1981).

In Britain, Morley's *Life of Gladstone* quoted him: "From the time I took office as Chancellor of the Exchequer I began to learn that the State held, in the face of the Bank and the City, an essentially false position as to finance . . . The hinge of the whole position was this: the Government itself was not to be a substantive power in matters of finance, but was to leave the Money Power supreme and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and I began to fight against it by financial self-assertion from the first . . . I was tenaciously opposed by the Governor and Deputy-Governor of the Bank, who had seats in Parliament, and I had the City for an antagonist on almost every occasion."

As *The Financial Times*, Sept. 26, 1921, put it: "Whoever may be the indiscreet minister who revives the money-trust bogey at a moment when the Government (*Lloyd George's*) has most need to be polite to the banks, should be put through an elementary course of instruction in fact, as well as in manners. Does he, do his colleagues, realise that half a dozen men at the top of the big five banks could upset the whole fabric of Government finance by refraining from renewing treasury bills?"

In the USA, Thomas Jefferson told Congress, 1809: "I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the Government at defiance. The

issuing power (of money) should be taken from the banks and restored to the Government and to the people to whom it belongs." Andrew Jackson and Abraham Lincoln made similar comments.

Dr. Carroll Quigley, famous American historian, in *"Tragedy and Hope"*, 1966, described a master plan: ". . . Nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. The system to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences... "

"Don't Bank On It" by Alix Granger (Doubleday Canada Ltd., 1981) quotes Peter Newman in *The Canadian*

Establishment, "The bank boards distil power. Among them, the three hundred directors hold more than three thousand directorships of corporations with assets totalling \$700 billion".

Alix Granger goes on to say, "Their influence spreads into every recess of the country, building up the economy and creating prosperity and employment in one area, tearing down or restricting growth in others through loan policies, their barriers to competition, their price-fixing and their influence on legislation."

There is a policy to combat this evil. It is called Social Credit; this contends that every country should have full control over its own money system with the creation of credit solely exercised by public bodies responsible to the elected governments of each country.

B.A. SANTAMARIA - THE UNANSWERED QUESTIONS

by Eric D. Butler

The late B.A. Santamaria was, by any standards, a most remarkable man. His intelligence and intellectual capacity are beyond dispute. Even his harshest critics agree that Santamaria was a man of highly disciplined intellectual capacity. Only history will decide whether his outstanding talents were used to have any marked impact on the direction in which Australia is heading. It would be a grave injustice if Bob Santamaria were to be remembered as the man who split the Labor party, encouraged the development of the Democratic Labor Party, and was responsible for keeping the Labor party out of office for several decades.

As I once told Santamaria, he was, in my opinion, the greatest conceptual writer in Australia. Whether one agreed with him or not, he was compulsory reading for anyone seriously interested in Australian politics. Only those who have observed the bitterness of party politics can understand the intense anti-Santamaria feeling, which still exists among old-time Labor supporters. Intense party loyalties tend to obscure rational judgment.

It is generally agreed that Bob Santamaria practiced what he preached concerning the importance of the traditional family. In the relatively limited personal contact I had with him, I found him courteous. As a traditional Christian I greatly admired his robust defence of Christian orthodoxy. But recognition of Santamaria, the kindly family man who loved his grandchildren, does not tell us much about the depth of his understanding concerning the very public issues he commented upon.

How much did Santamaria understand the true nature of the Communism he so strongly opposed? It was the famous German philosopher Spengler who made the comment that no revolution in modern history had been possible without the backing of the Money Power. Not only was the Bolshevik takeover of Imperial Russia financed by International Bankers, most of them Zionist Jews - as even Churchill pointed out - but the Soviet system was sustained by massive injections of loans from the same type of International Bankers. As meticulously documented by Dr. Antony Sutton, the British-born American academic of Stanford University, California, U.S.A., massive financial credits were

made available to industrialise the Soviet Union and periodically provide food. While one article only in *News Weekly* drew attention to Sutton's classic, *National Suicide*, no reference was made to the publication of an Australian edition by the Australian League of Rights.

Ex-communists like the late Dr. Frank Knopfelmacher, who was eulogised by Bob Santamaria, bitterly attacked the League because of its alleged "anti-Semitism", charging that it was discrediting "respectable Anti-Communists". The great Solzhenitsyn himself was at one time also charged with "Anti-Semitism" because, in listing those controlling notorious Soviet slave camps, it was clear that the overwhelming majority were Jews. In responding to the charge of "anti-Semitism", Solzhenitsyn said that the term had been so drained of any realistic meaning that it should be expunged from the language of educated people. In his first major work exposing the terrible nature of the Soviet tyranny, British correspondent Malcolm Muggeridge mentioned, in his novel *Winter in Moscow*, the dominant role of the Jews in the Soviet bureaucracy.

Winter in Moscow was the only work by Muggeridge, which was not republished towards the end of his life.

Bob Santamaria manfully played a prominent role in defence of the American stand in Vietnam, and Australia's involvement, but unlike the League of Rights, which pointed out that the U.S.A. was engaged in a no-win conflict because of a failure to act upon the necessity to block the flow of Soviet support for North Vietnam - most of the Soviet equipment having been made available by American technology - Santamaria tended to ignore that basic aspect of the struggle. It was following his New York address, in which he stressed that the Soviet tyranny was being sustained by cheap credits from the West, and that the quickest way to bring the Soviet to its knees was the application of economic sanctions against the Soviet, that the Crown Commonwealth League of Rights started to be regarded as "dangerous" by Asian leaders of that organisation. The nexus between International Communism and International Finance was a taboo subject. Dr. Sutton's academic career was ruined because he dealt with the question.

A limited understanding of Finance

From his early days when associated with *The Catholic Worker*, Santamaria displayed a limited understanding of how the modern finance-economic system works. Even in his later years when he started to write about credit creation and the subject of international finance, he disappointed many by adopting what is virtually the Keynesian viewpoint. Commenting on one of the early *Catholic Worker's* articles, the founding editor of *The New Times*, T.J. Moore, gently chastised *The Daily Worker* for advocating a policy of heavy taxation to assist the poor. Moore was a brilliant and lucid writer on the subject of finance, his articles in *The Catholic Tribune* while he was editor of that journal causing widespread interest. Moore resigned from the *Tribune* after pressure had been brought to bear upon Archbishop Daniel Mannix because of what was described as Moore's "brutal journalism" in criticising the banking system. Moore did not question the well-meaning motives of Santamaria and his colleagues, but demonstrated the basic flaw in their understanding.

It is appropriate to recall that Archbishop Mannix was a subscriber to *The New Times* from the beginning, which Santamaria once told me he knew about. He was at the time not aware of the personal letter the Archbishop had written me in June 1955, commending my anti-Communist activities. I supplied him with a copy of the letter at his request. My phone conversation with Santamaria was the result of *News Weekly* publishing criticism of the League by the Democratic Labor Party. I pointed out that the League had helped the DLP both physically and financially. While the League had reservations about some of the DLP politicians, Senator Vince Gair of Queensland being one, it had a high opinion of Senator Frank McManus of Victoria, and readily agreed that during the time he held the balance of power in the Senate, the DLP played a most constructive role in Australian politics. I supplied Santamaria with documentary evidence of how the League had assisted the DLP.

In my discussions with Dr. Mannix, I formed the opinion that he understood the vital importance of finance. He was lukewarm about Australia's involvement in the Second World war, referring to what he described as yet another "trade war". As my smearers have used my support for British Prime Minister Neville Chamberlain as evidence of my alleged pro-Nazi sympathies, it is appropriate to point out that Archbishop Mannix was one of those who commended Chamberlain for his efforts which avoided the outbreak of military conflict in September, 1938. The minister of the East Melbourne Unitarian church, the Rev. William Bottomley, a Social Credit supporter, wrote to Archbishop Mannix congratulating him on his support for Chamberlain, taking the opportunity to do a little boasting by pointing out that Chamberlain was a Unitarian.

An occasional of reality

Santamaria's history concerning his growing knowledge of the importance of credit creation is interesting. He occasionally did indicate that he had an interest in the subject, on one occasion quoting from the work of British historian Sir Arthur Bryant, who had advocated the creation of debt-free credit by the State. Santamaria commented that he did not feel technically qualified to express a firm opinion. I felt at the time that this comment was either an admission of limited understanding, or

an attempt to ensure that he was not smeared as one more devotee in the ranks of the "dangerous credit cranks".

One of the most revealing statements I have ever heard concerning Bob Santamaria, concerned an incident outside a hall in Toowoomba, Queensland, after Santamaria had addressed a big meeting. Prominent local farmer, sportsman and business man Vince Birmingham, a devout Roman Catholic, asked Santamaria outside the meeting why in his brilliant discourse on Communism, he had not mentioned the money question, which was related to Communism. Ever courteous, Santamaria replied, after asking Vince Birmingham if he might call him by his Christian name that he would deal with the money question "*when the time was appropriate*". That reply tends to confirm the view of some of Santamaria's critics; that he tended not to commit himself on major questions until it was then only a question of providing a brilliant description of what had happened. One of the many priests who did not completely agree with Santamaria told me that Santamaria reminded him of a water-fly, providing a brilliant colour picture as it skimmed the surface of the water, which it never penetrated.

Santamaria not only contributed towards a deep division in the Labor Party, but inside his own Communion. Not even all the Bishops were Santamaria supporters. Some of his critics inside the Church were extremely capable. Some raised the question of what was the true role of the Christian Church in politics. Some criticism was, of course, a manifestation of jealousy. One of his most bitter critics has been columnist Gerard Henderson, who at one time worked part time with Santamaria. An examination of the list of the major financial contributors to the Sydney Institute, of which Henderson is the Executive Director, may explain his anti-Santamaria bias.

Support for Zionist Israel

But it may be argued that the financing of the National Civic Council, which is Santamaria's main legacy, also helps to explain Santamaria's attitude on some issues. His support for the Zionist state of Israel was in part justified on the conventional view that Israel was a barrier to Soviet expansion in the Middle East. As pointed out by prominent anti-Zionist Jews like the American Jewish authority on the Middle East, Dr. Alfred Lilienthal, Soviet strategists regarded Israel as essential for penetrating the Arab world. My long association with South Africa started to deteriorate after the Six Day War, when I pointed out shortly afterwards in Pretoria, that the conflict had been deliberately fostered by Moscow, well aware that the Arabs were no military match for an Israel provided with all the latest military technology from the U.S.A.

In spite of his long courtship of Jewish support, it is to Santamaria's great credit that he took a firm stand, a reflection of his Christian background, on the subject of War Crime trials. There was a marked coolness towards Santamaria by Isi Leibler and other Zionist leaders as a result of the war crime trials issue. As a number of well-informed Jews know, the controllers of the Political Zionist movement have a long-term strategy.

While one should not judge anyone by the books in his library, any informed person, looking at Santamaria's bookshelves, would have to agree that he had no excuse for not understanding the Zionist-Jewish question. Unlike some critics who claim that Santamaria has failed to speak out because he is pro-Israel, perhaps a more charitable view is that he was well aware of the political dangers inherent in even mentioning the

subject. I speak from long personal experience, and having associated with some, of those best qualified to express an opinion. The notorious Senator McCarthy told an American friend that he was not going to make the mistake of many anti-Communists who had drawn attention to the large number of Jews involved in the Communist movement. In an endeavour to protect himself from the "anti-Semitic" smear, McCarthy appointed two Jews to his staff. But both proved disasters for McCarthy. Although defended by what could be described as "respectable" anti-Communists like William Buckley of *National Review*, McCarthy was eventually destroyed.

In attempting to assess the Santamaria influence in Australia, one has to ask what I believe are fundamental questions. Why did the most influential pro-globalisation paper, Rupert Murdoch's *The Australian*, continue to make its columns available to Santamaria as he started what might be described as an anti-globalisation campaign? One can only speculate. Was it felt that Santamaria no longer had any political clout in the absence of a DLP-type of party at Canberra? Or is it felt that Santamaria's support for an increase in immigration and a Keynesian-type economic programme, offers no problems for the internationalists? I do not pretend to know the answers. But what I do know is that what is being proposed would add to Australia's ecological and social problems.

Even towards the end of his life, Santamaria was still demonstrating that while he understood credit creation, he still lacked an understanding of how the present finance-economic system works, and its basic flaw. Without being offensive to the memory of Bob Santamaria, his continued contention that the Japanese and Singapore "economic miracles" were the result of a savings policy, which Australia might adopt, is dangerous nonsense. The claim is similar to that which claimed that the Second World War was financed out of taxation and subscriptions to War Loans.

Increased taxation during the war was only possible because of the enormous expansion of new financial credits. A senior Labor Party minister, J.J. Dedman, frankly admitted that neither taxation nor savings in the form of War Loans were necessary to finance the war, but had been used primarily for psychological reasons. It can easily be demonstrated mathematically that financing new production out of savings, irrespective of whether such savings are compulsorily imposed by governments or are voluntary, simply add to a deficiency of purchasing power. Assuming, for the sake of simplicity, that a nation's economic system distributes over any given period sufficient purchasing power to meet total prices, and that the total is \$1000, and that \$250 is placed into savings, these savings being then used for further production, \$250 must be included in the financial costs

of the new production for which no new credit has been made available. The argument that the deficiency is overcome by still more cycles of production merely demonstrates that, in order to avoid a complete break down in the economy, there must be continuous growth. This is not an argument against individuals saving, but is used to draw attention to the fact that new production should be financed out of new credits. The reality of the situation tends to be masked by the process of continual production. Never-ending growth is a type of god who must be placated at all costs.

Having grasped the essence of financial credit creation, it is a great pity that Santamaria allowed himself to be sidetracked down the Keynesian road. If he had become more observant, he would have noticed that it was during the Second World War that every English-speaking country, including the U.S.A., had adopted in crude form the proposal first put forward by the author of Social Credit, C.H. Douglas, that an expansion of credit creation could take place without inflation. Consumer price discounts, applied to basic items in the economy, eliminated the need to increase wages, with the result that price levels remained stable for many years. It is true that the discounts were paid out of taxation. Modern production is basically series production and this means that if a basic item in the economy is allowed to increase, it is multiplied a number of times. As mentioned, the increased taxation of the war years was only possible because of the vast expansion of new credits. Part of these new credits, applied to prevent a rise in the prices of basic items in the economy, was highly beneficial . . . There was little inflation in Australia until 1948, when the Chifley government started to abandon the Consumer price discount system. Inflation was the result.

Those who wish to extend the legacy of Bob Santamaria into the future, should consider how new credits can be applied to a restoration of a consumer price discount system, and the payment of new credits for early retirement pensions, and special funds for mothers who wish to stay at home looking after their children. There are numerous other steps, which can be taken, with enormous social as well as economic benefits, by placing more purchasing power directly in the hands of consumers. Industry would respond immediately to such a programme.

Such a programme requires the political will to overcome the resistance of those powerful groups, which fear decentralised power.

These suggestions are made in the hope that the many dedicated supporters of the National Civic Council can unite with all Australians of goodwill to create a better Australia. I would like to believe that such an endeavour would meet with Bob Santamaria's approval.

The book of the moment...

"WHAT WILL WE TELL OUR CHILDREN?"

Jeremy Lee's major work, the result of many years of research, reading and contemplation, is one of those rare books, which shed a brilliant light on the real state of the world. As witnessed by the endorsements, it has an appeal transcending denominational and political boundaries, and is recommended by Graeme Campbell of the *Australia First* movement, Independent Queensland State parliamentarian Liz Cunningham, and the Hon. Clyde Cameron, a senior Minister in the Whitlam Government, among others. Well sourced and indexed, the book documents the major events, which have brought Australia to the most perilous time in its short history, pointing the way to our salvation. \$20 posted from all League bookshops.

CHRIST AND ANTI-CHRIST

The evidence of conspiracy as the controlling factor in world events is now so palpable that its general non-recognition can only be attributed to the success of the greatest brain-washing endeavour in the whole of human history. Against this, the much-vaunted 'reason', which is supposed to govern human affairs, has proved a paper sword. Every triumph of industrialisation is swallowed by an accelerating inflation, which in turn is utilised as an excuse for increasingly totalitarian controls, all leading to the imposition of World government maintained by force.

In the Sixth, most recent edition, of Nesta Webster's *World Revolution*, the following appears: "Thus from 1776 onwards the plan we now know as 'Communism' has existed and throughout 191 years successive groups of adepts have been perfecting a method for achieving power over the whole human race, a process which might be compared to ju-jitsu whereby the strength of a man's body is turned against himself. In some amazing way they have mastered the art of what Weishaupt called 'winning the common people', exploiting their grievances, rousing their passions, gaining their confidence and so achieving control over their minds as to make them completely impervious to reason. In every country a large proportion of organised manual labour has been turned from all sane and practical plans of reform and made to use their strength for their own enslavement.

"Thus Trade unionism, in its origins a wholly pacific system for the protection of the workers, has been largely captured by the conspirators and the industrial disputes which form the ostensible purpose of each succeeding crisis are often engineered by their 'Communist' leaders. It is useless to tell them that under the system these men representing Trades Unions as they know them would cease to exist and would become simply departments of an all-powerful State without the right to strike or to have any voice in their conditions or labour.

"In the same way the conspiracy has been able to enlist the intelligentsia in its service and to acquire control over all forms of publicity. Journalists even in the employ of the so-called 'Capitalist Press' devote long and important notices to every book that is calculated to serve the cause - works ranging from heavy treatises on intellectual Socialism to the lowest form of demoralising fiction. No book subversive to order or immorality ever passes unnoticed in the press, while the contrary view is carefully ignored or derisively dismissed as out of touch with modern thought.

"Of course the greater part of this organisation is carried out by the power of gold (*i.e.* International Finance - *Ed. T.S.C.*) - not necessarily by bribery but simply by making agitation a 'paying job', or by offering the most lucrative posts to adepts or at least agents of the conspiracy...

"But by far the most potent inducement offered was the *promise of power*. The pupils are convinced that the Order *will* rule the world. Every member therefore becomes a ruler." Robison quoting this passage adds: "We all think ourselves qualified to rule. The difficult task is to obey with propriety; but we are honestly generous in our prospects of future command. It is therefore an alluring thought, both to good and bad men. *By this lure the order will spread.*"

It is now abundantly clear that we have reached the culmination of this age-old Conspiracy, and must suffer the

consequences. The late C.H. Douglas remained convinced that it must *ultimately* fail; but that failure may, and probably will, be spread over many decades, if not centuries. We think the situation is even worse than envisaged by Douglas, because of the rapid development of techniques of control. But in the meantime increasing carnage and destruction - inseparable from the advance of Communism in all its history - is certain. To imagine that the ballot box can protect us from this is infantile, but in keeping with the prevailing fashions of thought. We warned the British that electing a 'Conservative' Government to replace the Wilson Administration would be worse than useless, as simply providing a fresh mandate for a continuing policy; and another election would simply have the same effect. (The most practicable answer at this stage would be a massive boycott of the election).

Against this background, we quote a note by C.H. Douglas published in *The Social Crediter* for Sept 3, 1950: "We rate the intelligence of the readers of this review highly. It is not written for morons, who we recognise as catered for in productions of much larger circulation.

"The full recognition of these facts enables us to dismiss at once any idea that there is some stratum either of society or Government composed of individuals who, if only we could penetrate, would see the light, and work effectively towards it.

"Let us make this point as clear as we are able, because it appears to lie at the root of widespread misapprehension. World Politics are (irrevocably, we think) committed to the centralisation of Power. *We* are committed irrevocably to the decentralisation of Power to *the limits of the capacity of the individual*. The first policy postulates the equality of men and women; the second recognises the absolute individuality and increasing differences of every human being.

"There can be no greater practical mistake at the present time than to suppose that Social Crediters can engage usefully in what Lord Keynes called Essays in persuasion, directed at the conversion of conscious opponents.

"The die is cast; whether the phrase 'the war between Christ and Anti-Christ' is taken to be symbolical or literal, one side must win.

"Now, the practical effect of this is to put to some extent technical arguments into cold storage. Not the least of the fallacies of Fabianism was that Economics preceded and conditioned Politics. Precisely the opposite is true, and our task is, *not to capture politics*, but to fragment them..."

Since Douglas's Note was written, much more hard evidence of the relation between Finance and Communism has become available and has been collated and published in a series of books, to which we have given publicity over the intervening years, as well as facilitating their distribution. Gary Allen's *None Dare Call it Conspiracy* has sold more copies in Britain than any other book distributed through K.R.P. Publications. A *sufficient* distribution of this book, and the companion volume, *Alternative to Disaster*, in conjunction with the exposure of the Conspiracy, which may be achieved in the U.S.A. through the efforts of the John Birch Society, offers the only visible hope of turning the tide of the disaster, which already is engulfing us.

But it seems most improbable that analysis of the situation can be carried any further than it has been carried in these pages. In consequence, publication of *The Social Crediter* will

be reduced *pro tem*, to a monthly basis, being maintained mainly to keep open a line of communication with those who

have recognised the nature of the task - vigorous exposure of the *fact of conspiracy* as the mainspring of world politics.

The Social Creditor, March 1973.

HISTORY REPEATS ITSELF

There is a similarity between the demands made by the IMF in the Asian currency crisis and events in Australia during the Depression.

On August 21, 1930 a former adviser to the British Treasury, and a current staff member of the Bank of England at the time, Sir Otto Niemeyer, addressed a conference of Commonwealth and State Ministers in Melbourne. A press report the following day quoted Niemeyer:

"There is also evidence to show that the standard of living in Australia has reached a point which is economically beyond the capacity of the country to bear without a considerable reduction of costs resulting in increased per capita output.."

As a result of this advice, under the guiding hand of chief Commonwealth economist Professor Copland, a nationwide cut in wages of ten percent was introduced. The result, naturally, was an increase in poverty and misery and a prolonging of Depression conditions. One economist who had originally endorsed the concept, Professor J.L.K. Gifford of the Economics faculty at the University of Queensland, conceded it was the wrong policy and had made things worse.

The enforcer in S.E. Asia in 1998 is the IMF rather than the Bank of England. But the terms are much the same - higher taxes, removal of subsidies on basic items and the opening of national economies to foreign investment and ownership.

Andrew Higgins, writing in the *Guardian Weekly*, January 25, 1998, said:

“ . . . The International Monetary Fund stands at the centre of a debate both emotional and technical over the impact of the conditions attached to its emergency bail-outs of Thailand, Indonesia and South

Korea. Accountable to only a secretive 24-member inner council, it has come under withering fire from all sides . . . Among the IMF's prominent critics is Jeffrey Sachs, head of the Harvard Institute for International Development He is currently on the road in Asia, attacking the Washington-based IMF for its lack of accountability, its secrecy and, he says, its misguided insistence that Asian countries pursue recessionary policies that can only intensify panic.. ”

Sachs is not the only critic. Former Secretary to the Australian Treasury John Stone has strongly emphasised that Australia should take no part in IMF measures to bail out international banks which have over lent in Asia. His views are shared by current officials. *The Australian Financial Review*. December 9, 1997, reported:

“ . . . Key Australian officials privately share some of the concerns expressed by Harvard economist Jeffrey Sachs that the IMF is putting too much emphasis on budget tightening in countries whose problems stem from weaknesses in the banking system rather than fiscal profligacy . . . There is also some sympathy in official Australian circles for the view . . . that overseas lenders who helped fuel Asia's banking crisis should pay part of the penalties. . . ”

Whatever else is said, the IMF is now loathed and despised throughout Asia. Meetings have been held to develop ways of breaking loose from IMF control.

What does one make of the headline in the *Weekend Australian*, February 21, 22, 1998 which read: "HOWARD TO LOBBY IMF FOR SUHARTO"?

It's a bit like trying to buy off the school bully with promises of lollies, and is not the way to 'make friends and influence people' that are being crushed by the debt merchants in Asia.

Studies in words

Verbicide, the murder of a word, happens in many ways. Inflation is one of the commonest; those who taught us to say *awfully* for 'very', *tremendous* for 'great', *sadism* for 'cruelly', and *unthinkable* for 'undesirable' were verbicides. Another way to verbiage, by which I here mean the use of a word as a promise to pay, which is never going to be kept. The use of *significant* as if it were an absolute, and with no intention of ever telling us what the thing is significant of, is an example. So is *diametrically* when it is used merely to put *opposite* into the superlative. Men often commit verbicide because they want to snatch a word as a party banner, to appropriate its 'selling quality'. Verbicide was committed when we exchanged *Whig* and *Tory* for *Liberal* and *Conservative*. But the greatest cause of verbicide is the fact that most people are obviously far more anxious to express their approval and disapproval of things than to describe them. Hence the tendency of words to become less descriptive and more evaluative, while still retaining some hint of the sort of goodness or badness implied; and to end up being purely evaluative - useless synonyms for *good* or *bad*...

"I am tempted to adapt the couplet we see in some parks -

Let no one say, and say it to your shame. That there was meaning here before you came."

C.S. Lewis in the introduction to *Studies in Words* (Cambridge University Press).

Everybody in hock

As of March 3, 1997, Canada's national debt was \$609, 720,839,905. The population of Canada on this date was approximately 30,446,858 so the current debt for each man, woman, and child is \$20,025.74.

Those figures cover the federal debt only. If you add the federal, provincial, municipal debts, plus the debts of corporations and individuals, every Canadian has a debt of \$117,000. Currently, there is 15 times more debt owed by individuals and institutions than there is money to pay for it

As of March 3, 1997, the outstanding public debt of the United States of America was \$5,348,245,208,952. The estimated population of the U.S.A. on this date was 266,813,429, so each citizen's share of this debt is \$20,044.89. The debt is increasing an average of \$706 million every day.

Michael Journal