



# ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

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The price of Freedom is eternal vigilance —

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Thought for the week: "There is no more dangerous delusion abroad in the world at this time than that production *per se* is wealth - it is about as sensible a statement that because food is necessary to man he should eat continually and eat everything. Production is necessary and desirable just so long as the actual thing produced is a means to something else which is necessary to humanity, and like everything else the thing produced has to be paid for by effort on the part of someone. So far from the necessity of this country and the world being an orgy of unlimited production, the first need is for a revision of material necessities, combined with sound scientific efforts, to produce to a programme framed to meet the ascertained demands; not artificially stimulated, but individualistic in origin whenever possible."

- C.H. Douglas in "The Delusion of Super-production" (1918).

## REAGAN POLICY COULD PROVIDE LAST CHANCE:

By Eric D. Butler.

Assuming that the Reagan Administration seriously attempts to implement its much-publicised "great recovery" programme, history may record that President Reagan and his advisors, devotees of what is termed "unrestricted free enterprise", provided the peoples of Western Civilisation with their last chance to avert a major collapse. The theories of John Maynard Keynes, skilfully promoted during the desperate days of the Great Depression in the 'thirties, have proved progressively more disastrous. Like a drug, the Keynesian policy of increasing government expenditure, by the simple process of creating new credits for deficit budgets, does initially stimulate an economy. But as C.H. Douglas observed in "The Monopoly of Credit", "fundamentally a financial system is a matter of pure arithmetic and the results which will be obtained depend entirely upon the arithmetical factors which are exploited and only to a very temporary extent on the particular brand of black magic which is imposed." Keynesian policies made it arithmetically certain that

with credits for deficit budgets being created as interest-bearing debt, and used generally for non-consumer production, there would be monetary inflation. Some better informed Marxists early grasped the long-term revolutionary implications of what Keynes and his backers were promoting. One of the best known of these Marxists, John Strachey, correctly observed that once a nation embarked upon Keynesian policies, growing inflation and instability were inevitable. Combined with the post-Second World War technological explosion, making it possible to expand production enormously with less human labour, the governments of all industrialised nations increasingly had to use deficit budgets and associated credit expansion policies in a desperate attempt to keep their economies operating. A feature of these policies has been the provision of growing credits for exporting - even exporting to the Communist nations. Escalating financial debt has been reflected in escalating inflation. Attempts to reverse inflation by credit restrictions merely aggravate unemployment, intensify social disintegration, while having only a fractional impact upon inflation.

In his "great recovery" speech to the American Congress, President Reagan produced a roar of approval from his supporters when he pronounced the end of Keynesian economics. With Keynesian economics increasingly found a disastrous failure, it is not surprising that Ronald Reagan's promise to end them has met with a warm response from large numbers of the conservatives groups which came together to make the Reagan election victory possible. But what in essence does Reagan offer as an alternative? On one hand tax cuts are offered, a highly desirable objective, with corresponding cuts in social welfare and other spending. But there is also a proposed big increase in military spending, justified by the Soviet threat to which American policies have made such a major contribution. The arithmetic of the situation makes it certain that unless the Reagan Administration proposes to change the prevailing method of creating and issuing financial credit, the initial result could be to increase the estimated \$38.5 billion (Australian) budget deficit for the next year.

If President Reagan is to achieve his objective of an expansion of growth from zero to 5.2 per cent over the next two years, this will also require an expansionary credit policy. Hopefully, and probably, for a short period a big upsurge in economic activity will provide an increased volume of taxation, effecting tax cuts. But with an increased volume of debt pouring into the system, coupled with a big increase in production, further inflation will be inevitable along with an attempt to increase exports. A genuine anti-Soviet policy requires the halting of all American exports to the Soviet. But such a policy would have a devastating effect on sectors of the American economy.

If President Reagan can get his super-production policy under way, it can be predicted with complete certainty that it will end in a major disaster. It is highly probable that Reagan will find it impossible to do more than make a futile attempt to implement his programme. Arithmetic cannot be defied. But whatever happens, the stage is set for a traumatic demonstration that no genuine stability is possible under present debt-finance geared to attempting to serve a production for the sake of production philosophy. And it could result in widespread realisation throughout the West that it must drastically change the present methods of credit creation and control, or collapse into complete chaos. The last chance for the West could be coming up.

GOUGH WHITLAM ENTERS CANADIAN CAMPAIGN: Mr. Jeremy Lee, currently touring Canada under the auspices of the Canadian League of Rights, reports that former Australian Prime Minister Gough Whitlam has been campaigning in favour of Trudeau's thrust for more centralised power:

One hardly sets foot in Canada before realising the enormous feeling on the issue of the Constitution. Trudeau's attempts to ride rough shod over the Canadian Provinces and their citizens have sparked a reaction which is fast becoming both informed and motivated.

Trudeau now depends on his belief that the British Parliament will conform to his arrogant demand that the British North America Act be delivered into his hands on his terms. But the massive volume of mail now arriving in London, addressed to Her Majesty the Queen, or to the British parliamentarians, has made it unlikely that Trudeau will gain the 'doormat' response he anticipated from the British. At the meetings I have addressed so far, many now point out that mail directed to Buckingham Palace is being answered by the British High Commission in Ottawa, while others have heard back from Palace officials in London.

Recently tripping around Canada, giving all and sundry the benefit of his experience with constitutionalism has been one Gough Whitlam! Needless to say, he has backed Trudeau to the hilt, and has no doubt explained the awful injuries that can be inflicted on the divine rights of politicians by such "anachronisms" as constitutions, elected senates, monarchical representatives and any sort of federal system. Canadians I have met don't seem to have been very impressed with Gough, and I have been asked more than once whether he is Australia's 'underarm problem.'

No doubt Prime Minister Trudeau wants to get constitutional issues out of the way as soon as possible, paving the way for activities he has planned later in the year.

On January 15th, Canada ratified the Common Fund aspect of the New International Economic Order. The Common Fund Agreement was

opened for signature on October 1st 1980, and, according to Canadian officials, will "come into force when 90 states accounting for two-thirds of the financing, have ratified ..."

One July 20th-21st, Trudeau will host a conference Summit of leaders from industrialised countries, at which the next stages of the N.I.E.O. will be mapped out. This will follow hard on a "North-South Summit" to be held in Mexico in June, which will be attended by many nations.

These two conferences will be followed by the Commonwealth Heads meeting to be hosted by Fraser in Canberra, which will also deal with aspects of NIEO. So such irritants as constitutional issues will have to be safely out of the way by then.

But Trudeau will not find it quite as easy as he thinks ..... Meanwhile, something of a blow-up has occurred in the Canadian House of Commons over the defeated left-wing President of Jamaica, Michael Manley. Australians will recall Prime Minister Malcolm Fraser's close co-operation with Manley in setting up the Lusaka conference which finally torpedoed Rhodesia.

Having been rejected by his own people, Manley has now been offered a 460,000 fellowship to the Canadian funded International Development Research Centre. The latter costs Canadian tax-payers \$38 million annually. Asked what the fellowship would be used for, the Centre's head, one Ivan Head, said Manley's use of the money would probably result in a study and book on the New International Economic Order.

One M.P. Doug Neil, commented: "There's no way the Canadian taxpayers should have their pockets picked by Trudeau and his friends to finance such a leftist friend of Fidel Castro's as Michael Manley ...." Fraser, no doubt, will be comforted that his old buddy is being so well looked after.