



ON TARGET

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The price of Freedom is eternal vigilance —

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THOUGHT FOR THE WEEK: "I am afraid that the ordinary citizen will not like to be told that the banks can create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every repayment of a bank loan and every bank sale destroys one."

- Sir Reginald McKenna, Chairman of the Midland Bank, U.K., 1924

HOW HONEST IS TREASURER KEATING? Many politicians, like some bank managers, are genuinely ignorant about how the banking system creates the bulk of a nation's money supply in the form of financial credit. Others know differently, but deliberately create a false impression in order to try to avert any public demand that what is in essence a bookkeeping system should reflect reality. The reality is that the Australian economy, in spite of many forms of sabotage, is capable of readily producing what the Australian people want, starting with food, clothing, shelter and power. But Treasurer Paul Keating is insisting that he may have to impose still greater "restraint". A master of colourful language, Treasurer Keating tells Australians that there is still "excessive demand" in the economy, which is "stuck in the fast lane", whatever that means. Presumably it is another way of saying that the economy is "overheating" and should be "cooled".

At an early stage of his political career, Paul Keating claimed to be a protege of the famous Labor leader, the late J.T. Lang. Now whatever may be said about Lang's career, he did understand the basic features of credit-money creation and was the most outstanding Australian political leader to reject the infamous Depression Premiers' Plan, a policy of "restraint" imposed at the behest of two overseas visiting financial witchdoctors, Sir Otto Niemeyer of the Bank of "England", assisted by Professor Guggenheimer of the notorious London School of Economics. Lang rejected the proposal that there should be a severe reduction in the Australian standard of living when there was adequate productive capacity to meet the requirements of

the Australian people. Lang insisted that the requirements of the Australian people should be put ahead of the demands of the debt merchants of the day.

If Paul Keating was a protege of Lang, then he knew what Lang told him about banking. It should never be forgotten that Keating was, before he became Federal Treasurer, publicly endorsing the Lang theme, one which all traditional Labor leaders strongly supported, that to allow foreign banks to operate in Australia would mean the end of Australian independence. But no sooner had Keating become Federal Treasurer than he was moving towards permitting foreign banks to enter Australia as the first major step towards fitting Australia into the internationalism that is progressively eroding Australia's economic independence. There has been much discussion about the subject of honesty in Canberra following the manner in which John Howard was deprived of the Liberal leadership. But how honest is Paul Keating when he is telling Australians they may have to accept the type of policy which his mentor Jack Lang so strongly opposed? Paul Keating is an ambitious man and has experienced the temptations of power, and been wined and dined in the inner sanctums of the International Debt Merchants, whose spokesmen have hailed Keating as one of the world's great Treasurers.

We have no doubt that Paul Keating finds it much more comfortable to continue along his present path. Even should it lead to political defeat, there are suitable rewards awaiting in the board rooms of those whom Paul Keating has served so well. And he must have noticed what happened to his old mentor, J.T. Lang, crucified by the very political party he had served. Paul Keating does not impress as one who is prepared to go to the cross in defence of Reality against the black magic which helped to bring J.T. Lang low. He has opted for the comfortable path and is prepared to talk the most dangerous nonsense.

ANTI-BANK CAMPAIGN MISSING TARGET: No objective investigator will deny that the trading banks have themselves to blame for the anti-bank feeling throughout the community. They are privileged institutions which have been authorised by government to create and to administer the financial credit of the nation. No one else is permitted legally to create money of any kind, and if one attempts to do so, and gets caught, this is regarded as a most serious crime warranting a prison term equal in many cases to a prison term for murder. It is claimed that those engaged in such illegal activities are diluting the value of the nation's money supply. But overlooked is the fact the creation of new credit money by the banking system does the same thing: that

the method of creating, issuing and withdrawing financial credit makes inflation mathematically certain. It is now over 60 years ago since C.H. Douglas, author of Social Credit, pointed out that "a continuous rise in the cost of living absolutely must take place" under debt financing. The financial witchdoctors of the period attempted to ridicule what Douglas said.

It is mathematically certain that if the economy can only be sustained by a progressive expansion of debt of various kinds, and that, without considering many other factors, interest is charged on the debt, continuing inflation, growth for the sake of growth, export surpluses, bankruptcies, and social friction are inevitable. Over the period since Douglas first warned what was inevitable under debt finance, the value of the unit of money has been reduced by an estimated 60 percent. Inflation is legalised robbery, progressively dilutes the value of the unit of money, and is a major cause of economic and political centralisation.

After fuelling the American economy with huge deficits during the Reagan years, those responsible have now become alarmed about a new upsurge in inflation. Japan, along with other industrial nations, is also concerned about inflation. Financial orthodoxy knows only one answer: curb the rate of new credit expansion and, if possible politically, increase taxation. Higher interest rates are also used as a mechanism for control. Treasurer Keating claims that without high interest rates "to slow the economy", Australia would be driven into a recession. High interest rates are also being used in the U.S.A. to slow down economic growth. This has led to a wave of predictions that the world is heading for a major financial collapse and depression conditions. Mr. B.A. Santamaria, well-known Roman Catholic commentator, who in recent times has come to recognise that debt finance is a major factor in international and national politics, echoes the views of many when he says it is no longer a question of "if" but "when" the international financial system will collapse.

Having closely studied the finance-economic system for over 60 years, and the power strategies used to exploit that system and its results, we do not subscribe to the "inevitable crash" scenario. What we see is the inevitable progressive disintegration of social stability and economic dislocation as attempts are made to exploit the results of debt finance to impose more centralisation upon the peoples of the world. The highwater mark of Western Civilisation was reached early this century. It is impossible to calculate the enormous destruction

- spiritual, moral and physical - of a century of retreat from that highwater mark. There is worse to come. But through all this there has developed a growing body of understanding, faithful to the Eternal Verities, which is fostering the growth of regeneration. One of the first essentials is that the debt-habit is "kicked". The lead has to come from the people. The parties are sick unto death.

BRIEF COMMENTS: When British Prime Minister Thatcher announced that she was not prepared to sacrifice complete British self-government by accepting a European Central Bank and a Common currency, she sent shock waves through the camp of the internationalists. As anticipated, the internationalists and their agents and dupes did not take long to counter-attack, and Margaret Thatcher is facing increasing criticisms, much of it from within her own party ranks.

But the biggest threat to Margaret Thatcher is that an inability to deal constructively with the rising spectre of inflation will result in political defeat. She is adopting the strategy of higher interest rates, which must fail. This may bring Margaret Thatcher to realise that her greatest challenge is upon her: how to make finance the servant of the government.

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Critics of the education systems of Australia have at last received a grudging concession that their criticism has been well based. A study by the Australian Council of Education Research reveals that there has been a decline in literacy. The "progressive" teachers have responded angrily to criticism with the sarcastic question, "But what would the critics, including parents, know about it?" The famous Doctor Johnson observed, "You may scold a carpenter who has made you a bad table, though you cannot make a table. It is not your trade to make tables." Parents do not need to be teachers to be able to judge what has been coming out of far too many class rooms.

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As the poison of division seeps through the Liberal Party, it should be carefully noted that Andrew Peacock described the T.V. boasting of Tuckey and Moore as "stupid" and "tasteless". He did not dispute the accuracy of their account of how John Howard was toppled. Surely Andrew Peacock does not expect people to believe that he was "drafted" at the last minute in a planned coup he knew nothing about?