A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "The English Fabians, and their offshoot, the Planners, are in the main the same type. What, then, is the characteristic of "bigness" which makes it a common objective in every country in which we can discern revolutionary propaganda at work? To say that it is efficiency is clearly absurd even if efficiency were urgently necessary. It would be as sensible to acclaim the superior efficiency of the Atlantic Ocean over Lake Derwentwater.

It is not difficult to find an answer. The attribute of size – so far as I am aware, the only attribute of size – which grows as size increases, is momentum. The larger the mass, the more difficult becomes a change of direction – the harder becomes the task of individual initiative. That is another objective of The Big Idea, because as the Protocols of Zion remark, "Nothing is so dangerous as individual initiative". A second identifiable common factor is the appearance of plans everywhere designed to make people forget their historic attachment – as Mr. Curtin, the Australian Socialist Prime Minister put it so engagingly when he undertook to make Australians into Costa Ricans, overnight. This feature is particularly significant, since it links up the present crisis with the French Revolution. The revolutionaries abolished the old Royal Provinces of France (just as an attempt is being made to abolish Britain's Counties by the appointment of Kommissars of Regions) and substituted "Departments" so arbitrarily that except as electoral divisions, they hardly exist today.

And a third feature is the systematic destruction or perversion of significant history, **and particularly that form of written history represented by hereditary experience.**"

– Clifford Hugh Douglas in *"The Big Idea"*, 1942

PRIMARY OBSTACLE IS METAPHYSICAL, NOT MATERIAL by Wallace Klinck: The headlines read: "British economists send apology to Queen," July 27, 2009.

Sorry Ma'am – we just didn't see it coming. A British newspaper has reported that a group of eminent economists have apologised to Queen Elizabeth II for failing to predict the financial crisis. *The Observer* newspaper reported that a letter has been sent to the Queen after she demanded, during a visit to the London School of Economics last November, to know why nobody had anticipated the credit crunch. According to the newspaper, the letter says that "financial wizards" who believed that their plans to manage risky debts and protect the financial system were infallible were guilty of "wishful thinking combined with hubris". Signatories to the three-page letter include Tim Besley, a member of the Bank of England's monetary policy committee and historian Peter Hennessy.

The newspaper said the content was discussed during a seminar with a group of leading economists in June, including Nick MacPherson, a permanent secretary at Britain's Treasury, and Goldman Sachs chief economist Jim O'Neill.

"In summary, your majesty, the failure to foresee the timing, extent and severity of the crisis and to head it off, while it had many causes, was principally a failure of the collective imagination of many bright people, both in this country and internationally, to understand the risks to the system as a whole," the newspaper quoted the letter as saying.

Buckingham Palace declined to comment on the correspondence, but said the Queen often discusses current issues with experts. In March, Mervyn King became the first Bank of England governor to be invited for private talks at the palace.

"The Queen always displays an interest in current issues and is kept abreast of current issues. Obviously the recession is very topical," Buckingham Palace said in a statement.

Luis Garicano, a professor at the London School of Economics, said he had discussed the origins of the crisis with the Queen during her visit. He said she had asked: "Why did nobody notice it?"

The London School of Economics was not immediately available for comment, or to provide a copy of the letter."

'These "economists"', wrote one contributor, 'should be issued hoes and taught to look after the gardens of the London School of Economics, so as to be able to say that they have done something useful for a change' was one comment during the online social credit discussion.

We should be deluging both them and the Queen: Perhaps these so-called "expert" economists should also be apologizing to the general populace. I think the point is that we should be deluging both them and the Queen with proper information and urgent requests that the appropriate changes be made forthwith. Demands have to come from the people! The essential problem is that the whole financial system is based upon an unsound policy of creating rather than minimizing "work" and the anti-Christian philosophy from which that policy is derived.

No doubt that some of these "experts" are brilliant enough. They just start out on the wrong philosophical footing and spin all sorts of nonsensical theories and policies as a consequence of not first getting their heads straight about the real, rather than imagined, nature and purpose of human life. If they could overcome the work fetish, things might much more easily fall into place. The primary obstacle is metaphysical. It is certainly not material.

ALWAYS BE THERE? GREAT MYTH OF SUPERANNUATION by James Reed: I remember some years ago seeing a full-page ad in a newspaper "We Will Always Be There", from a leading superannuation company. Sure, I thought, words like that usually come back to bit one.

The Henry tax review has recently considered the sustainability of superannuation. An article in *The Australian* (9/6/09), "Share Crash Forces Super Reform" begins: "Up to 90% of recent retirees are unlikely to ever meet their expected investment returns after the market crash of the past year, with many likely to run out of savings and wind up dependent on the aged pension".

Australians have 80% of their assets in share or mutual funds, while most countries have 10% or less. Market downturns can gobble up superannuation savings, leaving the retirees' savings exhausted. Beyond all else, this is a good argument for the need for a social credit dividend to provide a safety net against the savagery of the global financial market system.

THE TRUE, BRUTAL FACE OF CHINA: BE VERY AFRAID by James Reed: The Stern Hu arrest saga, in a nutshell, shows the future face of China. Contrary to the Asia-worshipers, China is a fanatical and aggressive power, hell bent on world domination. At this early stage of its rise to power, China is already punishing Australia over the Chinalco bid for Rio and the defence white paper, which politely sees China as a future potential threat. China is so confident in its economic power now that it can humiliate the Rudd government, itself little more than a puppet government for the Chinese communist party, by forcing Australian officials to wait another month for a second visit to Stern Hu (T*he Australian*, 13/7/09, p.1). An article by Rowan Callick (*The Australian*, 14/7/09, p.9) has a caption to two photographs, one of Australians mining iron ore and the other of Chinese ship building: "Narrow perceptions: Politicians in both countries frequently laud the complimentary nature of the relationship: Australia digs it up and sends it off; China transforms it into manufactures and sends it back". This spells the death of Australia: manufacturing dies, the nation deskills and loses its industrial base and becomes a hole in the ground. Worse yet, China wants to control even the digging up process so that in the end, Australia is nothing.

The ultimate consequence of this is that Australia disappears as a nation, which is of course the goal of the globalist elites. China, as the new weapon of financial capitalism, has shown, with its recent brutal treatment of the ethnic Muslim Uighurs, and its threat of death to any such rioter, what the future in the Chinese new world order will be like.

<u>REFLECTIONS ON MAJOR DOUGLAS' A + B THEOREM</u> by James Reed: Let us cut to the chase. C.H. Douglas had already worked out the essence of the famous A+B theorem in 1919, but in *Monopoly of Credit*, Douglas gave expression to his theorem as follows:

"In any manufacturing undertaking the payments made may be divided into two groups: Group A – payments made to individuals as wages, salaries and dividends, and Group B – payments made to other organisations for raw materials, bank charges and other external costs. The rate of distribution of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of generation of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

Hence no given industry pays out sufficient purchasing power to buy all of the goods it produces, and by generalisation to the entire economy, society as a whole cannot purchase all of the goods and services for sale. Hence there is a fundamental contradiction at the heart of orthodox finance, which Douglas' A+B theorem exposes.

The purchasing power distributed to people over a given time period cannot purchase all of the goods available at that same time period. In the advanced societies, both during the Great Depression and during today's 'economic meltdown' there is no shortage of production and things to buy but there is a lack of purchasing power: consider my pitiful existence for example. I can't even afford to run a car. Douglas, in a letter to a correspondent in T*he New Age*, September 4, 1930, commented on this fundamental defect in the present financial system:

"...The fundamental defect in the existing financial system is due to the fact that effective demand, i.e., Money, can only reach the consumer as a loan. If you will realise that money and goods are bound to be on opposite sides of a double-entry book keeping system, it is quite obvious that the correct ownership of credit must originate with the consumer and pass over to the producer in exchange for his goods. It cannot possible originate from and return to a third party any more than it can originate with the producer, who would then have both the money and the goods."

Social credit holds that the physical cost to a community of its total production over a given time period is equal to the total consumption over that period. From that proposition it is proposed that financial credit should be cancelled at the same rate that real physical credit is consumed or otherwise exhausted.

At the Conference of the Social Credit Movement at Hope, 10th January 1924, Douglas contrasted social credit with orthodox economics. Few people can complain about clarity of expression in this magnificent paragraph:

"...What are these contrasting sets of premises? That of the orthodox economists that the economic industrial system is contingent on the working of certain arrangements with regard to finance and employment. That is to say, that it is quite a sufficient reason that work should not be done or goods distributed if and when the financial arrangements do not permit. You cannot build a house if you have not got the money. You cannot distribute goods if people have not the money to pay for them; and they cannot get the money without the methods hallowed by precedent. In other words, the present system revolves around finance as a pivot.

In opposition we take up the attitude that the money system is merely a ticket system, a method by which all goods can be distributed in a natural and systematic manner according to the actual requirements of the population. We say that the pivot on which the financial system ought to work is actual demand taken in conjunction with the possibility of supply and the tickets do not make of that real demand effective demand to its limit, you have to change the financial system. That is all that needs concern the person who wants to know if we are on the right track. They may say that there are many other things besides the question of meeting real demand backed by effective demand. There is the question of whether the people are worthy to get the goods. But if they have any such reservations, then they do not agree with us that money is purely a voluntary arrangement for the distribution of goods and services which the modern system can supply."

The present financial crisis is essentially a realisation of these fundamental contradictions of orthodox financial capitalism. The system is patched-up for a time, like some old rusty car, but ultimately it starts falling apart. Wallace Klinck in his article "Current Madness" (*The Social Crediter*, vol.85, 2009, p.14) puts his finger right on the problem when he says:

"The so-called financial 'crisis' derives from a faulty financial price system which generates consumer prices more rapidly than it distributes incomes – forcing consumers to rely increasingly on creation of new money issued as re-payable debt in the form of bank loans. When liquidity becomes eroded to the point where borrowing can no longer be sustainable, the whole financial edifice collapses like a deck of cards. Mass foreclosure which ensues, reveals the confiscatory nature of the financial system, manifesting a tragedy of human effect...what is needed is enhancement of consumer income to balance aggregate purchasing power with aggregate prices in each cycle of production. This would place consumers in a position to determine the viability of producers. The physical cost of production is fully met as production progresses. There should be no aggregate need for consumer debt whatsoever."

A truly wonderful way of emancipating the individual. But the outstanding problem we face is dealing with the money power who have caused wars, both physical and cultural, to allow their tyrannical power and domination to continue. What we need for the social credit movement to go forward and realise its historical destiny, is a strategy of dealing with this evil entity.

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