

A WEEKLY COMMENTARY

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The Price of Freedom is Eternal Vigilance

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Why Increasing Debt is Their Only Solution! By Neville Archibald

Both sides of politics focus on the economy in the same way. Although it may look different, the ultimate outcome is the same – **more debt**.

With the current Labor government, it is employment and government spending that it is focused on. Public spending on Big Builds or renewable capital works and using that introduced money to prop up the economy. Taxation also plays a big part, as the socialist nature of this 'side' tries to redistribute earned money in a manner they describe as 'fairer distribution'.

Liberal on the other hand, see themselves focused on paying off the debt by focusing on growth of the private economy. Small business and business in general and private investment is championed. Reducing public expenditure to transfer the debt (or borrowing of money) to the private sector instead. More jobs for the Liberal side of politics, equates to private enterprise employment. Taxation is supposedly to be made simpler and lower to boost productivity.

If we are to look at recent history (the last 40 years) and examine if this has been the case, what do you think we would see?

Lets examine growth of Infrastructure! Both sides have favoured multinational corporations and big business. The Labor party, whose ideal could be considered government ownership and control has used foreign investment (in some cases read: other government) and international money. They pretend that they have control, but cost blow-outs and demands for tax breaks or subsidies– among other things – tell another story. These companies now own much of our everyday essential services. Energy – the big one – is now largely owned or run by foreign corporations Australia wide. Figures given by government often forget to include that many 'Australian' power

producing plants are 'leased' by foreign corporations, making the 51 % Australian owned claim, spurious at best. New energy development (while some of it comes from start up companies using superannuation), mostly ends up in foreign hands and uses imported materials to build them. Of wind and solar power (the big renewables push), approximately 70% of these are owned wholly or partially by foreign corporations and they receive 66% of the subsidies (LRET – large-scale renewable energy target) provided by government (ostensibly to help them get a start and make them viable).

Foreign ownership is now the key feature of our entire energy grid, power production and distribution included. The taxation side of this equation is a questionable one, we are now finding out that some of these companies appear to be paying little or no tax.

Across Victoria, we have 21 of the largest foreign-owned wind and solar developments, Ms Webster told Sky News host Chris Kenny. They brought in over 600 million dollars in 2023/24 and apparently paid no tax, where's the transparency?

<https://www.skynews.com.au/opinion/chris-kenny/paid-no-tax-foreignowned-renewable-giants-cashing-in-on-aussie-subsidies/video/c1866c5394a20766ffa1bb0f0f8b7b7d>

This information comes at the same time as the PRRT (petroleum resource rent tax) debacle, where we are receiving far less for our gas exports than I would have thought possible! Both Liberal and Labor have twiddled their fingers and made minor adjustments since it was introduced by the Hawke govt in 1987; it continues to earn very little revenue, despite 40 years of complaints and tinkering, by both sides!

As for small business, much of that has been driven off-shore due to costs. Energy costs are of course one of the big ones, but also the cost to compete on a deregulated market, where the competitor has many unfair advantages. Wages might be lower in other countries (as cost of living is less or could be considered slave rates) and conditions to be met in the production process (considerations given to safety of employees and pollution created) differ greatly in other places. This was once a factor in determining tariffs or restrictions to trade. I would have thought it a sensible one, a method of 'encouraging' others to make changes to the treatment of their citizens or of the planet. Clean up your act and we will drop tariff imposition. We use all sorts of methods to reach out to other places and introduce the concept of freedoms (including war) but in business – anything goes! We now virtually allow international companies to take advantage of poor living conditions or corrupt practices overseas when they produce for us.

It's Just Business has taken on a whole new identity on the world scale. We have given up on fairness and safety in the workplace by exporting these concerns

to countries that do not share them. We have then decimated our own industries by allowing those very worries for our fellow man to outcompete us! This is a moral argument as much as a financial one and we have allowed both 'sides' of politics to pursue policy which runs counter to our original ideals of what a free future looks like.

None of this has come about overnight. Both sides' have been party to this destruction of Australian Income, and have been effectively giving away our resources for decades. It now seems that our future energy requirements will be generating income and profit which heads offshore – untaxed? I am not sure how this fits in with both Labor and Liberal policy documents. I am sure I have seen the word 'Australian' associated with many of these documents, but I am beginning to wonder if it means anything.

Taxation fairness, or simplicity, (to cover both Labor and Liberal expectations) is of another questionable benefit to us. We will see the reactions to the taxing of inter-generational wealth introduced with both Capital gains tax reforms and assets and inheritance taxes being discussed at present.

This taxing of assets via capital gains, property taxes, inheritance taxes etc is all focused in taking some of that wealth (that could be considered investment) from private individuals. The very idea that a house is not a home - it is a wealth pit – and it's stopping the next generation from being able to spend that money equivalent, is a false one. The 'boomers' who own their homes and have money put aside to retire – and maybe a little to leave to their children to get a head start – is now being touted as selfish!

Before the next budget and definitely before the next elections, both 'sides' will need to introduce policies to assuage people into believing they have the economic outlook in hand. The tightening of belts and taxing of this intergenerational wealth (even savings) to make some sort of fix, will be sold to us in many different ways.

Already the wedge of division is being driven in, the boomers are the problem. That extra spare bedroom is now a selfish act, not a place to host visiting friends or children, not a temporary safe alternative between rentals or other crises. Like the money set aside for a rainy day, this stagnant wealth hoarding, in all its forms, must be discouraged, the money is needed to get the economy going.

A lack of money!

Both 'sides' see this lack of money and shuffling the deck of cards they are given. Each complains that the other has cheated and reshuffles the deck - in this case the methods of obtaining a good cut of the wealth of Australia. They still end up in the same place, overall debt increases, either privately or publicly. On the ground, we see it as a shortfall in spending ability. Although many things are

possible, the finance to do them is not - unless it is borrowed (and then only if you think you can meet the repayments).

To cap it all off, inflation continues to rise and our dollar saved loses its value, as does our dollar earned. No matter what way you look at it, there is a distinct lack of money in the economy.

Every business always complains of a lack of money. If only we could sell more, if only we had more customers, if only we had a greater share of the market!

Unless you are producing something entirely unwanted, most businesses could make a go of it, if the consuming public had the money to spend. The law of supply and demand would ensure a balance was achieved. When there is an artificial restriction on one side, it will not work. Those with unlimited backing will succeed and those who lack it, will not. Thus we have seen the rise of the monopolies.

The biggest of these is the monopoly of credit, or money creation!

When an economy is in shortfall, and the money required is only available as debt – at interest – then the lenders are in control. They decide who gets it and what is done with it. Our ‘money vote’ for available consumable items becomes limited to a certain extent. No amount of tinkering with this system (as it currently stands), will alter the reality of increasing debt.

Ask yourselves every-time a new proposal for our economic benefit is introduced, does it take more from existing wealth holders, or does it rely on new debt with interest? Neither of those fixes the balance or shortfall between production and consumption, it merely delays or worsens the problem.

Any solution forcing people into more work, also creates more production – with that same cycle of spending shortage for goods produced. Only an ever expanding economy can add the necessary credit needed to consume it. This is the fatal flaw of the system, resulting in an inevitable crash or default on loans provided, calling in the assets used as collateral and selling them for cents in the dollar. We see this time and again, the economy being propped up until the bust comes.

Now imagine a system where what is possible, can be done. Not for the sake of exporting our real wealth for outside money, or for another cycle of demand clamouring for something new; but for an improvement in community life. Allowing families to own houses as a stable base against uncertainty. Allowing communities to have the ability to create structure to service local needs as they desire.

Money is the facilitator of exchange of all services and goods. Measured against the realities of what is available/possible it remains an equation that can

be balanced to produce almost any outcome successfully – without the crippling debt that usually follows. The Keynesian economic theory of all money being introduced as interest bearing debt is over. The results of the past, with its boom and bust cycles, are ample evidence of its failures.

Consider the following address from 1932, by Major C.H.Douglas. These words reflect the same issues in front of us now, and the same solutions given by our politicians are still the same as they were then. A new approach and recognition is required of us as to the nature of the problem we face. If we do not heed this need to change what we are doing, we will continue to wear the chains that the burden of debt weighs us down with. ***

The Nature of the Present Crisis and its Solution

By Major C. H. Douglas, M.I., Mech.E.

An Address delivered at the City Hall, Newcastle-on-Tyne, Oct 7th, 1932

- It is a fallacy that any one section of society is the only sufferer from the present economic system. The evil effects are by no means confined to any one class of society, although it is commonly assumed that what is called "labour" is the chief sufferer.
- It is not an unreasonable deduction that those classes in which suicides, and therefore unbearable suffering, are most frequent would also contain the largest proportion of bearable suffering
- The problem is not, in any sense, a quarrel between the "haves" and "have nots." It is not a class problem. It is one which affects everyone.
- The present crisis is not of unemployment, (by unemployment is commonly meant human unemployment). This fallacy is deeply rooted.
- There is no difficulty, for anyone with money, in obtaining all the goods and services.
- Our best brains have been at work for the past 100 (now nearly 200) years, with the specific object of producing more and more goods with less and less human labour.
- "Capitalism," might be defined as production for profit. Including in this definition is administrative relations between employers and employed... these relationships have nothing to do with production for profit.
- What is it that the capitalistic system really claims to do? Broadly, it is a system which enables people to combine together under a suitable organisation, so that together they can achieve results which the same

number of people acting separately could not achieve.

- In technical language, the capitalistic system is a system of organisation designed to use real capital, that is, tools, land, scientific knowledge, administrative ability, and many other things, so as to produce something which we call "the unearned increment of association."
- Get this idea very clearly in your mind, as it is probably the most important idea that you can possibly assimilate at the present time.
- Socialists made a colossal mistake in arguing about the distribution of what they have called the "product of labour." The product of labour has become increasingly unimportant as compared with the unearned increment of association, that is, the product of the machine.
- It is this unearned increment of association out of which profits, not merely to the capitalist, but to so-called "labour" are paid.
- The community is, in a money sense, definitely becoming poorer.
- The failure of the present economic system is not in production, it is in distribution.
- Before tinkering with the production system, you ought to make quite sure that other aspects, such as exchange and distribution, are equally successful.
- If you have a production system which demonstrably produces a glut of goods and services, and at the same time not only those who work in it, but those who operate it, are getting poorer and poorer, by which we mean they can get less and less of those goods and services which the production system generates, there can be only one place to look for the difficulty.
- That is in the link between production and consumption, and that link is the money system.
- The nature and source of money. It is no use wanting goods and services of any description, nor is it any use that those goods and services shall be in existence and available, if your request to be supplied with those goods and services is not backed by something which we call money.
- Money and its source: Practically all money is actually created by the banks, and claimed as their property.
- The situation we are faced with amounts to this -- no matter what the physical realities in regard to food, clothes, houses and luxuries, and no matter how abundant they may be, we cannot obtain them without obtaining something which we call "money".


- All money is derived from the operations of the banking system. Please be quite clear in your mind about this.
- But when a bank makes money, it makes money out of nothing, it gives nothing, and lends everything. It has, as we say in technical language, "a monopoly of credit."
- Only Social Credit seriously attacks the control over human life and Industry which is exercised by the money system. Be quite clear as to what is meant by this.
- The fundamental evil from which the world is suffering at the present time is the control of its destinies by the money system.
- The money system is an accounting system, and if properly operated is of great value as an indication of what is going on in the industrial and productive systems.
- The type of mind which is attracted to banking and finance is not suited to deal with the highly technical organisation of the modern world.
- This matter is so important and so little understood, it must be made clear to you, even at the risk of some repetition. If you look at the physical reality of the productive system in the Western world today, you cannot fail to realise that we are living in an age of material wealth and plenty.
- If you turn to the Press, which is paid to express the views of the financial interests, you will be told that only severe economy, lower wages, higher taxation, and other symptoms of severe scarcity can be deduced from the present situation, and that we have to accept them.
- It must be obvious to ordinary common sense that one set of statements cannot reflect the condition depicted by the other of statements.
- The proposals put forward seem to be unable to get away from the idea, that it is the function of the barometer to control the weather. The first step is to force those in charge of the finance system to reconsider their position in the scheme of things.
- In the higher realms of financial circles, the financier regards himself as the vice-regent of God upon earth.
- The question of taxation is interwoven with this idea of moral government by finance, and I am strongly of opinion that the whole system of taxation, as at present understood, will eventually, if not immediately, become obsolete. It is altogether too suggestive of allowing the policeman to make the law and pocket the fine.

- It is a short step to the organisation of this country into a co-operative commonwealth, which will not in the least mean anything like the nationalisation of industry - while at the same time organising the country in such a way that every citizen shall draw a dividend from the activities of the community as a whole -- as his or her inheritance.

<https://alor.org/Storage/Library/Douglas%20CH%20-%20The%20Nature%20of%20the%20Present%20Crisis%20and%20its%20Solution.htm>

Suggestion: Somewhere one day, you might be able to use the following.
Inflation. The politicians, the media and the economists are all nominating rising costs contributing to the increase in inflation. The suggested remedy is for the RBA to raise interest rates.

All production, if it is to avoid insolvency, must recover its costs. Regular costs include rent, power, raw materials, wages etc. The accountant lists all of these costs in the expenses column. As well as those mentioned there is one more; namely INTEREST. Naturally this one has to be considered with all expenses. As an expense, why can't the economists see an RBA interest rate rise will only exacerbate inflation? Kitchen table economics would be looking for a rate reduction to counteract inflation. ***



“
Christianity, Democracy, and Social Credit have at least three things in common; they are all said to have failed, none of them is in the nature of a Plan, and every effort of some of the most powerfully organised forces in the world is directed to the end, not only that they never shall be accepted, but that as few persons as possible shall even understand their nature.”

C.H. Douglas
"Whose Service is Perfect Freedom" (1955)

C.H. Douglas

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