



ON TARGET

INSERT

Reconstruction By C. H. Douglas

1991

The (Douglas) Social Credit Secretariat in Australasia presents to its readers (93-ed) years after it first appeared in the *Glasgow Evening Times*, a reprint of three articles written by C. H. Douglas. It is considered as an opportunity to counter the many confusing claims of experts on why we have the depression a Commonwealth Treasurer told us we had to have. Who 'we' are and why it was necessary was not revealed.

The impossibility of such a series of articles as those written by C. H. Douglas being published in a daily newspaper today is an indication of the grip international finance holds on the public media.

In the (93) years since 1932, as the world moves steadily towards the complete monopoly of credit and news, the *International Monetary Fund* and the *World Bank* have been established to control and distribute debt to all countries, while the *Reserve Banking System* ensures local obedience in all countries where it has been established. At the same time the *United Nations Organisation* promulgates regulations covering all aspects of living, except finance, which are binding on all members who ratify the all-embracing charters issued by that body. Meanwhile the final steps in the path to World Dominion, a proposed International Trade Organisation waits in the wings to follow G.A.T.T. when the present round of talks most likely ends in indecision and recriminations.

The widest possible distribution of RECONSTRUCTION should be attempted in the hope that confusion concerning the financial dilemma present in Governments and businesses may be clarified and a realistic solution accepted.

RECONSTRUCTION - 1943

The three articles here reprinted from *The Evening Times*, Glasgow, appeared in that newspaper on the 6th, 13th and 27th May 1932, as a sequel to publication by the same journal of an article, also by Major Douglas, outlining a plan for the application to Scotland of the credit scheme which he has put forward as a means of social reconstruction.

While the 'Social Credit Scheme for Scotland' is still available for those who are both willing to study its provisions and able to assess their practical social and

economic consequences, it has become very markedly apparent since 1932 that it is not the absence of a *plan* that inhibits the carrying into effect of technical measures adapted to the reconstruction of social life on lines capable of leading to general satisfaction. *Power* to execute plans of any description, designed to implement any policy, is *monopolized* by a small minority of individuals, of all countries or of none, not inaccurately identified as those in control of International Finance. During the present phase of the world war, this fact has become plain to many, if not the majority, of intelligent newspaper readers, who are still, nevertheless, confused concerning what are the relevant economic facts of the present world situation, and thus fall an easy prey to planners whose objectives are hidden, to every eye but the expert's, under a disguise of pleasant appearing devices propagandised at immense expense in terms of current abstractionism. e.g. the 'Four Freedoms' of Mr. Roosevelt and the single 'Freedom from Want' of Sir William Beveridge.

The disposition of the public to 'fall for' vast schemes, emanating, without any doubt, from a single centralised source, and obviously requiring for their imposition the further expansion of the gigantic wartime bureaucracy, has been noticeably corrected by that same public's growing resolution to free itself from the menacing grasp of this monster if it can, and as soon as it can.

In consequence, a lusty crop of subtler devices to trap the elector may be expected within a very short time, and, indeed, organisations are already appearing, bearing obvious signs of attention to the recommendations of Major Douglas and his followers concerning the correct lines along which to work to obtain results. Of these some can be distinguished as unsound only by close inspection of the histories and affiliations of the individuals promoting them. Their true character remains to be revealed when enthusiasm for their supposed objectives has risen to such a point as heavily to discount any revelations of the kind.

Unsteadied, the public mind swings from one error of judgment to its opposite. The remedy, if there is a remedy, obviously lies in proceeding steadily to inform the public along as many lines as possible at once, with due regard to the greatest danger of the moment. At the present moment, a great, if not the greatest, danger is that the root facts of our situation may be lost sight of. The articles of 1932 go far to make these clear to the widest circle of readers, and, not unnecessarily to limit this appeal, a specific reference to the Scheme for Scotland introducing the original articles has been removed. There has been no further alteration. References to the glut of produced goods, even now only partially in suspense, have been retained. It does not require unusual powers of discernment to grasp the fact that the jeeps, tanks, aeroplanes, shells, etc., etc., of our vast war production are really kitchen ranges, electrical installations, aluminium saucepans, fertilisers and POWER in an altered form, and that if they were being offered for sale in the shops, the public could not buy them. References to time present, while they are in all cases references to 1932, are relevant to 1943, a circumstance which in itself reveals how little the realities

underlying world events have changed even in these years of change usually dubbed momentous, and the exceptional power of the author to penetrate to their real meaning.

I

RECONSTRUCTION 1932 CAN WE HAVE TOO MUCH WEALTH?

Now I suppose no one would suggest that, even at the present time, there is any serious shortage of actually existing consumable goods - that is to say, food, clothing, and, with certain reservations, shelter from the weather. I have never met a tradesman even yet (although I may if the present situation persists) who complained that his difficulty was that he could not get delivery of the goods on order. His complaint is always that he cannot sell, certainly not at a profitable price. So that it is quite certain that if the general population had more purchasing power they would get more goods than at the present time, even if no more goods were produced. That is to say, there is an actual surplus of consumable goods at the present time, quite a considerable amount of which surplus goods are wasted, or sold at a loss to the producer.

IMMENSE SOURCES OF REAL WEALTH

But having said this, we have only touched the fringe of the situation. For every loaf which is baked, and for every suit of clothes which is made, there probably exists the potential capacity, even at the present time, to produce three or four times as much, even without the installation of fresh machinery. So that behind the actual surplus of existing consumable goods there is a surplus (in some cases such as let us say, that of shipbuilding and machinery making, a colossal surplus) of unused potential products. But even this is not all.

Behind the unused surplus of existing consumable goods and the unused potentialities of existing productive capacity there lies a huge undeveloped capacity to extend our producing capacity. If anyone doubts that, let them consider the immense destruction of productive capacity which has been systematically carried out in this country since the war by the breakup of industrial undertakings and the decadence of industry. It is probable that the productive capacity of Great Britain has been cut in half since 1920 by the deliberate policy of sabotage pursued by the Bank of England, and it would have been still further decreased had not inventive capacity, organisation and engineering skill still further improved and increased the output per manhour of labour employed.

So that there are three planes upon which it is true to say we possess immense undrawn-upon sources of real wealth.

THE 'SCARCITY COMPLEX'

Now the first trap into which we are likely to fall in considering this matter is, in my opinion, not so much as to whether we have at our disposal the means to become materially wealthy, because I believe that anyone who will regard the matter without prejudice along the lines that I have just indicated can have no doubt as to the truth of that suggestion. It is to what extent, and for what fundamental purpose, we wish to draw upon the capacity.

Remember that, thanks to the illusion that a scarcity of money is the same thing as a scarcity of wealth, we are nearly all of us under the spell of what the psychologists call a 'scarcity complex'. We cannot believe that it is possible to have too much wealth of a material kind.

But it is easily possible to have too much wealth. We could, for instance, no doubt enormously increase the industrial capital value of Scotland by developing every waterfall and every salmon river into a water power for hydroelectric purposes, but I think myself that that would be a sad day for Scotland. We could each and all of us have a powerful loudspeaker in every room, but I hope we never shall.

So that we have to be very careful to see that we run our productive system for the purpose of supplying all the tangible wealth that we can, as individuals, use with profit to ourselves, and do not, as at the present time, allow it to be run for a number of ulterior purposes amongst which we might instance that of a moral discipline, a hidden government, or a system of rewards and punishments.

THE MONEY-PRODUCING SYSTEM

Now it must be plain, from the co-existence in the world at the present time of material poverty, economic friction, a struggle for markets and other scarcity phenomena on the one hand, and the real and potential wealth I have just indicated above on the other hand - first, that money does not represent wealth, because there is a scarcity of money and there is not a scarcity of wealth; and, secondly, that our primary concern is not with the wealth-producing system but with the money-producing system.

Or to put the matter another way, it seems very difficult to deny that the first problem in dealing with the situation is to make finance, or the money system, reflect facts and to cease to let it control them.

The facts, as we have seen or can ascertain, are that a given amount of material wealth can be produced with a diminishing amount of human labour, but that when this wealth has been so produced the general public cannot buy it because it has not enough money. Since probably well over 85 percent of the money which is distributed in industry is distributed in wages and salaries, it is easy enough to see that the problem of the mere distribution of purchasing power through the agency of wages and salaries (as apart from its total amount) becomes increasingly difficult as we get more and more production with the aid of less and less labour.

MONEY AND PRICES

But we also find that apart from this question of the distribution of purchasing power there is not enough purchasing power distributed to buy the goods which are for sale if the production of these goods has been financed by ordinary methods. There are many contributory causes to this situation, but it is probable that the main cause is due to the reappearance in prices of the same sum of money several times, a state of affairs which is rendered possible by the splitting up of production into a large number of processes.

If each one of these processes was financed by a fresh creation of money, which money remained in circulation until the goods in respect of which it was distributed were finally destroyed (which is far from the actual case), this situation would not arise. But, unfortunately, even then we should be subject to other technical difficulties connected with what is called the 'quantity theory' of money, which would result in prices rising very considerably above costs where the public had sufficient money to pay these increased prices, thus robbing every wage-earner of part of the value of his wages. In other words, a large additional issue of money by existing methods would tend to produce the phenomena of what is called 'inflation'. Many banking authorities, having for years quite incorrectly described my own proposals as 'disguised inflation', are now calling for undisguised inflation and a rise in prices. So that we have to find some method of issuing the money in such a way that it does not cause a rise in prices.

II

THE CASE FOR THE SOCIAL DIVIDEND

It has frequently been stated that it is impossible to issue money in such a manner as to cause a reduction in prices. Perhaps the shortest answer to this is that it is being done all over this and many other countries at the present time. If I, having a capital of a million pounds manufacture an article of which the cost of manufacture is £5, and by reason of bad business methods, economic depression, or other causes, am forced to sell the article for £4, I am applying my private store of credit, which I call my capital of a million pounds, as a subsidy in aid of a reduction of price to the extent of 20 percent, and I can go on doing it until I have sold a million articles at a pound below cost. And I can continue to do it if my bank will give me an overdraft.

So, to put the matter another way, it is always possible to arrange that the price of an article can be paid for from two sources, one source being the person who buys the article, and the second source the person who sells it, if he sells it below the cost to him. Now, if we imagine the general credit of the country (which is the source from which the banks provide overdrafts) to be substituted for the private credit of the individual, the question as to whether we can, at one and the same time, issue credit and lower prices is obviously only limited by the question of the quantity of credit we can issue.

BANK CONTROL OF CREDIT

We know quite well that the mechanism for expanding credit to a very large extent exists at the present time, but we also know that this mechanism is at the present time controlled by the banking system, that every grant of a loan by a bank creates a deposit (or an expansion of credit), and every repayment of a loan destroys a deposit. Also every purchase of a security by a bank expands credit. That is the same thing as saying that when a bank buys shares or War Loan it gets them for nothing, since the payment is made by drawing a cheque upon itself. With certain reservations it is quite obvious that a bank will not dishonour a cheque signed by itself. When this cheque is paid into some other bank again it creates an increase in deposits, which is again an expansion of credit.

The same thing is true of the purchase of gold by the Bank of England, which is merely paid for by a draft upon the credit of the bank, the real value of this credit being dependent on the willingness of the British community to supply goods and services in return for the credit and not upon any tangible value owned by the bank which is handed over in exchange for the gold.

But the question will obviously arise in the mind of the reader as to the limits to which this expansion of credit, under proper conditions, can be carried. He may say reasonably that there must be some limit to the creation of money, and he would be quite right. What is that limit?

DYNAMIC ECONOMIC SYSTEM

Now at this point we approach a somewhat more difficult aspect of the subject, because the economic system is not static, it is dynamic. Production and wealth and consumption can only properly be measured in rates. If we attempt to look at the matter from a static point of view we are sure to make the mistake which formed the starting point of the story regarding the committee of 'scientists' who, it is said, were asked to report upon the nature of the hum in a 'humming top'. Their report was that the whole subject was nonsense, as they had taken the top carefully to pieces and were able to report that there was absolutely no sign of the existence of any hum! If we grasp this idea, we shall not find it difficult to accept the statement that the wealth of a country, and therefore the basis of its financial credit, is not so much in the things that it actually possesses as in the rate at which it can produce them. Now, the rate at which it can produce them is a composite thing, because side by side with production we always have consumption, so that we can say that the **net rate of production** is the **gross rate of production minus the rate of consumption**, and it is also possible to say that the **absolute cost of all consumption** is the **rate of consumption divided by the rate of production**.

INTERESTING STAGE

We are now getting to a very interesting stage, because it is only a step further to say that if we issue money at a rate corresponding to the rate of production we ought not to take it back at the same rate (which is what we do at the present time

when we charge all costs into prices), but we only ought to take it back at the rate of consumption, which results in the startling conclusion that we ought to charge less than cost for articles sold, even if the rate of consumption as compared with the rate of production remains constant.

But we know that it does not remain constant. Every improvement of process, machines, and the application of power to industry increases the rate of production without necessarily increasing the rate of consumption, so that not only ought we to have prices of goods below cost, but we ought to have them decreasing in relation to cost.

At that the rate at which we can issue additional credit is easily seen to be dependent upon the rate of increase of productive capacity, while the rate at which we take back existing credit and the new credit should be dependent upon the rate of consumption.

USE OF PURCHASING POWER

So much for general principles by which it is possible to issue additional purchasing power, while at the same time allowing prices to fall. What shall we do with this additional purchasing power? Obviously there are two things to be done with it. First of all we have to make up the loss to the producer which he would incur by selling his product below cost and to allow him a reasonable remuneration in the form of profit. But we shall, I think, find that we have to do more than this, bearing in mind that every improvement of process for a given level of consumption means the displacement of labour. Leaving all humanitarian principles out of consideration, it is not sensible to produce more goods with a decreasing number of individuals employed, unless we make provision that the increasing amount of goods is consumed. So that we have to find a method of providing what we call 'purchasing power', so that those individuals displaced may get the goods which they are not required to produce, and I think there is no doubt that the conception of the dividend provides a perfect mechanism for this.

NECESSITY FOR DIVIDEND SYSTEM

If anyone doubts the necessity for the dividend system in addition to the wage and salary system, they will, no doubt, have a perfect explanation for the fact that as a result of the failure of many industrial concerns to pay a dividend during the past few years purchases of consumable goods of various kinds have declined to such an extent that unemployment has increased, and the amount distributed in wages and dividends has consequently decreased. So to put the matter another way, it has been demonstrated, in my opinion quite beyond contradiction, that you cannot keep the modern productive system even moderately busy unless you have an increasing number of people who are not employed in it, but are using its products.

That is the justification for the social dividend. If I have made myself clear it will be seen both that it is required, and can be provided, by methods which are fully understood at the present time.

III

THE MONOPOLY OF CREDIT

To realise the nature of the powers conferred upon the holders of the monopoly of credit is to realise at once that, human nature being what it is, any suggestion designed to release the man in the street from the power of this monopoly is certain to be actively, if not openly, resisted. The monopoly is in itself so indefensible, however, on the grounds of reason or equity that a realisation of its nature is quite sufficient to induce the banker (who in many cases is a thoroughly well-meaning member of society) to admit in private that it cannot continue.

At the current meeting of the Scottish Bankers' Association a resolution was carried instructing the committee to consider the terms which bankers should ask on being confronted with nationalisation, it being considered that this was bound to come. If for the word 'nationalisation' the phrase 'socialisation of credit' were substituted I should agree.

TYPES OF CRITICISM

The criticism to which schemes designed to effect the socialisation of credit (by which is meant its distribution to individuals as distinct from its monopoly by bankers) are subjected can in general be separated into three classes. The first type is anonymous, frequently disingenuous, and, in the main, relies upon an attempt to make the subject ridiculous rather than an appeal to reason. From its nature, and probable origin, there is not very much to be said about it.

The second type of criticism arises in the main from a complete or partial failure to understand the existing financial system, and a quite natural tendency to disbelieve that the extraordinary state of affairs which does, in fact, exist has not been exaggerated by its critics. An exhortation to further study seems to be the only reply to this class of objector.

The third type of criticism is in general based on a failure to appreciate the physical possibilities of the modern economic system as distinct from its financial features. Related to this latter class are most of the serious criticisms which have been advanced against the Scottish scheme of reconstruction, which appeared in the pages of *The Evening Times* of 11th March. One correspondent based his criticism on a suggestion that the Scottish capital account could not be properly constructed so that a 1% dividend upon it would provide the national dividend mentioned in that scheme.

CAPITAL VALUES

Now, I confess that the first clause of that scheme was specifically drafted to induce exactly that criticism. There are many ways of arriving at capital values, and fundamentally there is very little doubt that the correct method of arriving at the capital value of any property is not so much what it cost to produce as the increased production which results from it. We are accustomed to measure production in

monetary values, but if the dependence of monetary values upon monetary policy is understood, there is no difficulty in grasping how illusive is such a method.

If I have a shipbuilding plant which cost one million pounds to build, and it is making a loss of £100,000 per annum, I may value the plant at one million pounds, but it is certain that nobody else will. On the other hand, if by a change in monetary policy consequent, let us say, on the outbreak of another war, I am able to make an annual profit of £200,000 instead of a loss of £100,000 it is quite possible that numbers of people will agree that my plant is now worth two million pounds.

Now, the figures of the value of real assets are consistently written down as a result of the operation of a number of factors, none of which are realistic and all of which are financial. In the first place, rating values are based not on what a property cost but what it will let for, the owner doing the repairs. Further, at the instance of banks and insurance companies, there is a tendency to depress capital values of real assets so as to increase the amount of collateral security which has to be provided by an applicant for a mortgage, which is another way of saying that the maximum amount of property passes into the hands of the financial system if or when the mortgage is foreclosed. Much the same forces are at work to ensure that real property and plant is held on the books of financial organisations or even big industrial concerns at figures much below its real value for productive purposes. It is probable to take one instance only, that the buildings belonging to the five great groups of banks and their associated insurance companies are shown upon the books of those institutions at not more than one tenth of their value.

So that in estimating the capital values of the assets of, let us say. Scotland, there are two main ideas to be borne in mind. In the first place, these values have been consistently written down for reasons which are not physical but are financial. And in the second place, their earning power is conditioned not by their physical utility but by financial policy, which again produces an illusion of diminished assets.

SIMPLE QUESTION

So that we really come back to the problem of giving an answer to a very simple question. Suppose we give, as an initial step, the additional income mentioned in the Scottish scheme to all families entitled to receive it, and suppose that they spend it in buying goods at the reduced prices which would be provided for everyone by that scheme, could those goods be produced? I have no doubt whatever that they could and, if space allowed, I do not think I should have very much difficulty in proving that statement conclusively.

But what is quite indisputable, I think, by everyone is that more goods could be produced than are produced at the present time.

Is there any sane person who does not want to produce more goods than are produced now?

Certainly it is not the farmer nor the manufacturer, always supposing they can get remunerative prices.

Certainly it is not the large bodies of unemployed who, if we believe what they themselves say, are anxious and willing to return to work on any reasonable terms. Certainly it is not the shareholders in those companies whose reduction in turnover is the direct cause of their failure to pay dividends.

Certainly it is not the large landowner, whose land by means of penal taxation is being appropriated, not for the profit of the man in the street, but for the benefit of financial institutions who are coming into possession of all those parts of it which are valuable enough to sustain a mortgage.

ONLY ONE CURE

With the best will in the world to find a more complicated explanation of an extremely complicated world situation, I find it impossible to arrive at any conclusion other than that I endeavoured to put before my kindly Scots audience at St. Andrew's Hall, and that is that the main cause of the world's economic difficulties at the present time is the same in every country, and may be found in the annexation and unjustifiable claim to the monopoly of public credit by financial institutions. And fundamentally there can be only one cure for this situation ***

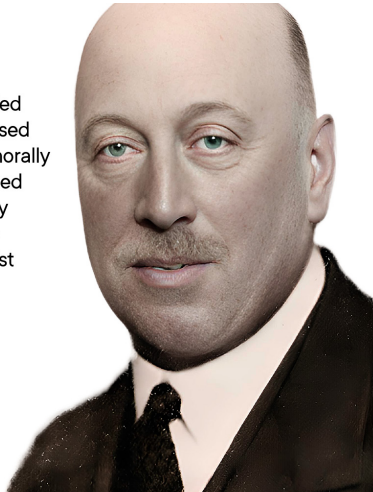
- to place that credit at the disposal of those from whom it arises
- that collection of individuals which we agree to call 'the public'

“

A national dividend is justified economically, by the increased power of production, and morally by the fact that this increased production is not due to any section of the community – neither the labourer, scientist or capitalist, but to all.”

C.H. Douglas

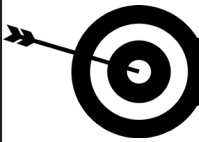
The Monopolistic Idea (1934)



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A WEEKLY COMMENTARY



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The Price of Freedom is Eternal Vigilance

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Thought For The Week - *On Target* Vol 51 No 17 - 1st May, 2015

To imagine that the abstraction we call the State is qualified to render decisions on theoretical, abstract, historical, economic or philosophical-religious issues, which have challenged saints and seers for time immemorial, is utterly preposterous and would be purely laughable if such powers did not bring injustice and suffering to innocent citizens. What sane person would willingly deliver his or her fate to the judgements or edicts of the ignorant functionaries in government, who obviously have very limited academic or often, even ethical qualifications in such areas? Human "Rights" Commissions are simply politically-motivated Bolshevik-style "Peoples' Tribunals." They constitute a travesty of Justice and are designed as a revolutionary instrument to be just that. Enlightened and disinterested (i.e., unbiased and responsible) businesspeople should understand such elementary issues as a basic requirement of citizenship in an enlightened society. Unfortunately, consequent to limited and degraded education, they frequently do not properly understand them. We have made great strides in the physical sciences but lag woefully behind in the social.

Wallace Klinck, Canada. *Correspondence* 25/04/2015.

Few can be called a Social Crediter par excellence; sadly, we have lost one today and the loss is immeasurably great. I bring you some quotes reflecting the greatness of the man, who used to rebuke the scientist and the economist for their miscomprehension of the modern financial activity vis a vis Major C.H. Douglas Social Credit and explain it with great ease.

I hope you will enjoy.

A Devotion to Truth and the Discovery of It by Wallace Klinck

Ponder the words of Canada's Wallace Klinck to correspondents on the difference between Christianity and other religions and Social Credit concepts.

Moral, ethical behaviour cannot be conducted by a 'nation', a 'nation's leaders' a 'group', a 'collective' - only individuals can think and act in this way.

Wallace Klinck writes: “My understanding that any religious "affiliations" that Douglas may have had would have been more with the Church of England. But I think that his approach to the subject went far deeper than advocacy for any specific religious denomination. Jesus taught us about relationships and the fundamental underlying principles or rules applying to relationships as timeless laws inherent in the very nature of existence. As I understand the matter, Douglas considered this to be of the Canon that governs the Universe. My understanding is that “the Kingdom is within” and that the “Church” or “Body of Christ” is made up of individuals wherever they may be found who are inspired by the Truth which alone can make us Free. I don’t think that this body of “Believers” is bounded by any formal human organisations.

If what Jesus taught was Reality Incarnate then no artificial human designations would hold. If one who is so inspired may be found anywhere, then there is no reason to exclude any individual regardless of where he or she may have originated or find themselves situated in the world. Christianity is by definition universal. As Douglas stated, Christian principles are either a part of the very warp and woof of the Universe or they are just another interesting set of ideas. In which case we might well carry our search for truth elsewhere. Obviously, Douglas was convinced of the validity of the Christian position...

If any persons of other faiths are of truly Good Will (of the Spirit and motivated by the Law of Love) then they should instinctively be attracted to the Social Credit message assuming that its principles are indeed part of Reality. Of course, being often steeped in cultural traditions and blinded or restrained by such exposure can be an impediment - but should not be for any genuine and open seeker of Truth.

“In Whose Service is Perfect Freedom.”

Ultimately every individual must seek his own path. I am aware that the formal Churches have observed certain practices and events that no doubt pre-date the Christian era but what do these formalities have to do with the pure message of Love taught by Jesus? Did he not say that the Law would be fulfilled if we love God and each other? Personally, I have never felt comfortable about placing my allegiances with any formal religious organisation established by men and women in the world. I believe that Douglas's thought transcended such limitations or loyalties. I never had the impression that Jesus had any regard for formalities or rituals which might be called ‘vain oblations’. I am not aware that any claim is made that “Christianity” really began with the birth of Christ - rather that what He taught was inherent in the everlasting nature of existence going back to the foundations of the Universe.

Social Crediters, I believe, are not only willing but anxious to dialogue with any other living receptive soul but in doing so they cannot misrepresent, violate or desert the principles which they are convinced are good and true. Others are entirely free to respond as they choose. Social Crediters spread the “word” and let the chips fall as they may. Frankly, having had an exposure to essential Social Credit philosophy and policy, I cannot understand why any rational person of Good Will could find

offence with them inasmuch as they point toward a more Abundant Life for All. Those, however, who are convinced that mankind is irredeemably evil or can only be purified by imposed work - the more the better - will have difficulty with the Social Credit Idea. That is a problem with which they will have to grapple and involves some major battles of the Mind for which they are themselves responsible.

The task of Social Crediters is to break through the wall of misrepresentation and slander propagated in opposition to the ideas of Douglas and Social Credit by those adversaries who hold such puritanical and essentially supremacist views and have traditionally shaped Establishment institutions and false values through their control of the sources of information. Social Credit must involve itself in breaking the Seals which have bound up the Truth (as we perceive it to be). ***

To another Wallace wrote:

“I assumed the discussion at this point to be within the parameters of the Christian milieu. You will note that... I did not use the word “affiliation” but rather “denomination” and this was used in the context of Christian thought not in the context of a pantheon of all historical religions.

By this I meant that Douglas's concepts of the Christian message transcended advocacy for only formal Catholicism in its variants and Protestantism in its many sects and/or schisms and their various common or conflicting interpretations of the essence of Life. I was making no specific or general endorsements of these or of the various non-Christian “religions”, past or present.

Reality stands above the capacity of mere mortals to fully comprehend it. As I understand the matter Jesus brought a message of Love and the manner or quality of relationships which must inevitably follow from the practice of such Love - which latter by definition and spirit must embrace a devotion to Truth and the discovery of it. Life is an abundant unfolding adventure. This has to do with the heart, mind, soul and spirit of the individual and has nothing to do with institutionalised dogma which must always, because of limited scope and rigidity (one might say variable blindness) fall short in this respect. This is why the individual must be free and why Social Credit places such importance on immanent sovereignty and the discovery of the principles of association.

Jesus' message was not applicable to a collectivity but rather it was individualist. A collectivity is a mere abstraction whereas the individual is actual or real as a conscious physical entity. A collectivity of itself can possess no heart, soul, mind or spirit. Individuals having these attributes can act in co-operative unity, for good or bad, within a “collectivity” but only as discrete uniquely-conscious individuals - which is an entirely different matter.

While the Doctrine of the Incarnation and/or that of Trinitarianism are intrinsic to Christian thought I am not sure whether or not there may have been any historical precedents in this regard. In any event what matters is their validity. The Trinitarian aspect instructs regarding the separation, balancing and dispersion of power and the Incarnation relates to the realisation of the Christian message in our actual lives or

organic affairs. Hence Social Credit has been described as “Practical Christianity.” I suspect that in actuality we have no significant differences with regard to these issues. Whether because of the cultural milieu of his time and/or by specific intent there is no denial in my mind that Douglas formed his ideas within the embrace of Christian thought and belief. ***

Is Income Inequality the Central Economic Problem? **by Wallace Klinck; 1st Jan. 2022**

...“Social Credit” would alter this trend toward wealth concentration without in anyway suggesting that incomes should be equal. As technology replaces human effort as a factor of production the “wages of the machine” would be paid equally to all citizens. This would provide a sustainable consumer demand and provide a stable outlook for competent businesses.

‘Quantitative easing’ cannot provide a remedy because the deficiency is on the consumption side. Naturally, if business outlook is not good, banks will be reluctant to release credit for more production.

The economy is, as has been, said, ‘costive’. It is overloaded and plugged up with un-liquidated financial costs, which cannot be liquidated because the rate of flow of financial incomes increasingly falls short of the rate of flow of financial costs and prices. It matters not that adequate incomes may have been paid out in the past. Money that has been prematurely recovered in respect of allocated capital charges is canceled as effective purchasing-power. It does not matter how much money has been distributed. All of it, of course, being accounted as a financial cost. If it has been canceled or placed (in-ed)to reserve it is not available as consumer purchasing-power—and it’s use to produce additional goods further increases costs and prices. There is no solution other than an exogenous supply of consumer money which does not create additional financial costs but is capable of liquidating previous ones.

It is not a testimony to human intelligence, that we seem incapable of realizing that the economy exists to serve consumption and that in order to allow it to function smoothly, we must provide for the consumption that supports production. Human labour is a shrinking factor in production, but we have demonstrated, nevertheless, our ability to produce a surfeit of goods. But we cannot have them without drowning in debt and incurring wanton waste and war. What then? Shall we commit suicide?

Our Bank of Canada is telling us that consumers are precipitously in debt and that we should curtail this trend. What else is either new or possible? So, we curtail credit buying, deny ourselves the use of what demonstrably, has been and can be produced, and collapse the economy so that the strong (including especially the banks as primary issuers of financial credit) can foreclose on the weak and appropriate our past efforts. What an evil system! It can’t be brainless—no one could be that stupid. But I am afraid the masses are so pathetically brainwashed and misinformed. It is tragic.

It is the Social Credit mission to change this sad state of affairs. ***

Default Is Not Inevitable By Wallace Klinck, Canada

The following is a response from Wallace Klinck to a social credit discussion group:

What is not realised is that, when a nation is contracting accumulating debt, it is not paying its way financially. That is a technical state of, or progression toward, default, because financial prices are not being liquidated at their rate of creation, and is only "averted" by increased borrowing in a futile effort to stave off the final day of reckoning which would of course be foreclosure on the assets of the nation as a whole.

Inasmuch as all nations are increasingly under the burden of increasing debt, private and public, this raises the fascinating, and hopefully instructive, question of who ultimately would be the one foreclosing creditor agent?

Nations live financially and physically in the present by drawing on the future through the instrumentality of debt which is the means by which financial costs in a given cost-accountancy period are carried forward as an inflationary charge against future production.

The Nature of Industrial-Cost-Accountancy

My impression is that you (within the discussion group) have not the faintest idea of the nature of industrial cost-accountancy as it interacts with the credit system in a modern capital-intensive economy. You compulsively adhere to blindly accepted inadequate or deceptive definitions and concepts which have been inculcated in your mind through your exposure to orthodox economic ideas. Social Credit is heterodox (*not conforming with accepted or orthodox standards or beliefs*) and holds different concepts about the nature of economic reality and necessarily uses quite different definitions and terminology. If you have, as you claim, studied the "dismal science" of economics "as she is taught" I am quite satisfied that you have been thoroughly brainwashed. I went through the same academic mill. Social Credit, you proclaim, is "crazy and discredited by almost everybody"? This is a ridiculous statement because most people (including most academics) know next to nothing about the subject--a fact that is glaringly obvious in light of various ill-informed and utterly irrelevant criticisms...

Champions of Freedom

Anyone can champion "freedom" and most people would probably agree with this general sentiment. However, one has to have means to incarnate the principle in our organic affairs which, whether we like it or not, involves association at various levels ranging from the individual through the family, circle of associates, community and nation. We derive great benefits from successful associations and in all of them, in order to "play the game", we have to observe certain rules and make certain concessions for such associations to flourish.

The important thing is that associations of all sorts, must genuinely serve the interests of individual members and that individuals hold the power of invalidating and/or atrophying an association or function by means of the right of “contracting out” where that association or function is deemed by the individual as not to be serving his or her interests.

I don't doubt that you are “educated” but my impression is that this has resulted in a heady abstractionism substantially separated or detached from the real world in which ultimately most humans must live. Unfortunately, abstractionism can and inevitably does result in an inability to realize the very real freedoms to which we aspire.

Politics cannot be divorced from philosophy or religion

I would point out also that politics cannot be divorced from philosophy and or “religion”. The present financial system is firmly established on the basis of a “*do ut des*” (this for that) philosophy in that money is strictly issued only for production, or in the case of consumer loans through and recoverable from future production. This is strictly in accord with the doctrine of “Salvation through Works” and is diametrically opposed to the Christian doctrine of “Salvation through Grace”.

Society is metaphysically (or philosophically) based

Policy derives from philosophy and mechanisms are constructed to give effect through policy to the particular metaphysics of a society. Anyone who imagines that the present world financial system, i.e., the “Monopoly of Credit” is not based upon a specific system of “religious” tenets is entirely deluded.

Social Credit was not specifically designed to be compatible with Christian principles but it was through experience and observation discovered to be so.

When it is suggested that following a withdrawal from military adventures in Iraq and Afghanistan, etc., “there will be plenty in the kitty” one misconstrues the actual situation. Great military expenditure releases a vast amount of consumer incomes, which are paid out in financing such adventures. These incomes are spent by consumers and tend to buoy and sustain the economy. Indeed, cessation or reduction of such military activity typically brings about a major credit (i.e., monetary) contraction with consequent trade depression and all the adverse social and economic conditions which inevitably ensue.

Under the present ***grossly defective financial system***, the United States of America is economically driven by war without which the nation could not function and would falter and fail due to lack of effective consumer demand.

All nations are given no option of a stable, advancing economy but rather one of expansion with inflationary exponential growth of unsustainable debt or, alternatively, contraction with widespread foreclosure upon real assets and financial ruin for the people who create the nation's real wealth and who give meaning to that production. ***

The Banking System Has Appropriated the Communal Capital

By Wallace Klinck

Any economic activity that is created with the purpose of “creating Jobs” (i.e. human work) is irrational, wasteful, regressive, immoral and tyrannical. Increases in production efficiency should provide our needs and wants while releasing us from toil. Distribution is an entirely different issue, to be affected increasingly by specific and appropriate means other than by earned income as technology displaces labour as a factor of production.

Banks do not invest depositor’s money in industrial projects. They create credit by issuing loans against “worthy” assets or real credit of the community for productive purposes, i.e. the loan precedes the deposit.

Banks are not borrowers and lenders. They do not act as intermediaries between savers and investors. They are creators and destroyers of credit, which in the modern economy serves the function of “money”.

They create nearly all of the community’s “money” as credit in the form of financial debt. When the purchasing-power created by a bank loan is spent, for production or consumption purposes, it immediately begins its path back to cancellation when used to repay the producers bank loan.

We only have bank deposits because of outstanding unpaid bank loans which increasingly are absorbed into the public debt as a permanent and expanding financial claim of the banking system against the real assets of the nation.

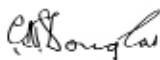
The banking system by means of fraudulent legerdemain has appropriated the communal capital, by financial-accountancy manipulation—less obviously but no less effectively than it was expropriated by Lenin and Trotsky and the point of a machine gun.

“

Every article which is produced has a price attached to it, and somewhere on the opposite side of the account there should be a sum of money capable of moving each and every article out of the production system into the consuming system.”

C.H. Douglas

Warning Democracy (1931)



thepeoplescredit.com.au | socred.org | C.H. DOUGLAS (1879 – 1952) | SCE-10

Social Credit and Foreign Trade by Wallace Klinck

...Obviously, if nations cannot absorb their own consumer production because of a lack of effective demand (i.e., unencumbered purchasing-power) and are forced to compensate by obtaining excess export earnings and seeking foreign investment it will be impossible to maintain cultural integrity as the financial pressures exert their inevitable and inexorable influence.

While it makes sense for nations to trade in order to obtain otherwise unavailable and required resources and/or to reap the efficiency benefits of comparative advantage, it makes no sense and is destructive of national sovereignty to be forced into international trade merely to join in a multi-national (and futile) scramble to capture scarce credits necessary to facilitate the sale of domestic production.

As technology rapidly eliminates labour as a relative factor of production, all the developed nations face an increasing lack of effective consumer income but all nations cannot export more than they import to compensate this inherent or innate deficiency and so avoid the burgeoning debt currently required to maintain demand. Attempts to do so lead to distortions in production and investment patterns and encroachments upon cultures which generate social unrest, and ultimately war, as all nations attempt to compete by aggressively seeking to obtain and secure cheap resources from third world countries.

It is a particular psychological curiosity and perverse circumstance that in the modern world we do not compete for goods, of which there exists an abundance—but rather for money, of which there is a scarcity, by which to purchase them.

We are driven to war not by real scarcity but by a shortage of money required to transfer and access this abundance.

We value and covet an abstraction over reality. The term “psychotic delusion” comes to mind.

The realistic solution to our major problems is in providing adequate internal consumer incomes without resorting to financial debt, foreign trade surpluses—or excess, wasteful and enslaving works projects.

“We need Freedom, Abundance and Leisure”. ***

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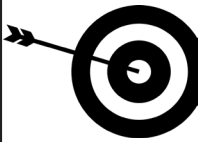
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A WEEKLY COMMENTARY



ON TARGET

- NEWS HIGHLIGHTS
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The Price of Freedom is Eternal Vigilance

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OnTarget 26 May 1995. Thought for the Week: "Faith is Power in a very real sense. Though the term is used loosely, Faith is not mere belief or trust, although these can be evidence of Faith. Faith is the 'knowledge' of Reality, acquired by an inner spiritual experience. It is the knowledge of Reality that brings the human mind into communion with the Universal Mind and the One Source of All Power. This Faith is dynamic - a power with limitless potentialities depending upon its quality and conscious realisation." L.D. Byrnes in *Faith Power and Action*

Carving up the public service. No one likes waste, fraud and abuse but what's really behind bloated bureaucracies? By William Waite

If the Coalition wins the next election it appears they will ride the wave created by Elon Musk's Department of Government Efficiency (DOGE).

DOGE's ambition is to save the American taxpayer a trillion dollars this financial year. The Dutton government's goals are more modest. It vows to save \$6 Billion by cuts to Albanese's 36,000 public service hires. Though the money "saved" won't go back to you. Rather it will be diverted into an expansion of Medicare's bulk-billing service. Therapeutic state for the win.

But what are we really looking at with bureaucratic bloat? One of the fundamental causes of the growth of bureaucracy is the constant pressure in the system to push debt money into the economy. The deficiency of purchasing power for consumption means there exists an incentive for governments to sponsor projects that are useless or worse simply to distribute incomes and keep national economies staggering along. The government's power to tax means it has a sure line of credit, and therefore the opportunity for creating employment and distributing incomes is always at hand. It's one of the few things governments are up front about. They're everywhere and always about jobs, jobs, jobs.

An overgrown public service works similarly to other palliatives which exist to manage a chronic deficiency of consumer purchasing power. The most useful projects for this purpose are those that produce nothing which will add to the stock of already unsellable goods. In this category is government sponsored infrastructure and expansion of services like the NDIS, the manufacture of military hardware, inflation of prices on existing assets like housing and production for export. I would also include the revamping of energy infrastructure like scaled renewables and nuclear. Just as public service growth increases onerous regulation and annoying public servants, so these others have negative second and third order consequences avoidable if we would only address the money problem directly.

Douglas once said “I do not regard it as being a sane system that before you can buy a cabbage it is absolutely necessary to build a machine-gun...”¹ This cuts very close to the core of the issue. The core of the issue is that in order to get what we need and want we have to do a whole lot of other things that have *nothing* to do with the production and distribution of what we need and want. At the end of the day a great deal of waste, fraud and abuse is required to make the money system work. We will have bloated bureaucracies, among other examples of wasted human effort, so long as the government’s roll remains dispensing tax and debt to provide incomes for consumption.

A big part of the stated rationale for these cuts is ballooning debt. Even if Musk gets his trillion dollars of federal government savings the US will still be >\$36tn in the hole. Actually, it will only just cover the interest bill for the same year. The drop in the bucket evaporates before it can fall.

This is why I suspect the whole DOGE spectacle of firings and contract cancellations to be a big head-fake to sneak through an expansion of the digital administrative state, sometimes referred to as The Control Grid. [The executive order that signed DOGE into existence](#) is more about technology upgrades than the mainstream reporting indicates. Improving government efficiency by firings etc. is not mentioned. It reads:

Section 1. Purpose. This Executive Order establishes the Department of Government Efficiency to implement the President’s DOGE Agenda, by modernizing Federal technology and software to maximize governmental efficiency and productivity.

DOGE is actually the renamed and restructured United States Department of Digital Services (USDS). From the same source:

Sec. 3. DOGE Structure. (a) Reorganization and Renaming of the United States Digital Service. The United States Digital Service is hereby publicly renamed as the United States DOGE Service (USDS) and shall be established in the Executive Office of the President.

With respect to Modernizing for maximizing governmental efficiency and productivity:

Sec. 4. Modernizing Federal Technology and Software to Maximize Efficiency and Productivity. (a) The USDS Administrator shall commence a Software Modernization Initiative to improve the quality and efficiency of government-wide software, network infrastructure, and information technology (IT) systems. Among other things, the USDS Administrator shall work with Agency Heads to promote inter-operability between agency networks and systems, ensure data integrity, and facilitate responsible data collection and synchronization.

(b) Agency Heads shall take all necessary steps, in coordination with the USDS Administrator and to the maximum extent consistent with law, to ensure USDS has full and prompt access to all unclassified agency records, software systems, and IT systems. USDS shall adhere to rigorous data protection standards.²

This explains Musk's interest. It might be that DOGE is a sort of pilot project for the labour disruption promised by AI.

Whatever is going on we should judge these developments on whether they expand or constrain individual initiative. Large-scale government sackings will have no effect on the mechanisms, taxation and debt financing, which constrain individual initiative. Furthermore, the centralisation of power over the collection, storage and processing of our personal information provides irresistible opportunity for development of the global security state.

Outside Social Credit circles I don't see much useful thinking. You're not going to solve the problem of consumption by throwing people out of work. As long as we, under the heel of big finance, remain the unthinking captives of ritualistic financial dogma there is no solution. Nor will the cause of freedom be served by empowering a voyeuristic elite to enact their transhumanist, totalitarian fantasies.

At the heart of this issue is the corruption when power concentrates. Monahan in his *An Introduction to Social Credit* breaks it down to bedrock:

Governments today are almost infinitely evil; at all events, they contact infinite evil; they are robbers, liars and hypocrites. They are corrupted by power; and the solution is, to withdraw that power back to the individual, to de-concentrate it. The only safe exercise of power is by the individual over himself, not over others.³

This de-concentration of power involves the de-concentration of credit-power. Whatever happens the payments will be made, the system depends on it. The question is who gets it and on what terms. If you roll back the public service it'll be made up by increased mortgage debt, a big new energy boondoggle, Musk's Mars pipe dream or some other innovation that assures control of credit-power remains with the dominator class. Whatever happens they must not solve the consumption problem. Orwell understood it.

For if leisure and security were enjoyed by all alike, the great mass of human beings

*who are normally stupefied by poverty would become literate and would learn to think for themselves; and when once they had done this, they would sooner or later realize that the privileged minority had no function, and they would sweep it away. In the long run, a hierarchical society was only possible on a basis of poverty and ignorance.*⁴

I would just add that poverty is not the only stupefying force. We could finally understand our predicament and empower individual people by putting them on a secure material basis de-linked from the necessity to sell something. While people rely on weekly and fortnightly payments for their food and accomodation they will do what the boss says. The answer to waste, fraud and abuse is not a top down, techno-fascist sacking spree. What is needed is more like a universal whistleblower protection. A dividend which insulates ordinary people from poverty for exercising their common sense and decency at work. We need a dividend which provides people with the freedom to simply go home. A dividend based on our social credit. The alternative exists. ***

Footnotes:

1. Douglas in Heydorn, O. 2014. *Social Credit Economics*. CreateSpace Independent Publishing Platform, Canada.
2. United States Government. Available from
3. Monahan, B. 1947. *An Introduction to Social Credit*. Tidal Publications, Sydney.
4. Orwell, G. 1954. *Nineteen Eighty-four*. Penguin Books, Austraila.

BEHIND THE MOUNTING TRADE WAR By Eric D. Butler May 1995

In a prophetic BBC address on “The Causes of War”, and published in the 1937 edition of *The Monopoly of Credit*, C.H. Douglas, the founder of the movement known as Social Credit, demonstrated that military war was the end result of trade wars, and that trade wars were the result of modern industrialised nations attempting to solve a domestic shortage of purchasing power by “fighting” for foreign markets. Orthodox finance economics is based upon the view that domestic prosperity is based upon “capturing” foreign markets, thus obtaining what is called a “favourable balance of trade”.

Commonsense indicates that it is impossible for every exporting nation to have a “favourable balance of trade”; that there must be nations with an unfavourable balance. This is the current complaint of the U.S.A.: that Japan has been exporting an increasing amount of production to the U.S.A. while failing to import equivalent production from the U.S.A. The imbalance is greatest in the field of motorcars. U.S.A. trade representative Mr. Mickey Kantor has produced a “hit list” of Japanese goods for a proposed punitive import duty. The American policy makers are

attempting to force the Japanese into accepting a bigger volume of American production. The Japanese have pointed out that the American policy would result in the bankrupting of a number of Japanese car producing industries, with a further increase in Japanese unemployment, this adding to growing social tensions.

In today's much publicised "internationalised" economy, there is no doubt that a major depression in Japan would have serious international implications. The last time that the U.S.A. imposed a severe economic boycott on Japan it led to Pearl Harbour and Japan's entry into the Second World War. It is highly probable that in today's world of nuclear weapons, policy makers everywhere want to avoid, if possible, military war which could endanger banking and other power groups, wherever they live. The alternative offered is the creation of Common Markets, Free Trade Blocs. Both Washington and Tokyo have indicated that they are seeking Australian support.

Prime Minister Keating has already criticised the American approach, primarily for the threat of unilateral action, arguing, "we ought to be concentrating on more open and freer trade generally". Keating is a prominent advocate of an Asian and Pacific trading bloc. Any short term benefit to Australian primary producers, resulting from the Japanese responding to American import restrictions by switching from American farm products to Australian products, would almost certainly be offset by destabilised commodity prices resulting from a major America Japan trade conflict.

As has been previously pointed out in *On Target*, the whole world is moving towards deepening crisis conditions. It is elementary that if there are 20 major industrialised nations, all suffering from a domestic shortage of purchasing power to buy what has been produced, reducing the 20 down to 10 by forcing them into trading blocs, will not increase the total purchasing power by one dollar. If the much-publicised World State with a world economy could be established, this would still not overcome the basic problem. But in the attempt to achieve this objective, millions of small producers, primary and secondary, would be destroyed with horrendous social dislocation. The signs of this dislocation can be seen everywhere.

In his BBC address on "The Causes of War", Douglas said that by putting its own house in order, by modifying financial policy to make it possible for the British to enjoy the benefits of their production system without threatening other nations with an aggressive export policy, they would lead the world away from threatened military action and set an example to the rest of the world. But as a Member of the European Economic Community, Britain has surrendered much of its sovereignty to Brussels - interestingly enough, the capital of a Multicultural Nation now in deep turmoil.

The state of the world provides a clear message to Australia: break with internationalism, correct its own internal problems, thus strengthening the economy and thus encouraging other nations to do likewise.

Man on the Street By Arnis Luks

This last week or so I have been working in the street fixing an axle, bearings and brakes of a small caravan. Talking to the neighbours as they passed by has been an interesting exercise of what they are thinking of the current state of the world, and what they're putting in place as self-help to stave off the inevitable devouring financial and political wolves.

Some are too busy just working to make ends meet, to even stop to consider the deeper ramifications of the events that are directly affecting them. Others, even though they are also working and may be a very busy parent, make time to enquire and discuss the state of the world. This is of primary consideration, of whether they can and do make time to consider, or not. Some you can talk to about events and their deeper ramifications, and some you can't.

For those who do make the time, the investment is really important because this back and forth research provides vital information as to what real people are actually thinking.

For those who can't make time, (at this moment in time) their eyes glazing over as you raise some of these deeper issues, you must be patient until they are in a personal position that causes them to seek out legitimate answers – 'events move people'.

Donald Trump and Robert F Kennedy Junior, are people who you can place enormous amounts of faith in, should you choose to do so, I expect you will be sadly disappointed. They each are only one man, and particularly limited in what they can do against this bureaucratic state that desires to rule the world.

I am historically reminded of the election commitments made by Bob Menzies in the 1946 election campaign of 'putting the shillings back into the pound', after which the bureaucrat HC (Nugget) Coombs fought him to a standstill rather than reinstate 'consumer subsidies', (a wartime measure to stop inflation). Inflation, as policy of the RBA, has continued since and the effects are being felt in every pay packet of every family Australia wide.

Some are just going through the motions, wondering how long are they going to be able to hold on till the inevitable foreclosure, or the legendary cavalry arrives providing some financial relief.

I see this as wishful thinking.

Self-rescue is the only viable and lasting solution. Our elites, no matter what persuasion you personally favour, will not provide any lasting resolution to the state of the financial-world. It must be a concerted civil movement against the money power and their monopoly control over our financial and political systems. This is the root cause of all our woes, including the war in the Ukraine and the proxy wars in the Middle East.

While the USA and Britain are the chief protagonists in these two theatres of war, the policy is entirely controlled by central banks to alleviate financial-pressure on the government, public, and private levels of irredeemable debt.

Trump wishes to receive \$500B of rare earths as reparations from the Ukraine. Most of the financial support offered by the USA was squandered away by others and very little spent on the Ukraine battlefield. This is after their vital infrastructure has been destroyed and 600,000 lives lost, (some sources say more than 1 Million) in this exercise-of-futility.

The Treaty of Versailles considered historically, was the root cause of the rise of the Third Reich. Germans were impoverished because of reparations from the First World War. As to the assassination of Archduke Franz Ferdinand being the trigger for WWI, retrospectively considered, this was but a lame excuse for a plan already conceived many years earlier.

All of Europe is now (2025) preparing for war, this is while peace negotiations are taking place. Peace is not on the agenda, as: “only in war, or the threat of war, will the ... people accept the imposition of large-scale planning”.

Our Prime Minister is considering placing our military forces on the Ukraine border with Russia. This decision, just by our troops being there, will involve us in any military conflict in that region should war eventuate. What an ill thought through consideration. Have they, our leaders, not learnt anything from the millions of lives squandered from two world wars, and the absolute futility of war as a means of achieving a lasting peace.

The State of Australia

By Tom Dolling, *Port Lincoln*, and Arnis Luks, *Adelaide*

Inflation and Rising Debt

Inflation, like coin-clipping, erodes spending power. It does not occur by chance, but is in fact a deliberate policy driven by those in control of the financial system.

Looking at several indicators, being the increases in rates, taxes and insurance against property, it becomes obvious that inflation of these costs is running at least into double-digit figures, if not more.

Financial stress experienced on the ground, are with families seeking extensions for property loans (making the debt multi-generational). Parents, more secure in their own property, are being asked to assist with the financing of their children's mortgages. From a strategic perspective, this can put both under mortgage-duress leading to confiscation through foreclosure of both assets, rather than just the one. The inflation and rising-debt menace reflects one branch of a many-branched-attack - to deliberately breakdown society.

Breakdown of the Family Unit

Compelling women unnecessarily (in this age of automation, advanced control, AI and robotics), into the workforce is another outcome of inflation and rising debt. Industry must recoup its rising costs through the reduction of labour. This manoeuvres our young children into state-care where they are more-readily orientated towards state perspectives/objectives with the use of quite-sophisticated propaganda programmes.

Universities Preparing Propaganda Zealots

Our universities, which provide all the next generation of elites, are riddled with activist professors promoting a culture that destroys the common language. You can't speak openly without the threat of failing to appease, acknowledge, or mis-gendering someone.

Cancel-culture, which includes a rewriting of our history, is a deliberate psychological 'message of shame'. Our rural landscape is littered with monstrosities to 'save the planet' while shutting down all our main primary industries and capping our abundant fuel reserves, losing our self-reliance and independence in the process.

De-industrialising Our Nation as Policy

Whyalla's problems began in earnest in the early 1980s under a Federal Liberal Government and ACTU collaboration, with the shipyard being shutdown to transfer this vital industry to third world nations under the North-South Dialogue:

<https://core.ac.uk/download/pdf/43541655.pdf>

One of those third world nations recently had 3 warships, having been produced from iron-ore and coal we supplied, outside Botany-Bay test-firing live rounds, and menacingly circumnavigating our continent.

The records show that the Trade Union Movement readily accepted the demise of our National Industry, and the transfer. You would have thought that securing member's jobs and vital industries would have been their priority. Not so!

Our politicians and elites appear incapable, or more aptly, unwilling to find permanent resolution, building further upon demoralization and breakdown. This isn't occurring because of sunspots, or visitors from another planet. It is occurring due to the pursuit of this policy-of-breakdown by those who believe they have a right to own the whole world, and you will own nothing...

Societies Adapt to Natural Events

People readily adapt to most calamity when natural disasters occur. Society doesn't collapse but is being tested as to its resilience. War, famine, and inflation on the other hand, are man-controlled events that can bring about complete societal breakdown.

Ukraine, having its vital infrastructure physically destroyed, and experiencing significant loss of life, is certainly being tested to the limits, as is Palestine. Both nations have lost control of their own administration. Policy is dominated by central banks, with asset transfers, inflation, and on top, irredeemable-reparation (as debts).

Alternatives Exist – Philosophy and Policy

The primary cause, or the source of the world's dilemmas, is the weaponised financial system, designed to bring about societal unrest, inflation, irredeemable debt, and removal of any semblance of security-of-tenure. Whether it be the environment, climate, covid-19, bio-security, or another World War, all have a financial root-cause that benefits only the financial sector from this 'created chaos' - Boom and then Bust cycles.

Did you know that money is created out of nothing every time a new loan is issued? Did you know that the interest charges for these new loans are not included with this process of 'issuing' (as debt)? There is never enough money issued to clear the debt. But that is not-nearly half of the problems of the financial system in the modern era.

Humans Are Becoming Redundant for Industry

Automation, Advanced Control, AI, and Robotics are replacing human involvement within the industrial and manufacturing processes. This has been occurring for over 100 years, but never before at this rate of implementation. Robbo-Debt was an experiment trialled by the Liberal-National Coalition governments under Tony Abbott, Malcolm Turnbull, and Scott Morrison. Elon Musk is spearheading displacement of people by AI in the USA. Don't think it won't happen here, it has already been trialled, and is now being implemented – world-wide.

Our Banking History

The story of the Commonwealth Bank is part of our folklore, certainly not taught in schools, and yet it was a demonstration of our national resilience across the formative years 1911-24, when a sound financial policy was pursued. We built the railway line across the Nullabor, infrastructure like water, sewer and power systems, purchased Steam Ships for the Commonwealth Fleet, and processed the First World War, all virtually debt free. Britain was still paying B. of E. war-debts 100 years later.

The financial policy of the 1911-1924 Commonwealth Bank allowed farmers, home-owners, entrepreneurs and innovators to open up Australia while simultaneously developing new industries, all by having access to long-term low-interest loans. Farmers and Industry also rely heavily on a competitive fuel/energy price to remain viable. Stable and affordable energy systems, and access to long-term low-interest loans are the key to remaining competitive on the world stage. Neither is ensured under the UniParty Lib/Lab governments. They collude together to hamstring all our efforts, preferring to promote the policy of inter-dependence.

State Banking

The relatively modern (1980s) history of the Bank of South Australia being driven insolvent, as was the State Bank of Victoria, clearly shows the level of rot in high places. The record is there to be searched out: *'Things Fall Apart: a History of the State Bank of South Australia, 2002'*, for those willing to seek the truth of our time: *'Tricontinental: The Rise and Fall of a Merchant Bank'*.

Our Federal Constitution allows State Banking, provided lending is conducted within the state borders. (Sect. 51 Legislative Powers : xiii)

The recent announcement for Whyalla steel-production, could be financed by long-term, low-interest loans, as could a new power station for Port Augusta, to ensure both plants meet and exceed emission, reliability, and efficiency standards. The existing plant at Whyalla could physically produce the highest-quality steel

necessary. The CSIRO, once a bastion of scientific research instead of being a climate-propaganda outlet, could be re-orientated to its original commission as the Commonwealth Scientific Industrial Research Organisation. The designs for these new plants may be rocket-science, but the financial precedents have been set, and the Constitution allows State-financing, providing elite and public are both willing and able.

A New Financial System is Required

A man called CH Douglas saw this (day coming) more than 100 years ago when he was spearheading the advanced engineering of the London-Mail-Rail, an early version of automatic-machinery displacing human labour. The London-Mail-Rail continued in service from 1927 until 2003. Douglas wrote extensively of human displacement by automated machinery requiring a novel financial approach - to get over to the public what industry can produce, with the least amount of effort.

Douglas toured the world lecturing of the phenomena called '*Social Credit*' – the increment of association 'experienced' when human-beings work together to achieve a common goal. A new financial system is required, distributing a corresponding amount of spending power to the public, against the goods and services produced, (without incurring debt). While there is a disciplined science to be considered behind this type of novel thinking, the understanding is within the grasp of an average graduate.

A National Vision

Banking policy must be directed back to the national-interest – yes. And a new financial policy must also be initiated - constituted by a Royal Warrant, being above government and bureaucratic interference. A '*National Credit Authority*' – whose main function is to assess the capacity of production - with associated PRICES, against the current SPENDING POWER of the people (in the form of wages, salaries and dividends). The disparity, or shortfall between PRICES and WAGES etc. is to be made up with the periodic issuing of a NATIONAL DIVIDEND to liquidate all costs associated with PRICES at the point of sale.

What is physically possible from the means of production, for a self-reliant and resilient people, must be made financially possible.

Clifford Hugh Douglas proposed a decentralised Financial Policy called '*Social Credit*', which would place financial policy at the foot of every individual, where it rightfully belongs. Read further about Douglas Social Credit here :

Veritasbooks.com.au

No realistic vision for Australia's future is possible without looking to the nation's philosophical and cultural roots. A vision for the future should embody the conception of Australia making its own distinctive contribution, enriching that historical stream of Western Civilisation into the future. The conscious aim should be '*to save ourselves by our own endeavours and the rest of the world by example*'.

NEW ATTACKS ON SENATE by **Eric D. Butler** *On Target* 19 March 1999

Obstruction to the Commonwealth Government in the Senate eventually result in a spate of suggestions that the Senate should be “reformed”. Over the years all the major political parties have been in favour of steps to try to reduce the powers of the Senate. In recent times one of the most memorable attacks on the Senate was by former Prime Minister Paul Keating, who referred to Senators as “unrepresentative swill”.

Critics of the Senate tend to brush aside the fact that Senators are elected by the same Australians who elect Members of the House of Representatives. But the problem, from the parties’ point of view, is that electors keep on electing Independents and smaller political groups to the Senate.

Currently it is Independent Tasmanian Senator Harradine who is upsetting the Howard Government. Some of the Senator’s comments about the Howard Government are far from flattering. Supporters of the Howard Government respond by claiming that it is “undemocratic” for one Senator to have the power to block, or water down legislation introduced by a Government, which received “a mandate” from the Australian people at the last Federal elections.

In order to bring this matter into proper perspective, it is necessary to go back to the history of the creation of the Australian Federation last century, and the Constitution governing the Federation. It is a matter of history that the electors of the separate Sovereign States were initially far from enthusiastic about abolishing their State Governments in favour of a Federal Government which the smaller States feared would be dominated by New South Wales and Victoria, and the big capital cities - Sydney and Melbourne.

One of the most overly stressed perpetrated myths about the creation of the Australian Federation has been that it was designed to abolish the States. The old *Sydney Bulletin* was prominent in promoting this myth. So far from being true, the Federal Constitution makes specific provision for the creation of New States (Chapter VI [121]). Today’s Australians have heard little about a number of flourishing New State movements, the most prominent of these being the new England New State movement in the Riverina, Western Victoria and South East South Australia, and North Queensland. At one time the creation of New States was an objective of the Country Party, which originally was a strongly decentralist party. Originally the promoters of Federation included New Zealand in their programme, but eventually the New Zealanders rejected the concept. The history of the reluctance of West Australia to join is relatively better known.

The reality is that the Senate was created to serve the States, with major powers remaining with the States. The concept of a Senate in which all the States, including

the smaller ones, would have equal representation, was a major factor in persuading reluctant electors to vote for Federation. The Senate was to be known as “the States’ House”. But insufficient thought was given to how the Upper House was to be elected.

From the beginning the political parties set out to dominate the Senate. Australia’s first Federal Prime Minister Barton was one of the first to suggest that the Senate should be elected by a system of proportional representation. He was unsuccessful. The eventual introduction of proportional representation for Senate voting tended to reflect the original spirit of the Constitution, which favoured decentralisation of power. It is important to recall that the traditional British system of representative government was based on the representation of interests, rather than mere numbers. There was a time, for example, when the major university cities had their own representatives in the House of Commons, these representatives often being Independents of outstanding abilities, such as the famous A.P. Herbert.

From the beginning of the history of government, man has grappled with the problem of how to prevent government from becoming a monster. The concept of Senates, or Upper Houses, elected on a different franchise from Lower Houses, was developed as one means of dividing power and protecting the individual. One of Australia’s most prestigious historians, Professor Blainey, has rendered a valuable contribution to the Republican debate, by reminding Australians that Hitler took his first major step towards creating a dictatorship when he managed, quite legally, to concentrate all political power in his own hand.

Abolition of the institution of Constitutional Monarchy in Australia could pave the way for the emergence of an Australian political dictatorship. A reduction in the powers of the Senate would also help to foster the further centralisation of power, with little checks and balances on power remaining. A major problem is that, providing they have the combined numbers, the major political parties could unite to alter the voting system for the Senate. There appears to be no constitutional power to prevent the major political parties doing this.

It is essential that electors unite to make it clear that they will reject any Federal MP who is in favour of abolishing the present system of electing Senators.

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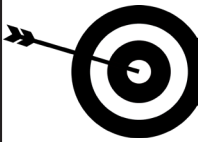
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The Price of Freedom is Eternal Vigilance

Vol. 61 No. 11

21st March 2025

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Thought for the Week: 'The machines are capable of making the goods, but the unemployed cannot buy them because they lack money, and to them a situation which should be one of freedom and leisure, appears disguised as one of economic catastrophe.'

–The Whole World in (Debt) Gold Chains By Major C.H. Douglas in “*Manchester Despatch*” 1920s

Are We at War with Ourselves? By Neville Archibald

I have quested after what it means to be evil, what is sin, what is incompetence, and what reasons can be used as excuses for a failing civilization. Our world appears to have reached a pinnacle and is now developing into a morass of both confusion and self gratification!

In a previous article I touched on leadership and it's role in the damage being done, I asked you to look at your role, your responsibility. For you to lead by request, or to lead by ensuring your voices are heard at all government levels. I still stand by this request; but, I begin to wonder whether there are still enough of us to do so?

I stumbled across a video documentary on Iain McGilchrist, the divided brain.

<https://www.youtube.com/watch?v=1MkMtuYZkwU>

Those of you who have been following our articles and 'The Crossroads' talks at:

https://alor.org/Storage/Library/PDF/McGilchrist_Interview_by_Iain_McNay.pdf

and <https://thecross-roads.org/home/tcr-2024/tcr-2022-episode-49>

will know we have spoken on this before. I have read some of his works and thought I had a reasonable understanding of what he is telling us; however, this talk, jolted me into a greater understanding of what we are seeing at this point in our civilization. We are in a predicament that is more than just the corruption of a few at high levels. We are not simply facing a mild mannered conspiracy to control

a populace, so as to have them then slave away for the benefit of an elite class.

Our own response mechanisms have been compromised to the point that many among us now, do not even have the ability to discern the problems we are facing, let alone find real answers. We have been and continue to be conditioned to fight among ourselves, a battle for survival in a world of 'business'. This has been a development long in the making and subtle in the extreme. It has been led by an altering of the very way in which we think. To truly understand it we need to look at historical instances of advances in civilization. The reasons behind our leap into a better world and why they actually happened. I am not talking scientific breakthrough or practical inventions which allowed us to improve our lot, I am talking about the mindset that allowed us to make these often unrelated leaps into the unknown and expand our understanding of things around us. Our desire to harness science at this point, has far outstripped our desire to remain at harmony with our neighbours and correctly use what we create.

I gather that this may seem like a complicated and cerebral pondering, but it is at the core of our current problem. Do we have the mindset today to actually make a change for the better?

For many years I have asked myself if today's Australia is capable of having a constitutional convention of equal depth of understanding that occurred during the 1890s. We consider ourselves far more educated now, we see ourselves as a 'better' class of people, no longer as biased or colonial, if those terms fit. We have been led to believe we should be capable of being dispassionate and accepting of all lifestyles as alternatives; but, are we as capable of being understanding of human nature and what it means to live together peacefully? Is it possible that we can still be firm in our protection against unwelcome practices, the things that would destroy us if given free reign.

The limitations needed on our own selves and on that of those of influence, may very well be seen as restrictive of personal choice, or harmful to some professional pursuits, such as the worship of money and profit over that of actual societal development. The right to succeed in business by any means necessary, despite potential harms it may inflict.

We see these things daily and yet do not bat an eye! Advertising is a classic means of promoting this; take for example an add for hotel bookings: one customer pays far more for the same room than another, simply because of a 'booking app' on his phone or computer. The expectation is that the 'smart' one looks for the best 'deals'. They both have the same needs met, the same service provided, but one pays far less. On the surface this looks acceptable, but the deeper message is that it is okay to price gouge. It is okay to alter at will the value of the service provided and thus devalue the money used to obtain it. Weights and measures aside, the concept of what the market will bare, turns into what we can get away with!

Move this into the sphere of societal cohesion and we see it has a detrimental

effect on the confidence of our money's value, and on the social acceptance of goodwill in trading. Snake oil salesmen or charlatans, who ruin trust wherever they go, are allowed to become a normal part of life. Fleecing a customer because you can, is seen as smart business practice.

Here, I may well be told to grow up and face reality, everyone is doing it. You may be right, but the confidence we have in one another is a value that holds us together and keeps us advancing, instead of becoming degraded in a dog eat dog battle for survival. Why would we wish to go backwards in social cohesion, are we truly like dogs, fighting among ourselves over the thrown scraps from a table. Do the large corporate entities that sponsor this type of 'discounting' benefit? You bet they do! They deflect the anger or frustration at the high cost of things among the people using or buying them, while still charging enough to make envious profits. Most likely, over and above what many, if they took the time to think about it, would consider a fair price. It most definitely benefits the global forces of monetary control. If the dollar has a fluctuating purchasing ability, we all will scramble for more in anyway we can. The sin of greed is multiplied inside the very society that really just wishes for 'a fair go'.

Our once Christian ethic of do unto others, has taken on a new slant; more tit for tat, or eye for eye, than love thy neighbour! We then wonder why our hard work is not really rewarded like it used to be. We look to the 'billionaires', the 'clever' people who have become rich by exploiting this new ethic, to provide insight and wisdom in how to deal with this failing. Sure that their experience will provide a solution to our woes, after all, they have done well! They are considered astute, no nonsense, wealth gatherers, able to make the hard decisions, after all it is, 'just business!'

We separate the concepts of 'Just Business' and JUST! Business. We have lost that first entry in the dictionary, the adjective: what is right, fair, proper, correct. Am I now in Goody-two-shoes country, no place for old men? Or am I deluding myself that people wish to live together in peace? I do not believe that both those two word phrases can exist together in peace. We either accept fair dealing for all or we get exactly what we are seeing now! A fair go for money power, greed will succeed!

At the turn of the previous century, the politics of Australian development was being fought over this exact thing. Andrew Fisher and others like him, had seen the results of 'money' in power and wanted better. The outcomes of the actions of the 'landed gentry' of their English influenced past, forced them to fight to make a better place, by overturning those very concepts.

Granted, the use of advertising and education to subvert us has bombarded us for decades; however, our own very eyes have watched these goings on and somehow normalised it for us. Our ability to see when things are wrong still functions, it is more that we do not. Many I have spoken to can point out things that shouldn't be, but the lack of will to speak up or take action has overtaken us! We are afraid of being seen as too soft for this world we now inhabit. Kindness is being seen as a weakness

to be exploited!

When did this become acceptable? When did we stop wanting community and start isolating ourselves from others in castles with the artificial walls of opposing teams, not just political teams, but teams of all description, competing against others instead of collaborating with them, to achieve a fully rounded society where you can pick and choose any number of things to be a part of, without limiting others from doing the same. To me that is the true meaning of 'do unto others', when I consider wider society.

Wolves in Sheep's Clothing By Neville Archibald

This leads me into another observation for the current times. If you have been watching the alternative media and many of the so called freedom press commentators, some are beginning to show me who they really are.

From a stance on some 'freedom' subject, they are now branching out to support particular solutions, or at least, a direction to take.

I have noticed many of the financial cures proposed are simply more of the same, with an emphasis on less corruption, more responsibility. Words like recession and building our way back, roll off the tongues smoothly.

I am reminded of a man, *'once described as the worlds greatest treasurer'* (opinion piece UNSW 20 Nov 2013) and his comment, *"This is the recession we had to have"*. Paul Keating immortalised that line 25 years ago on November 29, 1990. (*The Sydney Morning Herald* Dec 1st 2015)

At the time you could have been forgiven for thinking he was full of himself, and that the press and financial gurus of the time were in awe. Move on to today and ask yourself what lasting impression did he make? We are still bobbing up and down in a sea of fiscal challenges, none of the solutions, touted over and over again have ever solved the problem for long. I, in fact, say none have ever solved the problems at all. It is only ever a matter of time before we once again rise or fall due to the same financial tweaking (or should I say Twerking!), for that is how I am beginning to see them.

The proposed solutions often centre around what America is doing, and how they are finding all this corruption to remove. Our world has become smaller to the point that as a global response we copy each other blindly. Not seeking our own truths, but latching on to what others are doing and trying to emulate them without asking serious questions as to why we do so.

In the hunt for wasted monies, the USAID inquiry celebrates million dollar victories and is eager to point out serious mishandling of taxpayer money. They are winning enormous brownie points and making a 'feel good' contribution to 'recovery'.

What I don't get is the pennies to dollars nature of these discoveries! Admittedly, corruption removal and it's associated savings are good, don't get me wrong, but the

casting of copper coins to we beggars in the streets, will not pay the National debt or change the nature of its increase. Twenty years from now it will still be increasing or the population will be being milked even harder than before this 'clean out' happened.

With a debt of \$36.22 trillion (<https://fiscaldata.treasury.gov/americas-finance-guide/national-debt/>) the savings being touted are a small percentage. How small?

36,217,410,341,236. is the debt.

115,000,000,000 is the saving being touted.

Do the math, it equates to 1/315th. So if they can make these savings every year, for 315 years, they might be able to pay off the debt.

Not counting of course the interest figures each year or the continued borrowing needed to stay where they are in economic terms. Nor does it include new spending to 'build back better'.

The real question here is the system itself, the Keynesian economic principles that continue to fail us and give us this boom to bust cycling.

Each of the people out there with proposals for our salvation have nothing to offer if it is simply more of the same, dressed up in new terms, or in invigorated old terms. The definition of insanity is doing the same thing over and over and expecting a different outcome.

Keynesian Economics must make way for a system that works for the benefit of the individual and reflects real world production and consumption, not a continued dive into debt for every nation. Once you see this disparity between reality and the current financial system you will be looking for answers. Educate yourselves! ***

<https://alor.org/Storage/Library/Douglas%20CH%20-%20The%20Whole%20World%20in%20Debt%20Chains.htm>

Debt, Purchasing Power and Global Trade - A Favourable Balance of Trade? By William Waite

There is probably no situation which highlights the irrationality of modern debt economics better than that of international trade. To understand international trade one needs to keep in mind that every industrialised country in the world operates from a position of gross financial insolvency. This debt pervades society from top to bottom. From the local butcher to the largest government in the world. It means that instead of countries peacefully trading surplus goods for mutual advantage, nations, and their governments, are under constant pressure to maximise export sales for purely financial gain. Every industrialised nation in the world is making more than they can sell locally. This is true for two reasons. Machine production is prolific. It can and usually does produce more than can be beneficially consumed locally. The other reason has to do with the price system. In short, making the things doesn't provide consumers money enough to buy them.

This is problematic. If inventories can't be cleared the businesses involved in producing them will go broke. They won't borrow money, employ people, pay taxes

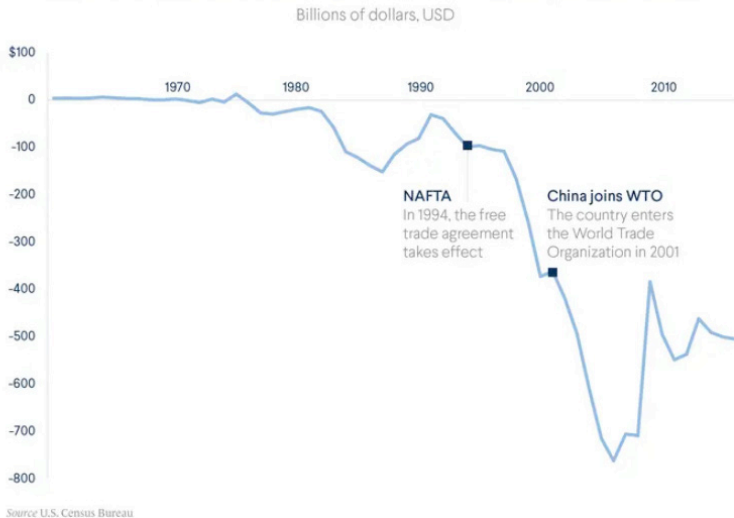
or participate in any of the other delights required for national economies to tick over. The answer then to heading off economic decline is to find export markets for goods that can't be consumed at home, and to protect local markets from other nations doing the same.

In addition to getting rid of an unsellable surplus the often-overlooked advantage of export sales is that the exporter receives money that does not have a corresponding debt balance in their home country. This "debt-free" money increases purchasing power at home empowering local trade and employment. Conversely, when a nation imports foreign goods the benefits are reversed. Already insufficient purchasing power leaves the country and what remains is the residual debt. To make matters worse local goods must compete with imported goods in a consumer market with even less buying power than before. To illustrate a difficult concept. It's no secret that the Australian economy is dependent on resources exports to China. When China buys Australia's ores she is paying for them with money that has been borrowed/created in China. When that money comes to Australia the debt stays in China while the credit component is sent here. The Australian economy is enriched with purchasing power to the value of the export sales and, to the same extent, the Chinese economy is drained of it. Finally global trade as it currently operates completely subordinates the real economy to the abstractions of the debt money system. The whole world is fighting each other in order to offload their real wealth as quickly as possible in exchange for scarce currency. Once again we find the complete inversion of reality. This doesn't only include goods that can be loaded onto planes and ships. Valuable public assets, land and infrastructure are also up for grabs in pursuit of foreign exchange. We're more than willing to sell the milk, the cow and the farm in pursuit of the favourable balance of trade.

In this light we can briefly examine Trump's bellicose rhetoric with respect to trade with Canada. In his view the US\$63 billion trade deficit the U.S. operates with Canada is a dead-loss as far as the U.S. economy is concerned. This is why he is saying America 'subsidises' Canada. He does not consider the real value of the energy, machinery, steel or vehicles that are being sold by Canadians to American businesses as being of any considerable value at all. Talking about trade with Canada he says "we've been ripped off for years, we're not going to be ripped off anymore."¹ To the extent you can assume a strategy in what Trump says he might be signalling that America is no longer willing to rack up trade deficits as a service to the global economy. The chart below shows that since the mid 1970s, after Bretton Woods came apart, the United States has run trade deficits in order to soak up the surplus production of other countries. With the consuming power of the American population and the world's reserve currency they are uniquely placed to play the role of loser in the global trade game. In 2024 the U.S. trade deficit was a record US\$1.2 trillion.² If the American gravy train were to pull up we could find a serious glut of goods with nowhere to go which could have serious downstream effects on the global

economy.

U.S. Goods and Services Trade Balance, 1960–2016



The world's leadership and all in its thrall is wedded to the view that the only proper way to distribute goods and services is via employment but this runs against the automatic nature of industrial production and its tendency to displace labour. It is a mathematical certainty that as automation proceeds a smaller and smaller part of production costs will be paid to consumers as incomes, while at the same time the volume of production will increase.

It is a situation in which pressure inevitably builds. Douglas lists the necessity for full employment and export markets as the two components leading to military war:

*So long, then as we are prepared to agree, firstly, that the removal of industrial unemployment is the primary object of statesmanship, and, secondly, that the capture of foreign markets is the shortest path to the attainment of this objective, we have the primary irritant to military war always with us, and, moreover, we have it in an accelerating rate of growth, because production is expanding through the use of power machinery, and undeveloped markets are contracting.*³

As we've seen exports get rid of surplus production and enable nations in peace time to approach the goal of full employment. While a country maintains a favourable balance of trade it also helps ameliorate the problem of consumption. What about war? War serves the first two objectives and, since the financial establishment will always provide debt for war and armaments, temporarily solves the consumption problem as well. This is why Douglas warns that "military war is an intensification of economic war and differs only in method and not in principle." What he's saying is that trade war and military war are scenarios on the same trajectory. A trajectory we appear to be on. What is the influence of the American armaments industry, with their factories in thirty or more American states, on foreign policy decisions

concerning Israel and Ukraine? It isn't none.

Why can't we avoid all this trouble and just finance consumption directly? With a measured supply of sufficient consumer buying power we could produce the quantity and kind of consumer goods and services we want backed by certainty of stable home markets. Surpluses that might fill shortages in other countries could be sold, but the wealth of nations needn't be developed to depend on export markets. There are various reasons why we can't do this but I think the immediate reason for our failure to solve the problem comes back to the nature of bank credit. Specifically, that money creation requires repayment and so must be underwritten by some productive investment or security that returns money. C. Marshall Hattersley in *Wealth, War and Want*:

A bank is a commercial and not a philanthropic undertaking, and every banker's "promise to pay" must, except for the small part covered by tangible assets, be covered either by investments or else by the promises of people to pay currency to the banks. Every issue of new money therefore reflects additional individual or collective debt to the banking system and debt requires a promise to and usually security for repayment. This requirement is fulfilled when money is advanced to a manufacturer or security of his factory, for the underlying idea is that the debt will in due course be repaid out of the prices realised for the goods produced. But money issued directly for consumption would be money intended to be spent on perishable goods – on the practical affairs of living.

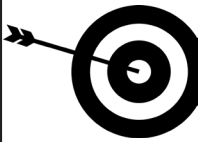
It would not be intended to be repaid to the issuer. How could a banker advance money on such a basis and remain solvent?²⁴

A national dividend issued outside of the banking system to make up the price/income gap would not need to be repaid to rent taking financial institution. It would allow for the consumption of locally produced goods independent of the necessity for employment and the requirement to run machines to pay incomes. Finally machine production could be subordinated to consumer demand rather than a power-hungry financial system.

It would be a mistake to imply that the solution is merely to fix a technical problem with finance. The financial system operates as a global government which has been drawing power to itself for hundreds of years. The Golden Internationale, as it has been called, is the one ring to rule them all. Governments, especially of this sort, do not readily relinquish power.

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A WEEKLY COMMENTARY



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The Price of Freedom is Eternal Vigilance

Vol. 61 No. 12

28th March 2025

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Letter to the Editor: The following article shows how far the rot has travelled. We have heard 'quietly spoken' messages of how students have to comply with wokeness if they wish to 'pass' their Uni tests. The message attached puts the case beyond any doubt. We thought higher learning was an extension of schooling where students learn HOW to learn and study, NOT WHAT to learn. Of course, you do not have to wait until you reach Uni to suffer the brainwashing. At the earliest of opportunities, the indoctrination begins. Early Learning Centres and Kindy is where it begins and it is not always subtle. No wonder the 'educated' students feel their parents either don't know or live in a past age!

I cannot recall whether it was Marx or Lenin, but one suggested it would be much wiser to capture the minds of those in the teaching profession because they multiply the chance of influencing the next generation. Yes, Marx and Lenin were communists and some of you may think communism has ended except in China and Cuba. Well, let me say that like it or not, we are experiencing a full-blown result of a communist strategy, even if it does not come under the Hammer and Sickle badge denoting communism. Has it become bad enough that we will do something about it?

Because, if we do nothing - nothing will change! It will be quite a task but worthy of taking the first step. Parliament is where it needs correction and the MP's will not move unless sufficient pressure from you and your mates is applied.

May I suggest you send a copy of the attachment (and even my words if you like) to the candidates offering in the coming election. Keep it brief. Simply say that you are very concerned and will vote ONLY for a candidate willing to undertake remedial action in the whole education system. Stick to your word and do not vote for any non-committed candidates because you will ONLY get more of the same. Your vote is one of the most powerful things available to you at this time. Get your friends involved too. Be part of the action for the return of sound values.

Ken Grundy, Naracoorte

Political Preaching Defeats the Purpose of Law Course By Chloe B

Imagine attending university and being made to feel bad for the colour of your skin, what country you were born in and the job you have. It sounds like an environment representing everything society has worked so hard to eradicate over the past century. Unfortunately, the pendulum has swung way too far, and this is the experience of many law students at Macquarie University; I suspect it is like this for other students across the country.

I have chosen to write this article under an assumed name, which in itself should tell you everything you need to know about the atmosphere in Macquarie University's law faculty.

Students are genuinely fearful that if they express an opinion outside the scope of what is accepted they will not achieve the marks they deserve.

I enrolled in law several years ago with a strong sense of justice and a passion to learn about how our legal system operates. I learnt very quickly that this was not at all the primary focus of my course. So far in my degree, we have been taught that people with positions of power in society obtained these from "stepping on the shoulders of others".

We have been taught that if we are not Indigenous Australians we are "visitors" or "guests" in our own country.

We've been taught that childhood is a "social construct" and children should not be viewed as mini humans with mini human rights, but should be equal to adults. We have been taught families can be genderless, and we should not question this reality.

Much of our course content is dictated not by the law we will be using in practice one day, but by how we can further compensate for the wrongs committed against Aboriginal people that occurred at a time when most of our parents weren't even alive. Students are wondering why we should have to put countless hours into writing about past events that happened almost a century ago, when there are a plethora of relevant topics to choose from that we can apply in practice.

These ideas are so far removed from reality and so out of touch with the necessary skills we need to be successful lawyers. We should be building each other up, not belittling those that come from different backgrounds or have different opinions. If it wasn't such a serious topic, I would say it's almost comical that the whole purpose of this indoctrination is to create a more inclusive society.

Universities around Australia, such as Macquarie, need a wake-up call because this mentality is making people feel less included than ever.

There is an incredibly loud minority who make those that don't subscribe to these woke ideologies feel like they can't publicly express their opinion. More importantly, it's not just a matter of a fear of persecution and public ridicule, it's the fact that if we do not subscribe to these opinions, this will be reflected in the marks we are awarded.

This matters because it is shaping the future of our workforce.

The law should not be conflated with the political opinions of our teachers. We come to university to learn black letter law and how to be strong and impartial advocates of our legal system. Frankly, we are tired of this information being forced to us with a side of political commentary.

Our marks should be a reflection of our hard work. They should reflect our understanding of the law and our ability to solve real- world issues, not how well we can agree with the point of view of the lecturers.

Studying a law degree should involve respecting those laws that recognise our right to disagree with others. Unfortunately, at Macquarie, I feel pressured to express an opinion I don't truly believe in because I am afraid of the consequences of saying otherwise. This completely opposes the very foundation of what law students are meant to learn; critical thinking, open-mindedness and problem solving that doesn't involve a predetermined and politically charged conclusion.

I really hope that enough people will express their outrage over this.

Because for a long time now, it has felt like going to university is simply "ticking" a very expensive box to be allowed to one day practise; we are forced to sit and listen to the same political opinions of the unit conveners without being allowed to question or challenge their point of view.

Students place their blind trust in these institutions to deliver impartial and factual information. It is so important they start living up to this basic standard. ***

**This article has been written under an assumed name because of fear of reprisal.*

They Want Your Land By E.D. Butler

The famous British historian-philosopher Lord Acton is best remembered for his famous statement that **"All power tends to corrupt, and absolute power corrupts absolutely."** But he made another penetrating statement which unfortunately is not as well known: **"Few discoveries are more irritating than those which expose the pedigree of ideas."** If primary producers wish to retain their independence, then they had better start to examine the pedigree and development of the ideas which now openly threaten their future.

Primary producers all over the world are facing a revolutionary movement which is progressively eliminating the smaller producer, or forcing him to continue on his property with a decreasing standard of living. Skilful propaganda is urging that the traditional concept of farming must give way to progressive centralisation and "scientific control". It is claimed that this development into bigger units is "inevitable"; that this will result in "greater efficiency". The talk about the necessity for "greater efficiency" is dramatically disputed by the fact that there are food gluts in many parts of the world.

If the present primary producers, many of whom are allegedly "uneconomic", are producing, or could easily produce, surpluses which are difficult to sell at profitable

prices, then how is this problem to be solved by eliminating the “uneconomic” producers and having a comparatively few big producing units creating even bigger surpluses through the greater efficiency which it is being claimed results only from business? The truth is that behind the programme for progressively centralising control of primary production, there is a long term policy which has as its objective the elimination of the independent primary producer. The drive to centralise primary production is not the result of “inevitable trends”, but of conscious effort to create the completely centrally planned society. Financial policy is the main instrument being used in the non-Communist world. Control of food is control of life.

Farmers Barrier To Totalitarianism

Genuine farmers the world over, and throughout history, have been noted for their sturdy independence. As a section of society, they have always manifest the highest principles of citizenship. When heavy taxation played its deadly role in helping to destroy the independence of the Roman peasantry, one of the great stabilising influences in the Roman Empire was eroded. Primary producers have always been stubborn obstacles to the plans of all totalitarians. The Soviet planners under Stalin were forced to liquidate millions of Kulaks who refused to co-operate with their totalitarian planning. As will be shown, the Soviet planners were eventually forced to capitulate to realities by permitting those working on the State collective farms to also have their own small holdings.

Most Australians, particularly primary producers, loudly proclaim that it is ridiculous to suggest that they would ever accept Communism. But no people in history has ever voluntarily accepted Communism; *it has been imposed upon them*. It will be said in answer to this that Australians are not threatened with violent revolution. That is correct. However, there is a much more insidious form of revolution threatening countries like Australia. It has been described as *Sovietism by stealth*. A revolutionary policy is being imposed upon Australians through Fabian Socialist financial policies. It is these policies which are producing results which are the basis of the campaign to destroy the independent primary producer.

But who are the Fabian Socialists? This question raises the importance of “the pedigree of ideas”. The importance of ideas cannot be stressed sufficiently. The ideas associated with Christianity fashioned the development of Western Civilisation. They are still a potent influence in human affairs. In 1848 a man called Karl Marx, and his colleague Engels, outlined in *The Communist Manifesto* ideas which have changed the course of history. In this basic Communist document, Karl Marx listed his famous ten steps for Communising a State. It was made clear that these steps were means to an end, not an end in themselves. *The Communist Manifesto* said that they will **“in the courses of the movement . . . necessitate further inroads upon the old social order . . .”** As a former Canadian Communist Party Member, trained in Moscow, put it 100 years later, **“ . . . one control tends to cause another, until, as a logical result, the State controls and finally owns everything.”**

The following are seven of Marx's ten points.

- 1. Abolition of property in land and application of all rents of land to public purposes.**
- 2. A heavy progressive or graduated income tax.**
- 3. Abolition of all right of inheritance.**
- 5. Centralisation of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly.**
- 6. Centralisation of the means of communication and transport in the hands of the State.**
- 7. Extension of the number of State factories and instruments of production; the bringing into cultivation of waste lands, and the improvement of the soil generally in accordance with a common plan.**
- 8. Equal obligation of all to work. Establishment of industrial armies, especially for agriculture.**

The Conspiratorial Role Of The Fabians

The Fabian Socialist Society was founded in Britain in the 19th century by a group of Marxists who realised that the English-speaking people would not accept violent revolution. It is significant that the Fabian Society took its name from Fabius Cunctator, the Roman dictator who defeated the great General Hannibal by a policy of gradualness. The policy of the Fabians was one of permeating and infiltration. One of the most famous Fabians, George Bernard Shaw, an open admirer of Soviet Russia, frankly outlined Fabian tactics: **“ . . . we urged our members to join the Liberal and Radical Associations in their district, or, if they preferred it, the Conservative Associations - we permeated the party organisations and pulled all the strings we could lay our hands on with the utmost adroitness and energy, and we succeeded so well that in 1888 we gained the solid advantage of a Progressive majority full of ideas that would never have come into their heads had not the Fabians put them there.”**

Note carefully the importance of ideas, and the fact that people can advocate ideas without knowing their pedigree.

In 1894 the Fabians launched the famous London School of Economics, an institution which has had an enormous influence right throughout the English-speaking world. It is significant that the Rothschilds and other international financiers contributed substantial sums of money to establish the London School of Economics. Lord Haldane explained why he persuaded the international financier Sir Ernest Cassel to contribute a large sum: **“Our object is to make this institution a place to raise and train the bureaucracy of the future Socialist State.”** This close relationship between Big Finance and Socialist planning was demonstrated during the Great Depression of the thirties, when Sir Otto Niemeyer of the Bank of England visited Australia to impose a restrictive financial policy which ruined many Australian farmers and inflicted great hardships on others. Niemeyer was “advised”

by his travelling companion, Professor Theodor Emmanuel Guggenheimer Gregory of the London School of Economics.

The notorious Professor Harold Laski symbolised the world-wide influence of the Fabian Socialists through the London School of Economics. Laski visited Stalin in 1946 and said that while the British Socialist Government of that time and the Soviet were travelling on different roads, they had the same objective. In his *Appreciation of the Communist Manifesto for the Labour Party* (1948), Laski wrote: “... **who, remembering that these (policies of high taxation and centralisation of credit) were the demands of the Manifesto, can doubt our common inspiration.**” Here again can be seen the importance of knowing the pedigree of ideas.

A Programme Of Monopoly

Early in the Great Depression the Fabians developed their conspiratorial tactics still further by the creation of an organisation known as Political and Economic Planning (P.E.P.). The severely restrictive credit policy of the time was eliminating large numbers of smaller and medium-sized primary and secondary producers. This was welcomed by P.E.P., which stated in one broadsheet that “The wastes involved in . . . retail shops . . . cannot be allowed . . .” This not only reflected the philosophy of the Socialists and Communists, but the philosophy of Mr. Israel Moses Sieff, a prominent figure in P.E.P., and also head of the Marks and Spencer, the big chain store combine in Britain. The major feature of Socialism is the will-to-power, but this will-to-power also manifests itself in the striving for centralised economic monopoly. The result is that the Communists have some strange bed fellows in the Western world, business monopolists who believe that they can do business with the Communists.

In a P.E.P. broadsheet issued on April 25, 1933, the following statement was made: “**Whether we like it or not - and many will dislike it intensely - the individualistic manufacturer and farmer will be forced by events to submit to far-reaching changes in outlook and methods. What is required . . . is the transfer of ownership of large blocks of land - not necessarily of all the land in the country, but certainly a large proportion of it - into the hands of the proposed Statutory corporations and public utility bodies and of land trusts.**” It was significant that chain-store monopolist Israel Moses Sieff said concerning P.E.P. that “**The only rival world political and economic system which puts forward a comparable claim is that of the Union of Soviet Republics.**”

It has been said that “ideas have wings”. And so 35 years after P.E.P. said that farmers would be “forced by events to submit to far reaching changes”, a prominent Australian made the following comment during a panel discussion by the Institute of Directors in N.S.W. on April 1, 1968: “**The wool industry is hurt by the economic policies that the governments have decided to follow. I have no desire to criticise nor support the present policies, except that, it is interesting to note that the Opposition doesn't really take much trouble to criticise basic economic policies.**”

So I think it is reasonable to assume that even if there is a change of government, the basic economic policies that are now being followed will be followed by another form of government and, therefore, these are facts we will have to learn to deal with . . . There is no alternative but to approach the problems of the wool industry in the same way in which the problems of the dairy industry are proposed to be approached. That, I think, is to reconstruct the industry, which involves the government putting up sufficient funds to buy out un-economic units from those who are willing to dispose of them, and then enable those who are prepared to stay in the industry to buy back those units and add to what they have got, so that we would end up increasing the size of the unit . . . If we can make units large enough so that they are economical, pliable units, then we will have less complaining wool growers.”

The above views were those of Sir William Gunn as chairman of the Australian Wool Board. Sir William says that it is Government policy that is hurting the wool-grower, that he does not propose to challenge this policy, and that the policy will continue irrespective of the label of the government. Therefore, as P.E.P. put it, the wool-grower, and other primary producers, will be “forced by events to submit to far-reaching changes” - towards collectivisation in all spheres of primary production. Sir William’s ideas are, therefore, not original, and it is fair to ask how many of them came to him through his long association with Dr. H. C. Coombs as a member of the Commonwealth Bank Board. For years Dr. Coombs played a major role in shaping the financial policies which Sir William Gunn says are not going to change. Before being made Chairman of the Commonwealth Bank Board, Dr. Coombs was well known as a top Socialist planner in the Federal bureaucracy. At the Melbourne University on June 11, 1944, Dr. Coombs said that **“People could not expect complete freedom after the war . . . It would be necessary for some individual to be given the right to say what was best for the community.”** Dr. Coombs was at this time supporting Dr. H. V. Evatt’s drive to use the war situation to tear up the Federal Constitution that Socialist planning could be advanced.

Inflation Offsets Greater Economic Efficiency

Professor Harold Laski took a vital interest in Dr. Evatt’s campaign. Evatt said he had been greatly influenced and inspired by Laski. But Dr. Coombs, son of a radical father in Western Australia, had, according to Laski, been one of his most “brilliant” students at the London School of Economics. There is nothing “inevitable” about the financial policies which are destroying the basis of the genuine free-enterprise system all over the world, and forcing amalgamations both in secondary and primary industries. Constant propaganda about “un-economic units” obscures realities. Every primary producer knows that he has substantially increased his efficiency, whether measured in terms of production per acre or man hours worked. **Since 1953-54 Australian farmers have increased production by 44%. This has been achieved during a period of three severe droughts and a reduction in the number of**

workers on Australian farms.

The basic question which the primary producer must ask himself is: "If a farmer was economic ten years ago, and has substantially increased his production in this period, why is he now said to be uneconomic?" The answer is of course, not simply that in some cases prices for his production have fallen, but that his *financial* costs have increased. A progressive increase in financial costs have offset increased production and greater efficiency. Now if all financial costs are to continue increasing, and no less an authority than the present Federal Treasurer, Mr. W. McMahon, has said that he has no alternative to increasing inflation, then it is elementary that the elimination of farmers described as uneconomic today will solve nothing because in a few years the amalgamated units will then also be "uneconomic". And so present financial policies, of which inflation is a major feature, mean that progressive centralisation, ultimately leading to the elimination of traditional farming, must continue. Karl Marx and the Fabians are being proved correct.

The steps they recommended are, as predicted, necessitating **"further inroads upon the old social order."** The well-known Fabian Socialist John Strachey, one-time Communist Party member, said something similar in his *Programme for Progress*. He explained that inflationary credit expansion policies were "an indispensable step in the right direction" because **"the policy will lead on to further measures. The very fact that no stability, no permanently workable solution can be found within the limits of this policy will ensure that once a community has been driven to tackle its problems in this way, it cannot halt at the first stage, but must of necessity push on to more thorough going measures of re-organisation."**

A Campaign For Collectivism

As Minister for Primary Industry, Mr. D. Anthony has been active in conducting a campaign to convince Australian farmers that they have got to face up to some "thorough going measures of re-organisation". And like Sir William Gunn, Mr. Anthony promotes the Fabian argument that it is "inevitable events" which are making amalgamation necessary. At a meeting at Warragul, Victoria, in 1968, Mr. Anthony said that "It hurts me to have to say that farms should get bigger if our farmers are to make a decent living in today's situation." But in a statement issued on November 6, 1968, Mr. Anthony said that it was "inevitable" that **"the size of farms would tend to increase. Farming would become more mechanised, would require more capital, and demand a higher degree of skill in management. This may lead to an increase in the number of company-owned farms . . ."**

The South Australian *Farmer and Grazier* of September 20, 1968, reports an address given by Mr. Anthony to a group of prominent South Australian citizens at the 1968 official luncheon of the Royal Agricultural and Horticultural Society. He said that "he feared amalgamation of small farmers in Australia might be necessary to increase efficiency. Many of our properties are too small and they must be increased

in size to permit the use of larger, more modern machinery.”

Mr. Anthony then referred to collective farming in Soviet Russia. He hastened to say that this “is something I abhor”, but then went on to say, **“yet they are getting results from larger holdings, through being able to use bigger machines for all types of operation, and better use of farm advisers. They are tending to become more efficient.”**

The West Australian (Perth) of February 28, carried the headline, “Economic policy must aim at deliberately removing W.A. farms with fewer than 3,000 sheep, 200 beef breeders or 70 milking cows.” These are the views of Mr. G. D. Oliver, officer in charge of the Agricultural Department’s rural, economic and marketing section. *The Queensland Countryman* of November, 1968, quotes a Professor who put the matter more bluntly: **“This problem of clearing the country of clodhoppers and hay-seeds is a human problem. We’re caught in forces which are international and enormous - if we stand up and try to stop them, they will overwhelm us, we have to soften the blow in economic and human terms. The people who remain on the farms are also going to be syndicated, corporations, companies, etc. What has happened to the broiler industry is setting the pattern for other industries.”**

The above remarks are attributed to Professor Tribe when addressing the National Farmers’ Union in Hobart, Tasmania.

The collectivist philosophy underlying this type of comment is obvious. The Marxists of all types, including the Fabians, approve of it.

As countries like the U.S.A. and Canada are following the same type of financial policy being imposed in Australia, it is not surprising that the same problems are affecting the farmers in those countries. There is nothing original in Mr. D. Anthony’s proposals for Governments to finance the further centralisation of farming. This concept has also been advanced in Canada. And the Communists are taking advantage of the developing situation. In an article in the Autumn, 1968 issue of *Horizons*, the Marxist Quarterly published in Canada, reference is made to the growing “militancy” amongst farmers, that “Requirements for capital can no longer be met from within the Agricultural community itself . . . Relationships based on *petty-bourgeois ownership* are breaking up . . . The majority of farms have become unprofitable, not just the smallest ones. The entire group of medium-sized farms is in trouble.” Not surprisingly, it is stated that “The Communist Party has done some work in developing a farm programme.”

As Mr. Anthony is insistent that it is “inevitable” that the size of farms must get bigger, it is not surprising that after his visit to the Soviet Union in 1968, he returned to Australia and said that collectivised farming had some merits. Presumably Mr. Anthony was not shown the most significant feature of Soviet farming, the vital contribution by the small private land plots to Soviet food production. The failures of the large-scale collectivised farming in spite of the mechanisation made possible by the State, forced the Marxist planners to allow the peasants to have small private

plots. This has been a bitter blow to the planners, who have described them as the “breeding beds of capitalism”. Official Soviet figures reveal that 3 per cent. of the total land cultivated in the Soviet Union consists of peasants’ private plots, but that the State and collectivised farms produce only 10 per cent more than the peasants! The private sector of the economy actually produces 79 per cent of total egg production. The position is similar in Estonia and Lithuania where privately operated small plots produce more than 50 per cent of the total food supply.

It is true that large-scale farming can, like many other large-scale activities, look most impressive because of man’s great technological advances. Modern engineering skills certainly make it possible to create marvellous transport systems in an endeavour to overcome the traffic problems of the big cities. But the use of large-scale equipment to make it possible to operate bigger cities, or bigger farms, does not prove that centralisation is more efficient. Genuine efficiency must also be measured **in terms of human satisfaction**. No doubt it can be proved that it would be much more economic to house the whole community in barracks with communal systems rather than the “wasteful” system of living in individual homes!

Aldous Huxley in *Science, Liberty and Peace* (1947) pointed out that “there is nothing in the results of disinterested scientific research which makes it inevitable that they should be applied for the benefit of centralised finance, industry and government. If inventors and technicians so chose, they could just as well apply the results of pure science for the purpose of increasing economic self-sufficiency and consequently the political independence of small owners . . . The sabbath “was made for man, not man for the sabbath; and the same is true of applied science.”

The programme of increasing centralisation is not in the natural order of things, but is being imposed through an anti-social financial policy. The very character of the Australian nation is under attack as the result of excessive centralisation. Peter Drucker observed in his book, *The Future of Industrial Man*, that **“Any society which cannot prevent the development of masses is irrevocably ruined.”**

The great Thomas Jefferson said that “Corruption of morals in the mass of cultivators is a phenomenon of which no age or nation has provided an example . . . Generally speaking the proportion which the aggregate of the other classes of citizens in any State to that of its husbandmen, is the proportion of its unsound to its healthy parts, and it is a good enough barometer whereby to measure its degree of corruption.”

Wilhelm Ropke reveals in *International Economic Disintegration* how under Hitler’s National Socialism there was economic liquidation of the small, independent German farmer, a new phenomenon in Germany. Between 1933 and 1938 there was a net loss of no less than 650,000 farmers and their families, from the rural communities. Ropke comments that “It goes without saying that all this is a very natural development in a totalitarian country where the ultimate aim is to turn the entire population into an amorphous mass of proletarians”.

The programme for centralising still further the rural industries of Australia can only intensify the overall disastrous national movement towards centralisation throughout Australia. Population figures show how bigger percentages of the total population are being concentrated in capital cities. The chairman of the N.S.W. State planning authority, Mr. N. Ashton, told a conference of the regional development committees of Richmond-Tweed, Clarence and New England on February 13, 1969, that "Over the past 12 years 100,000 people from the country areas of N.S.W. had drifted to Sydney . . ." Mr. Ashton said that this development was "a paramount problem which had to be surmounted." But the problem is going to be aggravated by the programme of amalgamation now advocated as the solution to the problems of the rural industries.

Many years ago the American expert on centralisation, Lewis Mumford, showed in his work, *The Culture of Cities*, that once cities grow beyond a population of 500,000 they become increasingly inefficient as a social organisation. The bigger cities require proportionately bigger police forces to deal with greater crime. The accident rate is much higher than in smaller centres. From all over the world come reports of the growing problems of the growing cities. And figures show the enormous disparity between the cost of servicing every individual who goes to a big city as compared with the cost in smaller rural cities and towns. Technological advancements make it possible to provide most impressive transport, water and other schemes in an endeavour to make the ever-growing cities work. But the cost is astronomical. All the Australian capital cities are preparing various plans, including those for underground railways.

BRITISH AND EUROPEAN FARMERS UNDER PRESSURE

Queensland Country Life of February 13 reports the dropping of a bombshell on a conference of top British farmers by a "leading agricultural economist", who stated that economically there were "too many people farming, too much capital involved and too much land in Britain devoted to farming." The report states that he "put up a very good argument for accelerating the drift from the land and the continued release of farm land for social and other amenities." Angry farmers asked whether it was not true if they increased British food production by £100 million, would this not mean lessening the necessity to export that amount to buy from abroad.

Farmers in the Common Market countries also have problems. In spite of a reduction in the number of farmers, the main problem is huge surpluses. Common Market agricultural regulations require that food shall be destroyed to keep prices stable. The Common Market has a special fund for this purpose. The latest figures show that the fund stands at £24 million sterling. Mountains of food have to be destroyed. Consumers are not allowed to buy this surplus cheap. In fact they are paying around £25 million (sterling) a year for produce that ends up on the rubbish tip. The logical question is: "If huge subsidies can be paid for destruction, why cannot they be paid for price reduction, thus stimulating demand?" But to use financial

policy for such a common sense purpose is not part of The Big Idea.

The “expert planners” use the situation to keep advocating still further a reduction in the number of farmers.

Eliminating American Farmers

The Land Newspaper of August 15, 1968 carried the heading, COST PRICE SQUEEZE FORCES OUT SMALL FARMER IN U.S. The article underneath said: “The United States is going through a painful transition . . . Farmers are reeling from the dual impact of inflation and high interest rates . . . Unlike businessmen who have a product for sale, farmers have not been able to pass on higher costs to buyers . . . At the same time inflation has been driving up the cost of virtually everything the farmer has to buy - from work gloves to diesel tractors. The result is a cost-squeeze that is clamping down on farmers like a steel vice. Farm debt is rising faster than at any time since the period during and just after World War I. Adding to the burden are the highest interest rates in a generation or more . . . ‘Either get big or get out’ - that’s the way you hear it explained on one farm after another.

Somewhere in America this year or next, when a farmer calls in an auctioneer and sells out, the total number of U.S. farms will fall below three million. In 1960 there were four million. Predictions are heard that the family farm is disappearing to be replaced by corporation-operated farms. The farm families fight to hold on. In a surprising number you find wives working in the fields to help cut expenses. There is a rising tide of bitterness among farmers . . . The outlook for mid-western farmers was summed up this way by Mr. Sayre of the Continental Minor’s Bank of Chicago: “The fellow who is thinly capitalised is in real trouble. Every year the marginal operators are chopped off the bottom until the fellow who was in the middle of things eight years ago may be pretty near the bottom now.”

The Debt Burden

If Australian farmers are to save themselves from financial liquidation, and set an example to the rest of a community also suffering under increasing centralisation, they have got to face the fact that the present policy of credit creation and issue, high taxation and progressive inflation, is the basic cause of their problem of mounting financial costs.

The increasing indebtedness of Australian farmers tells its own story. **In the seven years from 1960 to June 1967, the net indebtedness of farmers increased by 820% from \$76 million to \$629 million.** The major factor responsible for this growing indebtedness is increased financial costs stemming from a financial policy which is imposing increasingly greater debt and taxation burdens, reflected in increasing price rises, upon the whole community. Even if farmers could pass on their higher financial costs in higher prices, this is no more a solution to the basic problem than is the progressive increase in wages. Higher food prices would merely stimulate inflation, leading to an intensification of a vicious circle which there are no real

benefits. What is required is a challenge to the basic financial policy afflicting all.

Debt Burden Crushing State and Local Government

The increasing pressure of the debt structure on the State Governments is shown by the following figures: At the end of June, 1950, the Commonwealth debt was \$3,730 million. Total State debts were \$2,367 million. By the end of June, 1956, the Commonwealth debt had made a small increase to \$4,030 million, but the State debts had nearly doubled to \$4,211 million. Eleven years later, at the end of June, 1967, the Commonwealth debt had been reduced to \$3,275 million, while the State debts now stood at the staggering figure of \$7,934 million.

Speaking in the New South Wales State Assembly on November 10, 1968, Country Party Member Mr. L. Punch predicted that the entire State Budget in New South Wales may shortly be needed to meet loan repayments and interest charges. "Startling as this may sound, it is clearly borne out by the figures," he said. All the States are in a serious financial situation, primarily as a result of the Federal Government's financial policies, and its monopoly of taxing power. The Federal Government has become rapacious in its financial relations with the States. *The Sun*, Melbourne, of January 29, 1969, quotes the Victorian Minister for Education, Mr. Lindsay Thompson, "saying that if the present Commonwealth-States financial set-up continued, it will "kill" Victoria and other States." Mr. Thompson provided an example of what happens when the Commonwealth **loans** back to a State, at interest, some of the taxes which have, of course, been originally collected from the people of that State.

If the Commonwealth in the Australian Capital Territory uses \$1 million of tax revenue to build a high school, the final cost is \$1 million. But if the Commonwealth loans the States \$1 million to build the same high school, by the time the States have repaid the loan and the interest charges, the school costs \$2.5 million! This is but one example of the inflationary policies being imposed by the Commonwealth.

The pressure of the total debt structure on the States must inevitably destroy them as sovereign governments. The Fabian Socialists make no secret of the fact that they want to have the States abolished as self-governing entities and to turn them into mere administrative instruments for one Centralized Government. Every step in this direction inevitably increases the already swollen bureaucracy. Like the smaller-sized primary producers, the States are being told that they are no longer economic units, and large numbers who describe themselves as anti-Socialists bleat like sheep that "It is unfortunate but it is inevitable. It is the trend." In their desperate efforts to survive their growing financial burdens, the States are resorting to various types of new taxes. But these ultimately feed the inflation fire, which takes increasing toll of the rural industries. State Governments plead that as much as they would like to take direct taxes off the primary producer, the best they can do in some cases is to alleviate the burden.

The plight of Municipal Government is like that of the States, perhaps even worse. There has been an astronomical increase in total Municipal debt over the past 20

years, with a corresponding increase in rates to meet interest bills and repayment charges. Mr. K. P. Baxter, Research Officer for the Graziers' Association in N.S.W., has estimated that Shire rates, those which affect primary producers, have increased 732% in N.S.W. since 1955. Victorian rates outside the City Municipalities increased by 1900% between 1947 and 1966. Similar figures could be quoted from every State. Increased rates are a direct financial cost to the primary producer. Needless to say, the "solution" to the financial problems of the Municipalities is - to start amalgamating them! They, are also "uneconomic", although it can easily be shown that measured realistically, both Municipal Government and State Government provides the individual with far greater efficiency than does the Central Government. Apart from this, the closer government is to the people, the easier it is to control. But the centralizers push ruthlessly ahead to further their programme of centralizing power, economic, financial and political.

The Money Creators

The mounting debt burden, manifesting itself in so many destructive ways, is the direct result of the present method of creating and issuing money. How many primary producers stop to think how the money equivalent of their production is created? The following authorities clearly outline how the modern money supply, mostly financial credit, is created:

As far back as 1882, Professor H. D. McLeod, lecturer on political economy at the University of Cambridge, and the most outstanding authority on banking in Britain at that time, gave his famous lectures on Credit and Banking to the Institute of Bankers of Scotland. The following extracts from the lectures outline the process of credit creation with great clarity:

"The way a Banker trades is this: He sees that £1,000 in cash is sufficient to support £10,000 of liabilities in Credit; consequently he argues that £10,000 in cash will bear liabilities to several times that amount in credit . . . Thus we see that the essential and distinctive feature of a Bank and a Banker is to create and issue Credit payable upon 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 borrowing and lending money, but it is a manufactory of credit.**" (Emphasis added.)

In his book *Elements of Banking* Professor McLeod wrote: "When it is said that a great London Joint Stock bank has perhaps £25,000,000 of deposits, it is almost universally believed that it had £25,000,000 of actual money to 'lend out' as it is erroneously called . . . It is a complete and entire delusion. These 'deposits' are not deposits in cash at all . . . They are nothing but an enormous superstructure of credit." The Rt. Hon. Reginald McKenna, one-time British Chancellor of the Exchequer, and Chairman of the Midland Bank, addressed a meeting of shareholders of the Bank on January 25, 1924, and said, as recorded in his book *Post-War Banking*: "**I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of finance in existence varies only with the action**

of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit.”

In 1939 the Canadian Government’s Committee on Banking and Commerce exhaustively questioned Mr. Graham F. Towers, at that time Governor of the Central Bank of Canada, on banking practices. The following are extracts from the Minutes of Proceedings and Evidence Respecting the Bank of Canada:

Question: But there is no question about it that banks create the medium of exchange?

Towers: That is right. That is what they are for . . . that is the Banking business, just in the same way that a steel plant makes steel.”

The following are further statements by Governor Towers:

“Each and every time a bank makes a loan (or purchases securities), new bank credit is created - new deposits - brand new money.”

“Broadly speaking, all new money comes out of a Bank in the form of loans.”

Mr. Towers then made the following important point:

“A government can find money in three ways: by taxation, or they might find it by borrowing the savings of the people, or they might find it by action which is allied with an expansive monetary policy, that is borrowing which creates additional money in the process.”

Reversing The Inflation Policy

All present methods of expanding financial credit result in increased financial costs which are charged into higher prices. It is false, typical Socialist and Communist propaganda to claim that industry as a whole can pay increased wages out of profits when ordered to do so by the Arbitration Court. Representing Australian employers at the 1967 National Wages Case, Mr. J. Robinson suggested to the Court that it was time that it “dropped its notion that a wage booster by the Commission will assist the economy. As I said to you Mr. Commissioner Winter, you tried it twice within six months and that increase represented \$435 million per annum.” Mr. Robinson went on to say that this big wage increase had been of no benefit to anyone. It has merely increased prices.

Every new wage increase forces employers to borrow from the banking system, which creates the new credit in the manner already explained and loans it as an interest bearing debt. Employers must attempt to recover the loan for the increased wages, plus interest, through increased prices. The overall result therefore of every wage increase is an expansion of new financial credit which further inflates prices, thus making still further wage increases necessary.

Mr. Robinson made a suggestion in the 1967 wages case which points the direction in which the Federal Government should move. He said: **“We say to the Commission, and it is our very serious submission to this tribunal; why don’t you leave the problem of stimulating consumer demand to the Commonwealth**

Government who have the means of stimulating without a balancing cost impact?” It is elementary that if hundreds of millions of pounds of new credits can be created in a manner which merely increases prices, then the new credits could be applied in such a way that they were a genuine benefit to the economy by using them to **reduce** prices. Reduced prices are a permanent benefit. How might such a policy be applied?

The answer was provided during the Second World War in Great Britain, Australia, New Zealand, Canada and the U.S.A., when the possibility of inflation resulting from the enormous expansion of new credit for the war was averted by a price-subsidisation technique which, by subsidising food, clothing and other items, held wage costs stable. The Commonwealth Year Book of 1946-47, page 461, in the chapter “Control of Prices” explains under heading 9, *Treatment of Costs and Subsidies*, how this was done: “When increased costs could not be absorbed within the process by production or distribution they were met generally at the source by payment of subsidies and thus prevented from disturbing the whole price structure.” Senator Keane, Minister for Trade and Customs, explained the need for subsidies as follows in 1943:

“We must not look upon subsidies under the new plan as payments to which an industry is not entitled. They are not payments because the industry is inefficient in comparison with other industries, and they do not resemble doles. They are payments because the Government considers it more economical to meet increased costs through subsidies rather than through rising prices . . .”
(vide *The Sydney Morning Herald*, April 14, 1943).

Crude and unscientific as they were, the price subsidy system during and immediately after the Second World War were a success in stabilising prices in every country where they were applied.

As soon as possible after the war, the Fabian Socialist economic “advisers” started working for the dismantling of the consumer subsidy system. Before the 1949 Federal Election in Australia, when the then Mr. Robert Menzies promised “to put the shillings back into the pound”, Country Party leader Arthur Fadden, Federal Treasurer in the Menzies Government, advocated the restoration of the price-subsidy mechanism. But this was never done, and eventually the Menzies Government resigned itself to “controlled inflation”. The permanent planners had proved too strong for the politicians. When the eminent Australian constitutional expert, Professor F. A. Bland was a Liberal Member of the Commonwealth Parliament, and Chairman of the Public Accounts Committee, he said that the permanent bureaucracy was all-powerful and that it did not really matter whether Harold Holt (the late Prime Minister was Treasurer at the time) was Federal Treasurer or Tom Mix; real policy making resided with the permanent officials of the Treasury Department.

As it is common sense that a credit policy could easily be implemented which

would progressively reduce financial costs in accordance with the tremendous increase in real efficiency in industry, both primary and secondary, the conclusion is inescapable that those imposing the present policy are conscious of what they are about. They are the “guilty men” who make it appear “inevitable” that farmers must be financially liquidated and centralisation accepted as a natural phenomenon. Only an enlightened and aroused electorate, demanding that political representatives insist that present Fabian Socialist financial policies be reversed, will force the “guilty men” to produce alternative policies or lose their jobs! Australian primary producers can demonstrate their traditional resourcefulness and love of independence by giving a forthright lead.

A start could be made by making use of machinery already in existence for the purpose of implementing Sales Tax. At present when the consumer asks for certain items at the retail counter, the retailer is compelled by the Government to immediately increase the price of the items by the amount of the Sales Tax, which is a most inflationary tax. The retailer keeps a record of the Sales Tax he collects, periodically sends it to a Government Department and receives a receipt in exchange. The Government should abolish all Sales Tax, and replace it with a discount system to be financed by the Government through a draft on the nation's credit in the manner explained by the banking authorities already quoted. The result would be that when the consumer indicated at the retail counter that he wanted certain items, food, or woollen articles, the price would be automatically reduced by the discount fixed by the Government. The retailer would keep a record of the discounts in the same way that he now keeps a record of Sales Tax, and instead of sending money to a Government Department, would now present claims for payment for the discounts. Consumer control of free enterprise would operate, discounts, or subsidies, call them what we will, only be paid on production freely indicated at the retail counter. A reduction in retail prices for primary production would stimulate demand, be a permanent increase in the community's purchasing power, and bring an end to the present wage increases financed through inflationary credit expansion.

A Government policy of reducing financial costs would immediately reverse present centralist policies. All primary producers would benefit, with the smaller economic units able to continue making their contribution to the national economy in the form of real wealth. If Australia is to be saved from some form of totalitarianism, the present financial policy fostering centralisation has got to be replaced with one actively fostering decentralisation in every sphere. But such a reversal of the present disastrous policies will be strenuously resisted by those centralisers who wish to attempt to plan production by drastically reducing the number of producers, who can then be more effectively controlled. The battle for Australia's future will be fought primarily in Australia's rural areas. The centralisers not only want the primary producers land, they seek to deprive Australia of the backbone of the nation - its decentralised, independently-minded rural community.

League Objectives

- (a) To promote loyalty to the Christian concept of God, to the Crown, and to the Country.
- (b) To advocate genuine competitive individual enterprise and personal initiative.
- (c) To defend private ownership and advocate its extension in order that individual freedom with security shall be available to all.
- (d) To attack and expose government-by regulation and bureaucratic interference with economic and social activities.
- (e) To take steps designed to secure to the individual very definite rights which no government can take away, and especially steps which defend the written constitution.
- (f) To defend the Rule of law which makes all equal before the Law.
- (g) To stress the value of our system of Common Law, originally built up in Great Britain, to protect the rights of the individual; and to that end, to expose corruption and partiality in all their forms.
- (h) To expose the manner in which the safe guards of individual rights and liberties are being destroyed.
- (I) To emphasise the value of the Senate and of Legislative Councils.
- (j) To expose and oppose all anti-British propaganda and actions, irrespective of their origin.
- (h) To take such other actions as may be deemed desirable to promote the policy of the League.

God is a trinity, a relational structure. Every work of the devil is to divide us into warring camps - Trump vs Harris, Ukraine vs Russia, Israel vs Palestine, Sport team A vs Sport team B, Liberal vs Labor, Democrat vs Republican, Husband vs Wife, Young vs Old. Resolution is to be found in upholding this relational structure, of community, of discussion, love if you like.

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for the triumph of
evil is that good
men do nothing . . ."
— EDMUND BURKE.



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CH Douglas on Tyranny: Its Nature, Origin and Remedies M. OLIVER HEYDORN *

ABSTRACT

Major CH Douglas was the founder of the original Social Credit movement. Social Credit theory has much to contribute to a deep and accurate understanding of the vexing financial, economic, cultural, environmental, and political problems with which we are confronted. In both his philosophical and technical writings, Douglas identified the single greatest threat to the well-being of society in the modern world: the tyranny of plutocratic oligarchy. He analysed its nature and origins and then proceeded to outline the correct orienting principles and the appropriate mechanisms by means of which this threat could be effectively neutralised. The final aim of the Douglas Social Credit movement was to restore society to a state of optimal and harmonious functioning.

[A]s far as it is possible to sum the matter up, the general problem seems to be involved in a decision as to whether the individual should be sacrificed to the group or whether the fruits of group activity should be always at the disposal of the individual. – CH Douglas (1924) ¹

* Dr. M. Oliver Heydorn graduated *summa cum laude* from the International Academy of Philosophy at the Pontifical University of Santiago, Chile. He is the founder and director of the Clifford Hugh Douglas Institute for the Study and Promotion of Social Credit (socred.org).

¹ CH Douglas, *Social Credit* (Gordon Press, rev ed, 1973) 27-8. Douglas was convinced that it is only by taking the second path, ie, by elevating the individual above the group, that we can lay the foundation for a satisfactory and sustainable future. The first path described, where the individual is to be sacrificed to the group, is the path of tyranny.

I. INTRODUCTION

CH Douglas (1879-1952) was a British engineer and the founder of an international campaign that was inspired by his many articles, books, and speeches. This campaign became known as ‘The Social Credit Movement’. Throughout the inter-war years, ‘Social Credit’ was a household phrase in many parts of the British Empire. There were even Social Credit governments that had held power for many decades in the Canadian provinces of Alberta and British Columbia and 30 Social Credit MP’s in the federal Canadian parliament as a direct result of the 1962 election. While Douglas, his ideas, and his movement, are chiefly associated with economics and the urgent need for a particularly radical type of monetary reform, he was also a profound and original thinker in his approach to key philosophical, political, and historical questions. The overall thrust of his thought was chiefly concerned with the functionality of the financial, economic, and political systems, and of the social order in general, and with what he saw as the due requirements for that functionality: the decentralisation of power to the lowest degrees feasible and the protection and promotion of true human liberty.

Before we proceed any further, two clarifications are in order. The first is that in spite of the presence of the word ‘social’ in ‘Social Credit’, Douglas’ economic vision was not only not socialist, but was actually anti-socialist. He was against Big Government, high taxation, excessive regulation, a command economy, and so forth. The idea that ‘Social Credit’ must be some form of ‘socialism’ is a common misconception that has plagued the Social Credit movement for many decades. The second clarification has to do with the fact that — for some inexplicable reason — the Chinese Communist Party has decided, in much more recent times, to name their totalitarian surveillance, reward and punishment programme ‘social credit’. Needless to say, Douglas Social Credit has nothing at all in common with the CCP’s social control system. If anything, it would rightly be described as something which stands in complete opposition to the Chinese system. Douglas Social Credit is as *anti-totalitarian* as it is *anti-socialist*:

The set of ideas which became the movement known as Social Credit began with an examination of the problem of the relationship of the individual to the group, and the financial proposals which emerged were consciously, and in all their developments, designed to free the individual from group domination.²

2 CH Douglas, *The Development of World Dominion* (Tidal Publications, 1969) 1.

II. THE BASICS OF DOUGLAS’ SOCIAL PHILOSOPHY

One of CH Douglas’ central insights in the field of social philosophy (an insight that was by no means unique to him) was that whenever humans associate together in groups there is some advantage or benefit that comes into existence ‘on the back’

of the association as a supervenient quality. Indeed, it is precisely for the sake of obtaining this advantage – which he termed ‘the increment of association’ – that people associate with others in the first place. This increment takes the form of a particular kind of power, in this case, a social power. Accordingly, Douglas also referred to it as an association’s ‘social credit’, ie, the association’s capacity to achieve various ends and, derivatively, the well-grounded belief in the same. The ‘increment of association’ as it applies to society in general, or to societies of a certain kind, is thus the most basic of meanings that might be ascribed to the term ‘social credit’ within the context of Douglas’ body of thought. Far from referring to a system of centralised surveillance and control, the original ‘social credit’ describes a concrete phenomenon: *the power of human beings, working in association, to achieve intended results.*

Now, the fundamental idea behind the increment of association (or the ‘social credit’) is that the whole is greater than the sum of its parts; ie, there are certain objectives which people can achieve more easily or better when they work together in co-operation as opposed to when they are working on their own. Four average men, for example, by associating with each other can move a 200 kg table more easily than what one stronger-than-average man would be able to manage. There are, in addition, other objectives that cannot be reached at all on one’s own, but only in association with others. Reproduction would be, perhaps, the simplest exemplification of this latter category. In both cases, the *plus ultra*, the profit, that accrues to association is unearned; ie, it is inherent to the nature of association itself and is not something for which any one person or group can take exclusive or proprietary credit.

Reality is so constructed by its Designer that when we bring two or more elements into a positive association with each other we can gain something ‘more’ as a superabundant gift of the association.³ By bringing a lever and a fulcrum into association, for example, it takes less force to lift a weight. There is a mechanical advantage that comes into being on the basis of the association. By bringing people into various forms of social association, we likewise gain some benefit in terms of the ease, quality, efficiency, or the possibility/probability, etc, of achieving some collectively-valued end.

There is, however, an important caveat: not all human associations are automatically of equal worth. Merely bringing people together is not a sufficient condition for the unearned increment, the ‘social credit’, to supervene, in its maximal expression, on the association, nor does it ensure that that power will be deployed in the most satisfactory manner, nor does it guarantee that the fruits derived from the application of the unearned increment will be equitably distributed. We can therefore distinguish between high-quality or healthy associations and low-quality or unhealthy associations. The difference between them depends on how effectively and efficiently the true purpose of the association, ie, the particular increment the association is aiming for, is maximised or rather optimised, and how fairly that unearned increment is then distributed amongst the individual members of an association.

When it comes to the question of distributing the fruits or benefits of an association (ie, the increments), different patterns of distribution can emerge and some of them will prove to be less satisfactory than others. The same is true of what might be termed the decrements of association, since associating also imposes a cost on the individuals who participate in the association:

It appears to be a fundamental instinct of conscious life, well developed even in the animal kingdom, that certain advantages can be gained by the association of individuals into a group, which cannot be attained in other ways. It is equally true that in a primitive state of existence the advantages of the group carry with them definite disadvantages to the individual. It is true that many hands make light work, but it is not less true that he travels the fastest who travels alone. The developments of modern industrial society, founded upon the division of labour and co-ordinated by the financial system, have at one and the same time increased this unearned increment of association, and still further subordinated the individual to the group. ⁴

What we are actually talking about when we speak about ‘fairness’ or ‘justice’ in a realistic sense is the pattern of distribution of benefits and burdens within the context of association that will maximise the general satisfaction with the operation of the association, while assuring that at least a basic minimal degree of satisfaction can be guaranteed to those occupying the lowest rung amongst the membership. ⁵ This requires ensuring that everyone’s interests are taken into account as part and parcel of the association’s due functionality:

[A] nation or other corporate body exists to further the interests of individuals; or, to put it in a more technical form, there is an increment of association derived from the co-operation of individuals, which should be distributed amongst the individuals, if the object of their co-operation is to be achieved successfully. ⁶

Because individuals associate into groups for the sake of maximising or optimising their individual benefit, as well as that of others (because helping others to flourish should ricochet in various ways so as to further enhance one’s own well-being), and for the sake of simultaneously minimising the decrements of association, ‘fairness’, or the successful distribution of the unearned increment of association in favour of each individual to the greatest extent feasible, is a prime mark of functionality.

Healthy associations are those which fulfill well, ie, in ways that are effective, efficient and fair, the true purposes for which the associations were established in the first place. Put simply, they work well; they are highly functional. A healthy economy, for example, is one which fulfills its purpose well by delivering the goods and services that individuals need to survive and flourish, with the least amount of labour and resource consumption. In a healthy association, the aggregate benefit is maximised, while burdens are minimised and the general pattern of distribution might be described as equitable (not necessarily equal). This equitable distribution is both a condition for and a constitutive component of an association that is successful in fulfilling its purpose. That groups exist only to serve the concrete individuals who

compose them and to serve them well is the *leitmotiv* of the healthy association according to Douglas' social philosophy: 'institutions exist only legitimately to serve individuals, ...'⁷

Unhealthy associations, by contrast, are those which significantly fail, to one extent or another, to fulfill their true purposes in ways that are effective, efficient, and fair. They don't maximise or optimise the unearned increment of association, ie, the objective for which the association was first established, and they don't embody a pattern of distribution of those benefits and burdens which might rightly qualify as 'fair' or 'equitable'.

Now, there are undoubtedly a number of factors that might be responsible for causing an association to deviate from its due course and to degenerate into an unsuccessful or unhealthy association. Incompetence, lack of social concern (apathy), mismanagement, bad luck, unforeseen circumstances, cultural changes, etc, etc, might all play a part in the downfall of an association. I want to focus, however, on one particular factor that stalks every association, at least in the form of a potential threat. It is the phenomenon known as parasitism.

3 I am obviously employing the term 'association' here in a broader sense than when it is used specifically in relation to human groups or society.

4 CH Douglas, *The Monopoly of Credit* (Bloomfield Books, 4th ed, 1979) 11.

5 This way of understanding fairness or justice may be reminiscent of John Rawls' famous 'theory of justice' that was popularised in his book of the same name.

6 CH Douglas, *Warning Democracy* (Stanley Nott, 3rd ed, 1935) 92.

7 CH Douglas, *The Big Idea* (Veritas Publishing Company, 1983) 69. On Douglas' view, it is for the sake of the individual that all groups, institutions, laws, and regulations, etc, exist. Cf CH Douglas, *Economic Democracy*, (Bloomfield Publishers, 5th ed, 1974) 29-30: 'Systems were made for men, and not men for systems, and the interest of man which is self-development, is above all systems, whether theological, political or economic. Accepting this statement as a basis of constructive effort, it seems clear that all forms, whether of government, industry or society must exist contingently to the furtherance of the principles contained in it. If a State system can be shown to be inimical to them – it must go; if social customs hamper their continuous expansion – they must be modified; if unbridled industrialism checks their growth, then industrialism must be reined in. That is to say, we must build up from the individual, not down from the State.'

III. THE NATURE AND ORIGIN OF TYRANNY

If we think of the unearned increment of association as an amorphous whole, the bounty that it represents constitutes a grave temptation to those more unscrupulous and powerful members of an association who are in a position to alter the design and operation of that association in order to suit themselves. Such individuals or groups might wish to capture more than their due share of the unearned increment of association as per the norms of equitable distribution, but this goal can only be achieved at the expense of the common good or the public interest.

In other words, elites can become corrupted and wish 'to feast' on the unearned increment of association as much as possible to the neglect of their due responsibilities to the association.

Whenever, or to the extent that, a parasitic class is successful in this anti-social aim, it necessarily gives rise to an unhealthy association which does not fulfill well, ie, in ways that are effective, efficient, and fair, the true purpose for which it was first established. For, in order to achieve their ends of maximising the unearned increment of association while minimising the decrements of association *for themselves* (and quite apart, therefore, from what the fulfillment of the true purpose of the association objectively requires), the parasitic class must, in one way or another, artificially limit and then misdirect the activities of an association. The artificial limiting gives them leverage over the common members because it is a limitation that can be alleviated but will only be alleviated on the condition and to the extent that some tribute is paid to the elites in exchange. And, in this way, the association becomes, in some significant manner, restricted and crippled because it is serving a different purpose apart from and in defiance of its true purpose. There is, in consequence, a failure to maximise (or optimise) the unearned increment of association where the general welfare is concerned to the extent that this fulfillment is physically or objectively possible, coupled with the imposition of inequitable distributions of benefits and burdens that harm the regular members of an association for the advantage of the parasitic class. If the 'harvesting' is taken too far, there is a risk, of course, that it could even kill the host.

Such associations may be described as having an 'anti-democratic' rather than 'democratic' structure. That is, it is taken for granted in the basic operation of the association that the bulk of individuals exist for the purpose of serving the group and, by extension and in reality, the parasitic interests who dominate the group. When this 'anti-democratic', dysfunctional structure is then forcibly imposed by one means or another, we arrive at tyranny. The parasitic class (which hitherto might have operated exclusively by trickery or persuasion) becomes an oligarchy (that operates mainly by force).⁸

In the broadest sense of the term, then, a tyranny would describe any social arrangement which allows an oligarchic elite to self-servingly employ some form of coercive power, whether private or public or both, to establish, maintain, or expand a pattern of distributing the unearned increment of association that will benefit that elite at the expense of the authentic common good. The goal is to seize as much of the unearned increment of association for one's own group as is possible, ie, insofar as doing so remains compatible with a tolerably functioning association. The use of coercive power to achieve that goal is experienced by those who are not part of the oligarchic elite as abrasive, arbitrary, constraining, burdening, violating, etc, ie, as the imposition of rules, conditions, etc, that are not compatible either with the full functioning of the association or with the common individual's well-being. In sum, the attempt to seize the unearned increment of association on the part of the

elites presupposes an illegitimate and unjustified (non-functional) limitation on the freedom of the general membership of an association, a limitation which they naturally resent. Since the objectives of the elites operating a tyranny and those of the common members of the association are in such a stark conflict, tyrannies are fundamentally unstable and this necessitates all sorts of wiles and stratagems on the part of the oligarchs to maintain the tyranny and to increase its hold over the people if at all possible.

The possibility and indeed the reality of tyranny in human association means that we are always faced with an inevitable choice as members of an association, or of society in general. We have to decide whether we will work and fight for the association to embody a policy of freedom for all of its members (only limited by the functional necessities of the association) alongside a maximisation of its due benefits for each individual, or whether we will acquiesce to a policy of domination, of tyranny, which will unduly limit our freedoms and deprive us to some significant extent of our due share in the unearned increment of association:

There are only two Great Policies in the world to-day – Domination and Freedom. Any policy which aims at the establishment of a complete sovereignty, whether it be of a Kaiser, a League, a State, a Trust, or a Trade Union, is a policy of Domination, irrespective of the fine words with which it may be accompanied; and any policy which makes it easier for the individual to benefit by association, without being constrained beyond the inherent necessities of the function involved in the association, is a policy of Freedom.⁹

This talk of a ‘complete sovereignty’ and a ‘policy of domination’ bring us to the subject of monopoly and monopolistic control. As far as the use of coercive power is concerned, the pursuit and eventual establishment of monopolies is a key tool in the arsenal of the oligarchic interests, so much so that the policy of domination just referenced may also be called ‘the policy of monopoly’. Whenever a monopoly exists, can be established, or else captured on behalf of oligarchic interests, this provides a tremendous amount of leverage with which the participation of individuals can be effectively enjoined and more or less one-sided conditions imposed for the benefit of the oligarchy. Monopoly as a policy is something that is thus pursued in every area of significance in order to maximise the harvest that can be attained via the oligarchic usurpation of the unearned increment of association.

However, since there are, even with the benefits that can be afforded by monopolistic control, definite limits as to how much a parasitic class can take for itself from the pool of unearned increments without risking the demise of ‘the goose that lays the golden egg’ (in this case, the host association), there is also an inherent tendency on the part of that same class to seek ways of extending the jurisdiction of their monopoly power so as to encompass more and more people as well as resources. By this means, even greater benefits can be secured for the oligarchy. Thus we observe in history that city-states coalesce into kingdoms, kingdoms into countries, and countries into empires. Some of this coalescing might be organic, but on a Douglasite reading of history a lot of it would be the result of deliberate policy with

an anti-social, ie, tyrannical, motive in view. The logical endpoint of this deliberate movement towards centralisation would be the establishment of a world super-state, a one-world order with a one-world government. This would be the monopoly of monopolies, the mother of all monopolies, a comprehensive centralised monopoly on a global scale.

As Douglas remarks in 'The Monopolistic Idea' (a speech that he gave in Melbourne, Australia, during his 1934 world tour), the idea of 'world-monopoly' is not new. It is something that has served as the overarching objective for many groups of people throughout history: 'Practically all the world's historical empires, beginning with the Roman Empire, although there were others before that, were attempts at world power.'¹⁰ Douglas goes on to point out that these attempts were primarily military in nature; ie, the typical means that were employed in an attempt to achieve world power involved the use of the armed forces of the state to physically impose an oligarchic policy on other states and peoples.

What is new in the last few centuries, however, (though the role of the Money Power as a determining force in world history goes back several millennia) is the increasing use of financial mechanisms and financial power, ie, the financial software on which we run our economies and the strategic deployment of the various advantages that are derived from its operation, to serve as the method *par excellence* for enthroning a plutocratic oligarchy at the top of the social pyramid and for extending their hegemony throughout the world. In Douglas' view, the tyrannical threat of our time might be identified as 'the financial world state, the financial hegemony of the world by a selected group of central banks, crowned by the Bank of International Settlements.'¹¹ What is often termed 'the New World Order' is, above all, a financial world order. It is the attempt to transform the existing monopoly of credit, which is the prerogative of the banking system, into a monopoly on all things that money can buy or otherwise influence. The power to create and issue money and to profit enormously thereby becomes political by necessity because it enables the financiers to impose policy in all other areas of society in order to forward their own objectives: wealth, privilege, and, above all, more and more power:

Further, it is to be remembered that the financial system is a centralising system; it can only have one logical end, and that is a world dictatorship. There seems to be little doubt that the temporary headquarters of this potential world dictatorship have been moved from country to country several times during the past five or six centuries. At one time it was in Italy and specifically in Genoa, then in the Low Countries and Lombardy, from whence came the Jewish Lombards who gave their name to Lombard Street. During the eighteenth and nineteenth centuries it has unquestionably been in London, but there is every indication that a change of headquarters to New York is contemplated.¹²

8 There can, of course, be varying degrees of oligarchic tyranny.

9 CH Douglas, *These Present Discontents and The Labour Party and Social Credit* (Cecil

Palmer, 1922) 5. See also M Oliver Heydorn, *Social Credit Philosophy* (IAP Press, 2016) 66-7: [Please confirm that the quote below is from Social Credit Philosophy. This appears to be a comment on Douglas, not a quote from Douglas.]

It may be opportune to clarify the notion of 'functional necessity.' From the Social Credit point of view, the only limitations on individual freedom that can be justified by the inherent nature of things are those regulations that are shown to be required in practice in order to produce the complete and effective subordination of the group to the individual. The individual freedom which Social Credit advocates is not libertarian freedom, however; i.e., there is never a right to interfere with or disregard those regulations which are necessary, on account of the nature of reality, to maximise the benefits of group association for each individual to the greatest extent possible. While it is true that what might count as appropriate regulations will likely differ depending on time and place, that these should always be kept to the minimum that is needed, and that they should be summarily discarded once they are no longer required, there are indeed restrictions, which, being grounded in what Douglas referred to as 'the Canon' i.e., the natural law, reveal themselves as authoritative if the true purpose of association as envisaged by the democratic model of association is to be adequately fulfilled.

The correct set of regulations is not, therefore, a matter of mere preference or arbitrary choice; it must be discovered and then obeyed in practice. It is certainly possible that disagreements amongst people of good faith may arise concerning what the correct regulations actually happen to be, but this fact should not cause us to abandon the will either to implement or maintain whatever shows itself to be a correct regulatory principle. Any disputes of this type should be settled by free inquiry and debate and, if necessary, trial and error.

10 CH Douglas, *The Monopolistic Idea* (The Institute of Economic Democracy, 1979) 1.

11 Ibid 1.

12 Douglas (n 1) 160.

IV. DOUGLAS'S ANALYSIS OF THE FINANCIAL SYSTEM

In order to *begin* to understand the tremendous policy-making power that is resident in the banking system given its power of money-making and issuing and how this power can be used to extend and to consolidate the 'empire of finance', we will have to proceed to an examination of Douglas' analysis of the fundamental flaws which characterise the current financial system.

We might begin with the observation that the existing banking system incorporates three features in its standard operations that are ethically and functionally problematic: 1) usury, 2) fraud, and 3) the 'creation' of money *ex nihilo*.

By 'usury' I do not mean the mere charging of interest on loans, but rather the practice of economic rent-taking in the lending of money. Whenever someone lends money at arbitrarily high rates that significantly exceed the corresponding costs or risks and that are imposed independently of the success or otherwise of the borrowers, the lender is making an unjustified profit at the expense of those others. Rather than sharing in the profit of a borrower (in the case of a profitable business,

let's say) on some equitable basis, the banks make huge profits by implicitly claiming the ownership of the money that they lend out and by charging rent for it. The vast bulk of the money supply in every Western country (95%+) is rented from the private banks in this way. By this means, the banks use money to 'make money' without contributing something of equivalent value to society in terms of the flow of goods and services.¹³

Usury thus enriches and empowers one section of the community at the illegitimate expense of the others. It may be described as a racket, the true dimensions of which might be gauged by considering that, in principle, an organ of the state could provide a nation's money supply in its entirety at a mere fraction of the present cost in interest payments. Currently, only notes and coins (which are 5% or less of the money supply) are available as state money. This currency is typically issued at face value (the difference between the cost of production and the face value constituting a profit or seigniorage for the state). Instead of expanding the issue of currency to cover expenditures, governments at all levels borrow a good part of the money that they spend from the private banking system and pay interest on that money, interest charges which must then be covered by the public in their taxes. This means that the public are being taxed for private gain on account of public expenditures when that money could be supplied at cost as a public service or utility and the burden of taxation correspondingly eased.

But the story doesn't end there. The lending of money is also fraudulent insofar as the banks do not lend money in the strictest of senses or what we might term '1st class money' in the form of legal tender, ie, currency or state money in the form of bills and coins, that has been deposited with them (as people are generally led to believe). Rather they lend their own 'promises-to-pay', ie, bank credit. Nor does the story end there. These 'promises to pay' are actually created *ex nihilo via* accounting operations. When making a loan, for example, the bank expands both sides of its balance sheet such that the newly created bank credit is treated as the corresponding liability of a newly created debt (which is held as the bank's asset). Since the volume of bank credit greatly exceeds the supply of state money or currency, there is an additional element of fraud in that these 'promises-to-pay' are not fully backed up by currency. In the case of a bank run that has been induced by a financial crisis or even an irrational panic, they may not be fully convertible into currency upon demand. These 'promises-to-pay' thus rest on a very shaky basis and may prove to be invalid. Douglas once summed up the matter this way:

As the situation stands at present, the banker is in a unique position. He is probably the only known instance of the possibility of lending something without parting with anything, and making a profit on the transaction, obtaining in the first instance his commodity free.¹⁴

Having explained some of the key problems with the banking system from the point of view of healthy associations, there are a few caveats that must be added immediately.

Firstly, we must be clear that Douglas is not an advocate for the nationalisation of the private banks. He is not against private banking, nor is he against the private banks existing on a for-profit basis. Indeed, we should have more private banks about in order to guarantee competition, not fewer. What he insists on, however, is that the private banks should profit by assisting the community in the achievement of its legitimate, independent interests to the fullest measure, ie, by facilitating a common economic policy in the public interest, not by exploiting the community (by holding the community at ransom *via* a financial system that keeps credit artificially scarce, as we shall soon see).

Secondly, and quite interestingly enough, Douglas is not chiefly preoccupied with the problem of usury or even with the fraud inherent in the bank creation and lending of (in the absence of full reserves) 'promises-to-pay' as the bulk of our money supply. Certainly, he does recognise that banking, as it is currently operated, is 'the most colossal lucrative fraud that has ever been perpetrated on society.'¹⁵ He also recognises that the usury and associated financial mechanisms are significant because they are amongst the chief means by which the financial elite usurp the unearned increment of economic association and centralise wealth, power, and privilege into their own hands at the expense of the common good. These matters are not non-issues by any means. However, there is a deeper, more technical problem that is at the core of the Douglas' diagnosis of our financial ills. Eliminating usury would not solve or even address this more technical issue. Even so, the two problems are intimately related insofar as the technical issue actually creates a situation which delivers even more opportunities to the banks, indeed their best opportunities, for renting out 'promises-to-pay' (as we shall soon see). In other words, the defect in question greatly enhances the degree to which the private banking system can lay hold of the unearned increment of economic association. For this reason, if one could, *ex hypothesi*, eliminate usury, this would simultaneously remove one of the chief incentives that the financiers currently have for not fixing the technical problem along the lines that Douglas suggests.

On Douglas' understanding, the technical problem with the existing financial system can be encapsulated as follows: it is *an unbalanced debt-money system*. It is a debt-system in the sense that all money (or nearly all money) is created and/or injected into the economy alongside a corresponding debt (or debt-equivalent). This, in itself, would not be a problem if it were not for the second aspect: the fact that the system is also inherently unbalanced. It is an unbalanced in the sense that the rate at which costs and hence prices are being built up in the course of multi-stage modern production under the existing financial system necessarily exceeds the rate at which consumer incomes are simultaneously being distributed by the same productive processes. The imbalance in question thus takes the form of an *underlying* deficiency of consumer buying power *vis-à-vis* the corresponding flow of costs and prices from all sources. At a macroeconomic level, this underlying deficiency may or may not express itself as a *de facto* deficiency in the global flow of income relative to the global

or total flow of *consumer* prices. In other words, the flow of total prices (of capital and consumer production) always exceeds the flow of total incomes, but the flow of prices attached to consumer goods and services may or may not exceed the total flow of incomes at any given moment.

So we have a situation in which money is being created and destroyed all the time by the banking system. It is created when loans are made (or when a bank purchases securities or other assets) and is destroyed when the loans are paid down (or the bank purchases are sold to the public). At the same time, costs and prices are being generated (as money is spent on production) and liquidated (as money received as revenue by businesses is used to cancel costs and prices). The problem is that these two basic accountancy cycles of the economy are out of sync with each other. Costs/prices are being built up as money is created and destroyed at a faster rate than these claims can be finally liquidated by the flow of consumer income that is simultaneously being distributed. That is, for every cycle that a certain volume of money completes from creation to cancellation, so much, call it 'A+B', is being generated simultaneously in costs and prices, but only so much, a lesser amount, call it 'A' is being finally liquidated in consumer purchases. The 'B' component represents a portion of unliquidated costs/prices that can only be liquidated by a separate, additional cycle of money creation/destruction. This 'B' element corresponds, in the main, to the various costs associated with real capital (machines, equipment, software, etc). Because of standard accountancy conventions, 'B' costs have to be covered at least twice, once to cover their manufacture/production and another time to cover their depreciation and maintenance. The consumer is not automatically given enough income to cover even one of those payments. It is this 'double-costing' of real capital that is the main cause behind the price-income gap.

Naturally, the imbalance has to be overcome in some way in order for the economy to achieve equilibrium and to remain in operation. Since the existing system is a debt-money system, the only way to supply the economy with the additional consumer buying power that is needed to balance the flow of incomes and the flow of consumer costs/prices so that goods and services can be distributed in full and costs can be met is to get someone, ie, governments, businesses, or consumers, to borrow the needed money into existence from the banking system. This results, over time, in the building up of a mountain of public, corporate, and consumer debts that is unrepayable, ie, irredeemable, in the aggregate. Thus we see that one imbalance (that between prices and incomes) leads to another imbalance (the excess of debt). The deleterious effects of those two imbalances are too numerous to survey within the space of this article in their full horror. Some of the key manifestations include: the instability of the business cycle, constant inflation (mostly cost-push, but also demand-pull), the misdirection of economic resources, economic inefficiency, waste, and sabotage alongside forced economic growth, recurring financial crises, heavy and often increasing taxation, wage and debt-slavery, servility, forced migration, cultural dislocation, unnecessary stresses and strains, social conflict, environmental

degradation, and international economic conflict leading to war, etc, etc.

13 We should pay the banks for their services, but not pay them rent as if the money were a scarce commodity, the price of which can vary depending on interest rate changes.

14 CH Douglas, *The Breakdown of the Employment System* (The Institute of Economic Democracy, 1979) 6.

15 CH Douglas, 'Money: An Historical Survey' (1936) 2 *The Fig Tree* 139, 146.

V. THE NATURE OF FINANCIAL TYRANNY

So why are these imbalances tolerated? The answer can be found when we consider the consequences that directly result from the existence of the first imbalance (ie, the price-income gap) in conjunction with how the existing system attempts, in the main, to compensate for it (ie, *via* increased indebtedness), namely: the usurpation of the unearned increment of economic association by the private banking system and the centralisation of economic wealth, privilege, and power in fewer and fewer hands. Relying on the banking system to fill the price-income gap with additional debt-money puts the banking system and its owners in a commanding position. Since they possess a *de facto* monopoly on the creation of bank credit they can impose self-serving conditions on the issuance of that additional credit upon which the rest of the economy depends in order to make ends meet. This compensatory credit tends to be associated with long-term and, in the aggregate, unrepayable debt on which compound interest is levied. The ultimate result is that wealth, power, and privilege accrue to them in a *disproportionate* manner and the unearned increment of economic association is, to a corresponding degree, captured in their favour and at the expense of the common good.

This is the essence of the *financial tyranny* which Douglas saw as embedded in our existing financial and economic arrangements. But since sufficient money gives its holders the power to buy anything that can be bought (or that has a price) and since a monopoly on money-creation potentially affords its holders the ability to monopolise everything else that is sellable, the financial tyranny must, by degrees, transform itself into a more formal political tyranny. That is, the inner logic of the existing financial system in combination with the intentional use of the great power that is derived from its operation results in the imposition of, or at least the heavy 'encouragement' of, governmental, corporate, personal, social, and cultural policies that further the narrow interests of High Finance: the final monopolisation of power in all of its forms. As Douglas once put it: 'The great monopoly which gives the power to monopolise other things is what we call the monopoly of credit.'¹⁶

To employ an analogy from Tolkien's famous novel *The Lord of the Rings*, the power of money creation and the benefits it delivers constitute 'the one ring to rule them all' as it gives its possessors the power to buy (if they can be bought and they can be) or at least heavily influence (through direct funding, donations, sponsorships, advertising, etc) all the other centres (or rings) of power in the society: the

educational establishment, the media (news and entertainment), the military, the health system, the government (both politicians and bureaucracies), the legal system, the churches, and so forth. As the money power expands its control in 101 different ways and by 101 different means that cannot be properly explored here, the nature and use of that power tends to become ever more despotic and tyrannical. We live, first and foremost, under the rule, the governance, of finance:

[I]t appears to be proved beyond argument that Lord Action, in his much misquoted dictum that all power tends to corrupt, and absolute power corrupts absolutely, was enunciating a natural law so that the more powerful a Government is, the more certainly it will deteriorate.¹⁷

So the recipe for tyranny in the modern world can be ultimately reduced to the following equation: an unbalanced debt-money system + the banks' monopoly on credit-creation = financial tyranny, which ultimately must equal a political tyranny. As the basis for a further analogy, consider the 'increment of association' that is generated between a lever and a fulcrum. The monopoly on money-creation in the form of bank credit that is possessed by the banking system might be likened to the lever, a lever which, in this case, rests on the artificial scarcity of consumer buying power relative to prices that is built into the system. This artificial scarcity thus plays the role of the fulcrum. Monopoly plus artificial scarcity equates to despotic power in the service of increasing tyranny. As power is centralised more and more, the freedom, prosperity, and independence of the bulk of the population must necessarily decrease. Quoting once again from Douglas' speech, 'The Monopolistic Idea':

This credit and this power of issuing money have become, through the process I have explained to you, a monopoly, and that monopoly remains.

It is quite obvious that such monopoly achieves enormous power by restricting its output, as you might say. If everybody has enough money money becomes less important in proportion to the amount of money you have. If you do not know from where your next meal is coming, and you cannot get your next meal without money, money looms before you as the one essential of your life; but if you have a reasonable income it does not loom quite so large; you are not quite as much worried as to whether something costs you 6d. or 7d.

Therefore, it is in the very nature of monopolies of all kinds - and I say this after great consideration and as being a very important thing to consider - that they shall restrict their output, so that you shall desire it, to make it have a scarcity value.

I do not believe it is conceivable, or in the nature of monopolies, for a monopoly to supply the world to the extent either that the world is capable of producing a commodity, or is really desiring it.

That is one of the strongest objections to monopolies. You will notice in the world at the present time that restrictions of all kinds are increasing - restrictions on the growth of wheat, possibly restrictions on the shipment of wool, I do not know, but there are restrictions of this, that and the other kind, restrictions on entering this country or that country, restrictions on taking this thing into one country or taking

something out of another country. All of these restrictions are part and parcel of this policy of growing monopolies of various kinds.¹⁸

The reality of the financially-grounded attempt at world power which characterises the 'monopolistic idea' in our times was openly admitted and independently confirmed by no less a personage than Georgetown Professor Carrol Quigley (Bill Clinton's mentor) in his magnum opus *Tragedy and Hope*:

[T]he powers of financial capitalism had another far-reaching aim, 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. This system was 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. The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank, in the hands of men like Montagu Norman of the Bank of England, Benjamin Strong of the New York of the New York Federal Reserve Bank, Charles Rist of the Bank of France, and Hjalmar Schacht of the Reichsbank, sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world. ...

The growth of financial capitalism made possible a centralization of world economic control and a use of this power for the direct benefit of financiers and the indirect injury of all other economic groups.¹⁹

16 CH Douglas, *The Monopolistic Idea* (The Institute of Economic Democracy, 1979) 5.

17 Douglas (n 2) 71.

18 Douglas (n 16) 10-11.

19 Carroll Quigley, *Tragedy and Hope: A History of our World in our Time* (GSG & Associates, 2004) 324, 337. Apart from teaching at Georgetown from 1941 to 1976, Quigley taught at Princeton and Harvard and gave lectures at the Brookings Institute, the US Naval Weapons Laboratory, the Foreign Service Institute, and the Naval College in Norfolk, Virginia.

VI. THE DOUGLAS SOCIAL CREDIT REMEDY FOR TYRANNY

Thankfully, Douglas not only analysed the problem of tyranny in the modern world in terms of its nature and origins, but also offered solutions. We can distinguish between his general remedy, which is applicable to every association, and his specific remedy, which was designed to neutralise the financial and economic tyranny and, by extension, the emerging political tyranny that currently grows out of the former. Since tyranny in any association involves a significant deviation from the correct principles of association, the general remedy for tyranny is to identify which of these

principles is being violated and then to bring the association back into alignment with the blueprint for a healthy, functional, and flourishing association. According to Douglas, 'The general principles which govern association for the common good are as capable of exact statement as the principles of bridge building, and departure from them is just as disastrous.'²⁰ So what are the correct principles of associations

There are three of them: 1) the policy of the association must be democratic (this constitutes the right end), 2) the administration of the association must be hierarchical (this constitutes the right means), and 3) the sanctions over the association must be decentralised (this constitutes the right integration of the ends and the means).

When we say that the policy of an association must be democratic what we mean is that the only policy which we might expect all individual members to agree on and fully support is that the true purpose of the association should be optimally fulfilled. This is because the true purpose of an association coincides with the *raison d'être* of an association or the reason why people decided to enter into association in the first place. It is thus the only policy which could truly be designated as a *common* policy

[A] genuine democracy of policy is the fundamental basis of association, and that no association which disagrees with this idea can continue.²¹

When we say that administration must be hierarchical we mean that a pyramidal, top-down structure allows for a clearly recognised and respected division of duties, for rapid decision-making, and for the effective dissemination of these decisions from the apex to the lower levels. This makes it as easy as possible to effectively and efficiently carry out any given policy-directive on behalf of an association:

In regard to administration, I do not propose to say very much beyond the fact that it is and must be essentially hierarchical and therefore it is a technical matter in which the expert must be supreme and ultimately autocratic. The idea that administration can be democratic ... is not one which will bear the test of five minutes' experience. It may be consultative, but in the last resort some single person must decide.²²

But let it be re-emphasised, since the problem of tyranny remains the central topic in this article, that hierarchies exist in Douglas Social Credit theory in order to serve; they are not there to dominate. Hierarchy exists to facilitate a democratic or common policy, not a self-serving policy:

That you must have policy democratic and execution hierarchical is one of our fundamental conceptions in Social Credit; ...²³

When we say that sanctions must be decentralised we mean that the common members of an association must have an effective means by which they can steer an association's activities back on track, back into line with the association's true purpose, should it ever deviate. The type of control needed is a negative control, ie, the power to reprimand or replace administrators in the hierarchy who cannot or will not carry out the common policy effectively, efficiently, and fairly, the power to

atrophy functions that do not serve their best interests, and even the ability to opt out of the association altogether if necessary, with no other penalty but the loss of the association's benefits:

Since the analysis of existing conditions which we have undertaken shows that any centralised administrative organisation is certain to be captured by some interest antagonistic to the individual, it seems evident that it is in the direction of decentralization of control that we must look for such alteration in the social structure as would be self-protective against capture for interested purposes. ²⁴ The power to contract out was to serve as the final safeguard against tyranny:

[A]ssociation for the attainment of an objective inevitably becomes a tyranny (i.e., an attack on individual initiative) unless it can be broken at any time, without incurring any penalty other than the loss of association itself. ²⁵

In the case of a tyrannical association, the group, and more particularly the oligarchy that controls the group, is elevated over and above the common individual to one extent or another. This happens because the first and the third of the correct principles of association are not being respected and/or effectively embodied. That is, instead of serving its true purpose optimally in a single-minded fashion, resources have been diverted through various mechanisms (some of which we examined before specifically in reference to financial/economic tyranny: monopoly in combination with artificial scarcity, etc) to enfranchise a parasitic class at the expense of the authentic common good. Policy ceases to be fully functional and democratic. At the same time, the common members have been sufficiently sidelined by the power structure that they are in no easily effective position to restrain and ultimately neutralise the oligarchy. They lack effective sanctions.

So how do we respond to such a situation, ie, a situation in which an oligarchy is tyrannising society? Douglas says that the only way to neutralise this threat is, quite appropriately enough, by *associating* in favour of the common good. That is, Social Crediters (those who have a concern for the well-being of an association or of a society generally) must work together so that, through education and appropriate action, an association is consistently moved in the direction of full functionality, while the threats to that functionality are constantly unmasked. This is the only way to effectively neutralise tyranny:

What is important is that we should become conscious of our sovereignty – that we should associate consciously, understanding the purpose of our association, and refusing to accept results which are alien to the purpose of our association. ²⁶ This task may not be as difficult as it may first seem, provided that we keep one basic truth before the minds of the public: the Social Credit policy is, above all, a policy of unity, not of division. Indeed, a truncated synonym for the fully functional association could be the simple word: freedom, ie, not just freedom of choice, or the freedom not to be unjustifiably interfered with, but also freedom *from* want, from fear, from insecurity, and freedom *for* flourishing. Freedom, in this, most ample of senses, is the greatest unifying force possible that might be put before the public:

There is no possible definition of a policy which is all-embracing in its acceptance other than the word 'Freedom'. People only unite in wanting what they want.²⁷ Furthermore, while everyone wants freedom for himself, he must come to realise that it is only by ensuring the freedom of his neighbours that his own freedom can become secure. Once it is understood that seeking the full functionality of an association must, by necessity, promote the best interests of each individual, it also becomes obvious that 'It is most probably true that there can be no divergence between true Public Interest and any true private interest; ...'²⁸ Instead of polarising different sections of the community and pitting them against each other, insisting that every association should be formed on the basis of the correct principles and that it must function accordingly brings resolution by harmonising interests. In other words, freedom and the fruits of freedom necessarily presuppose a respect for and due application of the truth concerning the nature of human association for the common good:

To Social Crediters it is a fairly common-place saying that what we are trying to do with the money system is to make it reflect facts, but what we are also trying to do is to make the relationship between individuals and their institutions reflect facts.

To borrow from the Dean of Canterbury's vocabulary, what Social Crediters have in mind is 'to know the truth in order that the truth shall make you free,' ...²⁹

On the basis of this unity grounded, as it is, on a recognition of the mandatory nature of freedom as a condition of and a constitutive component for a fully functioning association, it becomes possible for a conscious Social Credit movement to defeat tyranny by embodying in a very concrete manner in its own operation 'the necessity for exalting the individual over the group.'³⁰ This serves as a living testament, as a sign-post, calling all associations back to their roots. The group or the association is merely a means; the well-being of each concrete individual is the proper end:

The first proposition which requires to be brought out into the cold light of the day, and to be kept there remorselessly, at the present time in particular, is that nations are, at bottom, merely associations for the good of those composing them. Please note that I say 'at bottom.'³¹

More specifically, Douglas' solution to this problem of financial tyranny (and of the political tyranny to which it inevitably gives rise) was to break the banks' monopoly on credit-creation by using the money creation powers of the state to fill the price-income gap with sufficient debt-free consumer credits. This would make the financial system balanced in a sustainable way (because there would be no piling up of unrepayable debts). An unbalanced debt-money system would be replaced by a balanced system incorporating both debt-money and debt-free credit in properly calculated proportions. Since the private banks would no longer be called on to fill the recurring price-income gap with additional debt-money, all of the interest and other charges that are currently levied on that compensatory debt would be eliminated, as would their leverage over the financial and economic policy of other sectors in the society. This would help massively in putting an end to the usurpation

of the unearned increment of economic association by financial elites and to the centralisation of wealth, power, and privilege in fewer and fewer hands. The volume of 'debt-free' credit needed to bridge the recurring price-income gap would be issued to or on behalf of consumers by the National Credit Authority, which would be an organ of the state that would function independently of the government of the day. The direct payment would take the form of a National Dividend, ie, a periodic, say monthly, payment that each citizen would receive independently of employment status. This would be justified pragmatically by the fact that the economy needs that extra money in the hands of consumers in order for it to function in equilibrium, in order for costs to be met in full, and for the full range of goods and services to be distributed. It would be justified ethically by the fact that each citizen is rightly regarded as a shareholder in his economy, as an heir to the cultural heritage (which, by means of its embodiment in real capital, is responsible for the gap). The indirect payment would be (in its usual formulation at any rate) a payment of debt-free credit issued to retailers in exchange for the latter reducing their prices (thus increasing the purchasing power of consumer incomes) in accordance with the economy's overall consumption/production ratio. This Compensated Price Discount is based on the observation that the true cost of production is consumption and therefore no production should be offered on sale at prices that exceed the financial costs associated with the consumption that was needed to bring that production into being. Hence, if the average C/P ratio were $\frac{3}{4}$, then prices would be reduced by $\frac{1}{4}$ and retailers would be reimbursed the $\frac{1}{4}$ reduction via an infusion of debt-free credit from the National Credit Authority.

By breaking the monopoly credit with a carefully calculated flow of compensatory consumer credits that are issued debt-free we are not merely stopping the flow of the usurious tribute that is paid on the debt-money that is currently issued to fill the gap, we are using the money creation and issuing power of the state to enfranchise the individual by making his life easier: goods and services become more affordable by means of the discount, while the dividend distributes, in an unconditional manner, a basic share in the power of money to everyone in the society. When an individual is thus enfranchised he is in a much stronger position to chart his own course independently of the course that would be set for him if obtaining his 'meal tickets' were overly dependent (as it is now) on co-operating with the agenda of financial interests:

If it is true, as seems probable, that effective resistance to an imposed group policy is nearly impossible so long as the group has control of the credit of the individuals composing it, it is beside the point to pay serious attention to such a factor. The only line of action which can be effective in the emergency with which the world is confronted must be one which can paralyse or break up the group control of credit to which the majority of individuals in every country have become helpless slaves;

...³²

Indeed, the National Dividend plays a very special role as a bulwark against tyranny.

If every citizen is guaranteed a share in his country's communal profit as an inherent right whenever it is profitable (with prices exceeding incomes), then each citizen will enjoy a minimum employment-independent source of income that he can fall back on regardless of circumstances. This lessens the leverage which either the government of the day or private employers can use to impose policies on people against their will. It provides a measure of security, independence, and freedom for each individual as part of the basic operating system of the society. It is the most practical method for achieving 'the emancipation of the individual from the domination of the group, ...'³³

The opposite of financial and economic tyranny thus shows itself to be financial and economic freedom, real freedom, concrete freedom, for every individual. That freedom should be the fundamental aim of economic association:

It is suggested that the primary requisite is to obtain in the readjustment of the economic and political structure such control of initiative that by its exercise every individual can avail himself of the benefits of science and mechanism; that by their aid he is placed in such a position of advantage, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him.

In other words, the remedy for tyranny is to recognise that power needs to be distributed, not concentrated, and it needs to be distributed in a very practical way that has teeth: 'power to make decisions *is freedom for the individual, ...*'³⁵ And money is one of the most basic forms of power:

Salvation is not to be found in greater and still greater agglomerations of power ...

It is, and can only be found, in bringing into actuality the existing cleavage between the individual desire to pursue an individual end and the group pressure to reduce the individual to an amorphous mass – a biological entropy.³⁶

In many, if not in most cases, the failure of other associations, non-economic associations to embody the proper democratic structure and to achieve proper functioning is due to the fact they are subject, in turn, to an economic and financial system which is fundamentally despotic in nature. The opposite holds true, ie, restoring the financial system and economic association to full functionality would have a beneficial effect on all other associations within society, making it significantly easier for them to overcome the various challenges and barriers which prevent them from attaining to a state of full functionality.

Fixing the financial system would thus be very stabilising, whereas persisting with the current dysfunction is inherently destabilising:

[A]s soon as Society ceases to serve the interests of the individual, then the individual will break up Society ... those persons who wish to preserve Society can do no worse service to their cause, than to depict their idol as an unchangeable organisation whose claims are to be regarded as superior to those of the human spirit.³⁷

20 CH Douglas, *The Tragedy of Human Effort* (The Institute of Economic Democracy, 1978) 3.

21 CH Douglas, *Dictatorship by Taxation* (The Institute of Economic Democracy, 1978) 11.

22 Douglas (n 20) 5. Cf: CH Douglas, *Economic Democracy*, (Bloomfield Books, 5th ed, 1974) 37: [A] centralized or pyramid form of control ... is in certain conditions, the ideal organization for the attainment of one specific and material end. The only effective force by which any objective can be attained is in the last analysis the human will, and if an organization of this character can keep the will of all its component members focussed on the objective to be attained, the collective power available is clearly greater than can be provided by any other form of association.

23 CH Douglas, *The Policy of a Philosophy* (The Institute of Economic Democracy, 1977)

8. Cf CH Douglas, *Economic Democracy* (Bloomfield Books, 3rd ed, 1974) 39: 'it is vital to devise methods by which technical co-ordination can be combined with individual freedom. To crystallize the matter into a paragraph; in respect of any undertaking, centralization is the way to do it, but is neither the correct method of deciding what to do nor the question of who is to do it.'

24 Douglas (n 22) 91-2. It seems that the lack of adequate decentralised sanctions is one of the single greatest flaws in present social arrangements: 'at the present time, there is no question that it is in the domain of sanctions that the human race is involved in its great difficulties': Douglas (n 20) 6. Cf also CH Douglas, *The Control and Distribution of Production* (Cecil Palmer, 1922) 51: 'It has frequently and rightly been emphasised that the essence of any real progress towards a better condition of society resides in the acquisition of control of its functions by those who are affected by its structure; and it is well if somewhat vaguely recognised by the worker of all classes that this control is at present not resident in, but is external to, society itself, and that in consequence men and women, instead of rising to an ever superior control of circumstance, remain the slaves of a system they did not make and have not so far been able to alter in its fundamentals.'

25 CH Douglas, *The Control and Distribution of Production* (Cecil Palmer, 1922) 101.

26 Douglas (n 20) 16.

27 Douglas (n 25) 37. Cf: Douglas (n 22) 102: 'The pyramidal structure of Society gives environment the maximum control over individuality. The correct objective of any change is to give individuality maximum control over environment.'

28 Douglas (n 1) 55.

29 CH Douglas, *The Approach to Reality* (KRP Publications Ltd, 1936) 6.

30 Douglas (n 6) 74.

31 Douglas (n 6) 3. That the 'common good' is to be understood distributively and not collectively, that it is the good of each individual which needs to be promoted to the greatest degree feasible and not the well-being of the whole at the expense of some individual or group of individuals, follows quite logically from the ontological priority which the individual holds over the group. On this understanding, the true purpose of any association is to forward as effectively, as efficiently, and as equitably as possible, the well-being of each one of its individual members in line with the particular types of benefits with which the association deals. Any association can be evaluated in terms of how adequately it satisfies individual requirements.

32 Douglas (n 1) 163.

33 Douglas (n 6) 74.

34 Douglas (n 22) 28.

35 CH Douglas, *Credit Power and Democracy* (The Social Credit Press, 1933) 6.

36 CH Douglas, *The Brief for the Prosecution* (KRP Publications Ltd, 1945) 63.

37 Douglas (n 1) 73.

VII. CONCLUDING REMARKS

By way of conclusion, it behoves me to now address the most common objection to Douglas' alternative vision, ie, that it is somehow 'utopian', ie, unrealistic or otherwise unattainable. The standard response of Social Crediters would be that it is not utopian in the sense that we are not aiming at a mathematically perfect world, but rather we are aiming at a healthy world, ie, highly functional financial and economic system to replace the existing dysfunctional and unhealthy system. Clearly, the current system benefits an oligarchy and that oligarchy will resist any changes to the system that would lessen their power, privilege, and position, etc. At the same time, there is no appeasing that oligarchy. We either resist them by promoting functionality and health or we abdicate our responsibilities and permit them to run civilisation into the ground. The path to a better today always remains open to us; Douglas is merely showing us the way forward:

[S]o far from the realisation of some machine-made Utopia which would embrace us all, I think what we all as individuals desire is a state of affairs which would enable us to use the benefits conferred upon us by science and education for the furtherance of our own individual ideals and desires, which must be just as different, in the nature of things, as our personalities are different, and must become increasingly different as our personalities become further individualised. The Social Credit proposals at any rate start from this point of view, and in one sense they may be considered as a complete inversion of either State Socialism, Fascism, or Sovietism. So far from desiring to impose some abstract ideal called the 'common will' upon the individual, their proposals have for their objective the employment of the common heritage ... for the furtherance of the individual objective, whatever that may be, and without defining it.³⁸

38 Douglas (n 6) 24-5.

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