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The Use of Money By Major C. H. Douglas (1935)

I should like to begin the explanation and the address that I am privileged to make to you, by stating what I have no doubt, to many of you, is a truism, and that is, that we are familiar with two kinds of laws. There is natural law of the nature of the conditions which compel a stone to fall when it is dropped from a height, and which, if it falls, let us say, in a vacuum, always falls at the same rate of acceleration under the compulsion of gravity. That is a natural law, and, so far as we know, those laws are compelling laws. We cannot change the laws of that description, and all we can do is adjust ourselves to those laws.

But there is also a second type of law, a law which is what we may call a conventional law. Of course, our legal laws - the laws of our Government - are conventional laws. We have agreed to rule ourselves by those conventions.
On a smaller scale, of course, we have the same sort of thing in connection with playing a game. We agree that, in a game we call cricket, if the ball is struck by the batsman and is caught by a fielder before it touches the ground the batsman is out.

We are not obliged to have conventions of that sort. We could change them if we found that we could improve cricket by some other convention.

Those two laws have to be very carefully separated in one's mind in considering such matters as we are now discussing.

It has been very frequently stated during the past fifteen years or so that **there is no escape from inexorable economic laws.**

As a matter of fact, there are no inexorable economic laws with which I am familiar; they are practically all conventions.

What we call an economic law is what happens if you agree to pursue certain ends in industrial, economic, and social organisations governed by certain conventions. That is about all that so-called economic laws amount to.

Now, the first requisite in any understanding of this position on the basis of what I have just been saying is to recognise that what we refer to as conventional laws are matters of policy. You do not make a conventional law without having some sort of an idea in your mind as to what it is you are trying to do - what end you are endeavouring to serve.

If you make a law that all motor-cars shall drive on the left-hand side of the road, you have in your mind that in that way you will avoid collisions, and you have a policy in your mind in making such a law that you want to avoid collisions of motor-cars.

We have at the present time a thing that we call an economic system, and I do not believe that we are at all clear, in many cases, as to what it is we are trying to achieve by means of that economic system, and by means of the conventions with which we surround it.

For instance, we say at the present time that one of the troubles which assails the present economic system is what we call the problem of unemployment. When we say that the problem of unemployment is one of the major features of the crisis at the present time we are, at any rate unconsciously, if not consciously, suggesting that one of the objectives of a policy, of an economic system, is to provide employment. Now that is not an axiom: that is not a thing that you can take as being true without examining it.

It may possibly be true - I do not myself think there is a grain of truth in it whatever - it is conceivable that you might want to run an economic system for the purpose of providing employment. If you wanted to run an economic system for the purpose that you would have to do to rectify the present position of providing employment, quite obviously the first thing - the only sensible thing to do - would be, as far as possible, to put the clock back about two hundred or three hundred years.

You would destroy as far as possible all your labour-saving machines; you would cease to use the power which you have developed from water and otherwise, and you would revert to handicraft, and in doing the handicraft you would avoid, as far as possible, the use of any tools which would facilitate that handicraft. You would do everything as laboriously as possible, and you would undoubtedly solve the unemployment problem.

Everyone would undoubtedly have to work very hard indeed to get a living. That simple idea, as a matter of fact, was the first idea that struck the Russians when they made the Revolution of 1917. The first thing they did was to remove, or in some cases imprison, their scientists and their organisers. They said they did not want them: they said they wanted the population to work, and they got them to work quite easily.

You see, it is quite possible to demand from the economic system a lot of different things. For instance, in regard to this question of employment and unemployment; there has been, I think, an almost absurd confusion on the part of such people as, let us say, the well-known and very able delver into these matters, Karl Marx, who complained that the present system provided a parasitic class who battened on the producers of the wealth of the world.

And at the same time, of course, complained that 'the economic system was breaking down, and quite correctly from his point of view, that the capitalistic system was breaking down because it could not provide employment.

Now, either unemployment is a privilege - in which case quite obviously you want to try and get as many unemployed as possible - or else it is something requiring pity, in which case any parasitic class is an object of pity and not of contempt or of criticism. You cannot have it both ways.

You must make up your mind whether you want to provide leisure, by an economic system, accompanied by goods and services producing what we call a high standard of living with an increasing amount of leisure, or, conversely, you must admit that what you want to do is to provide employment, in which case your policy is exactly opposite.

The policy which is attached, and the matters which can be attached to a policy to relieve the unemployment problem permanently, must in the very nature of things be a policy which will decrease the unit production of wealth by the individual, and a policy which is intended to produce and deliver goods and services with the minimum amount of trouble to anyone must, quite mathematically, increase the unit production of wealth, and so create what you can, if you like, call an increasing unemployment problem.

Those are the only two alternatives in regard to that, and you must first of all, before being in a position to form any opinion at all upon proposals in regard to the present crisis, make up your mind as to what it is you want.

Now, the second necessity of an understanding of this situation is a sound analysis of the difficulties which stand in the way of getting to where we decide we want to go. That is to say, if we decide - and I am assuming that having put the matter to you in the way I did you will practically all have decided that we do not want to produce for the sake of producing, but that we do want to deliver goods and services - that what we want from the economic system is goods and services to provide a high standard of living - *Interjector: I want a job!* And then you will be able if you like to provide jobs for yourselves, you will I think - unless I grossly underrate the intelligence of the gentleman who made that remark - agree that if he was provided with what he would refer to as an income of £500 a year, he would be able to find some use for his leisure.

Now, if you do agree with me, for the sake of hypothesis we will say, that the only object of an economic system is to deliver goods and services to the population concerned, with the minimum amount of trouble and friction to anybody, then the next thing to do is to analyse whether that is possible, to what extent it is possible, and what, if anything, interferes with carrying out your plans. Now, at this point you have to make - not a mental effort - but an effort of self-demesmerisation.

I want you to demesmerise yourselves from the idea that money is the same thing as wealth and goods and services.

You say that you cannot get goods and services without having money. That does not mean to say that those two things are the same; they are not.

I want you to separate them in your minds and to look with a clear and unbiased eye at the purely physical side of the production system today.

Can you imagine yourself, if you had sufficient money, going to any shop for any article that you can conceive of and not getting it? Is there any requirement of common use in the world today of which you could tell me that there is a definite physical shortage? If you can, I shall be interested.

I can tell you, conversely, of a long string of articles which are actually greatly surplus to the actual requirements of the world at the present time.

For instance, to take a very simple instance, more coffee was wilfully destroyed in Brazil during the past year than would have provided the whole coffee-drinking population of the world with all the coffee they wanted.

The same thing is true of practically every staple article of which you can think. There is too much rubber: there is more rubber than we can at the moment use. They are making elaborate preparations in the United States to pay quite a large bonus for NOT growing wheat. The same thing is happening in the Southern States of America in regard to cotton.

In almost every direction in which you can turn you will find evidence of overflowing - either actual or potential - and easily realisable physical wealth to such an extent that it is quite impossible for anybody who knows anything about the subject at all to avoid the conclusion that physical plenty and complete freedom from economic trouble associated with bed, board, and clothes, is literally waiting at the door of everyone of us if we realised it. That is the physical fact.

So that it is not to the physical side of the production process that we have to turn when we want to find out why it is and what are the difficulties which prevent us from realising the objective that I suggested we wanted to realise, and that is sufficient goods and services for everybody with a minimum of trouble to everybody.

It is not on the physical side that we shall find the difficulty.

Now, before going on to look at another side of the problem, I want to examine very briefly what we find in the present state of affairs which would not correspond with that objective that I suggested is the correct objective.

Where do we differ? Where do we "go off the rails?" as we might say, in endeavouring to reach this objective.

What is happening which is not in line with this objective that we have decided we want to reach?

Well, first of all I will just deal with a few points which I think you will recognise as existing at the present time. We have surplus - by which I mean unpurchasable, not necessarily unnecessary - but unpurchasable production.

We know that is so, and that it is being destroyed in many cases. We have consequent unemployment as the phrase goes because no further production is for the moment necessary; but that consequent unemployment can be translated into the words *"surplus productive capacity."*

If we have a large number of unemployed producers, then, quite obviously, we have a surplus productive capacity which is not being drawn upon, so that, in addition to the actual surplus production, we have evidence all over the world of surplus productive capacity. *Interjector: Not in Russia!* No, not in Russia.

That's quite right. Russia is the only poor country in the world.

Now, the third, a symptom which we have at the present time, is consequent poverty, consequent on unemployment according to this phrase. Remember that I translated unemployment in this connection as surplus productive capacity, and we have the curious but quite undeniable result of surplus productive capacity, that we have poverty. It is an extraordinary thing that it is possible to have poverty as the result of surplus productive capacity; but that is exactly what we have got.

Now I will translate poverty again into something which you will agree is the correct translation. *Poverty is lack of sufficient purchasing power accompanied by economic need.*

I think that if you will think that over you will find it quite impossible to deny that translation. The next thing that we have is redundant machinery and plant; that is to say, we have mills and factories and farms and fields, all of which are there and could be made to produce a great deal more than they do produce.

That so-called redundant machinery and plant can also again be translated into surplus productive capacity. Now what is the result of surplus productive capacity in plant and in agriculture and so forth?

It is another phase of exactly what we found in regard to surplus labour capacity. It results in consequent cut-throat competition to sell at prices which are unremunerative - and when I say unremunerative, I mean that they do not provide any purchasing power to the people who are producing. That is what that means; nothing else.

When we say that the production of an article is unremunerative we do not mean to say that nobody wants the article; we simply mean that according to the conventions under which we produce that article, the person who produces it does not get any purchasing power as a result.

Now the next thing, which is of course the same extension of that, is the disappearance of industrial profits as a result of that cut-throat competition. Of course, there is a very strong tendency in these matters to assume that only one section of the population is hit.

It is part of my point of view in regard to these matters that first of all that is not true, and that, secondly, the practical means of rectification of these matters will probably require a united front against certain things which are interfering with us, and that nothing from the practical or the theoretical point of view can be so unwise as to assume that this is a class matter. It is not: it is a matter which affects every man, woman and child in this theatre.

Now, the next and final, and possibly the most immediately terrible result of this situation, is competition for foreign markets, because of a lack of sufficient home markets, and that competition for foreign markets is the primary cause of war.

I want you to think over those things that I have just been saying and realise that they have one common factor. Although every one of them has from time to time been regarded as the disease itself, just as I was suggesting unemployment was regarded as a disease in itself, from my point of view and the point of view that I am putting to you tonight, none of them is more than a symptom. They are all symptoms of one common disease, and that common disease is lack of something we call purchasing power.

That single thing can be traced in every single one of those symptoms that I have been speaking to you about. Now then, let us assume - and I believe it is quite impossible to deny - that it is not physical poverty which is afflicting us: it is lack of purchasing power which is preventing us from getting the physical riches which are waiting to our hands.

What is this thing that I am talking about as purchasing power? Well, of course, in one sense any of you could answer that. What you want for purchasing power is money in your pocket, and that, of course, does not get us very far - an answer like that. What is the nature of purchasing power, and what is the nature of this thing-money?

There is a very good definition of money which I will give you first of all. Quite an orthodox definition which will not be denied by anybody who knows anything about the subject, and that is that *"money is anything, no matter of what it is made, nor why people want it, which no one will refuse in exchange for his goods if he is a willing seller."*

You will see that that definition immediately rules out anything specific of which money has to be made. Money is not, for instance, gold or silver, or any of those things. Those things may be money, but money is in no sense confined to any particular metal.

Now, thinking that over, it ought at once to occur to anybody that if, under certain circumstances, anything will do for money that there ought to be no shortage of money. If money had to be made of gold, and if there was only so much gold in the world as presumably there is - I believe there is only a block of gold about forty feet cubed which is all the existing gold in the world today that has been mined during the past two thousand years - and we cannot do without purchasing power, we should be in a difficult position, obviously.

But when we say that money is anything, no matter of what it is made nor why people want it, that no one will refuse for his goods, then we are getting into quite a different region.

Money is something that acts as what we call *"effective demand."*

Something which people will exchange, will take in exchange, for the goods that they want to dispose of.

Now let me draw your attention to what you might call the simplest form of effective demand with which you are probably acquainted, and that is a railway ticket.

A railway ticket is effective demand for a journey: for the journey which is described on the ticket. That is exactly what a railway ticket is. How does a railway ticket differ from a one-pound note? A railway ticket is effective demand for one particular thing, and that is a railway journey. A one-pound note is a ticket which is effective demand for anything which has the figure of £1 marked on it in the form of price.

They are both tickets. There is no difference in nature whatever between a ticket which is good for transportation and a ticket which is good for anything else, except that one of them has a universal purchasing power and the other only has a limited purchasing power.

When you buy a ticket, when you go to the booking office of a railway, you exchange one type of ticket for a more limited type of ticket, and that is all you do in effect.

Now, supposing that you imagined that the whole of this productive system which we have been examining and finding to be so rich, supposing that you imagined it to be all of one kind, and that kind nothing but transportation: that all the wealth of the world, instead of being so diverse in the form of motor-cars, food, houses, and so forth, supposing it were to coalesce into one thing like transportation. Supposing you found that there was any amount of transportation;

that there were plenty of railways and plenty of locomotives; plenty of rolling stock and plenty of people to operate the railways; plenty of fuel and so forth; but for some reason a different organisation from the railway had obtained control of the issue of all the tickets which were required to travel on the railway, and if you were quite sure that there was a great deal of distress in the world and if everything appeared to be going wrong, and you were quite clear that it was for lack of transportation facilities and yet you knew that there were plenty of transportation facilities, you would naturally say, without very much waste of time, *"What has happened to the ticket system? How is it that we cannot get the tickets on the railway?"*

Now exactly that thing has happened to the present economic system. The whole of the productive system has become completely separated from the ticket system that we call the financial or money system. I am going to go very rapidly over just exactly how that separation has taken place, because it is a good way of fixing it in your minds, and it is very important.

Originally, just as you would expect in regard to a railway which issues its own tickets, the wealth producers of the world - a great many thousands of years back - also issued their own tickets. Wealth in those days was chiefly cattle, and the owners of cattle punched leather discs representing a head of cattle, and they could exchange those leather discs for corn, and when the corn-man wanted to collect the cattle he came up with the leather disc, collected the cattle, and handed over the disc.

My point is that the wealth, the real wealth, and the money - the token or ticket for the wealth - originated at the same point.

Now the next stage in the proceeding was in the Middle Ages when, as no doubt many of you know, the goldsmiths were the custodians of wealth in a portable form. They had the best strong-rooms. They took care of valuables as well as actual money though, and they gave receipts for the valuables that they took care of.

Now, those goldsmiths' receipts were signed by the goldsmith and they came into use in exactly the same way that your one or five-pound notes are in use. The goldsmith's receipts, signed by the goldsmith, are the lineal ancestors of our modern banknotes, and the signature which you will find on the bottom right-hand corner of a bank-note in almost any country is simply a continuation of the custom of the goldsmith to sign that receipt on the bottom right-hand corner. Those receipts were receipts for wealth, and they were not issued by the people who owned the wealth: they were issued by the custodians of the wealth, which was quite a different matter.

You got at that point a separation of the issue of these things that we call money from the wealth-producing centre; you got a separate centre which did not produce wealth at all - it simply took care of it under those conditions.

Now that condition was continuous up to a very short time ago, practically up to the beginning of the European War, and the convention was that either a bank-note or a cheque on a deposit - which was simply an order to a goldsmith to pay so much to somebody else, which is exactly what was done in the old days - when both of those things, the bank-note or the cheque, were supposedly cashable at any time in tangible wealth at the bank.

The idea was that the bank was a custodian of a certain amount of tangible wealth, and that could be drawn out by means either of a bank-note, which was payable on demand, or by a cheque, and the actual tangible wealth could be taken away. That was the convention.

There is an idea put forward by people, who ought to know better, at the present time, that banking is that sort of thing now. It is nothing like that, as I propose to show you.

Well, now, there used to be, of course, a lot of bank failures, even in Great Britain, and those banks failed because people suddenly decided, all at once, to draw out the things for which they had orders on the bank in the form of bank-notes or cheques, and when they all tried to draw out at once they found it was not there. That is what happened.

It never was there; it never has been there for at least a hundred years. The bank has never consisted, in the last hundred years, of merely handing out at one end of the counter what was put in at the other. No bank ever paid a dividend in the last hundred years on the process of merely lending that which it took in. There is no possible doubt at all about this thing.

I sometimes wonder why it is that certain protagonists - certain defenders of the present banking system - go on arguing about this matter. There is no possible doubt about it. There are any number of authorities who are all agreed about it, and one of them is the Encyclopedia Britannica. If you will turn up the article on "Banking" in the Encyclopedia Britannica you will find this written: *"Banks lend by creating the means of payment."* Not merely by lending the means of payment, but by CREATING the means of payment.

The matter has been explained by a dozen quite unimpeachable authorities, including Mr. Hawtrey, an Assistant Secretary of the Treasury, in London, who explains exactly how it is done in his book.

I have explained it myself, but I do not set myself up as an authority, and anybody who likes to go into the matter can convince himself that nowadays the banking system is a mechanism for actually creating purchasing power, and is a separate organisation from the producing system, which is controlled by the ticket system, and it is there that you have to look for the lack of purchasing power and for the means to put right this lack of purchasing power.

Now, what is it that we have to do to put right the lack of purchasing power, assuming for the moment that we have the power to do it? That is a separate story. But, assuming for the moment that we have the power, what is it that we want to do?

There are two sides to this question of a ticket representing something that we can call, if we like, a value. There is the ticket itself - the money which forms the thing we call "effective demand" - and there is something we call a price opposite to it.

If we have a one-pound note as a certain value dependent on the price against which it is offered, we can generalise that by saying this: that the purchasing power of money is inversely proportional to the price level, by which we mean, of course, that if the average of all things that you want to buy goes down, then the purchasing power of money goes up. That is what we mean by saying that the purchasing power of money is inversely proportional to the price level.

Now, if you have a lack of purchasing power there are two things that you can do in regard to it. The first and most obvious thing, but, as so very often happens, not the right thing to do, in regard to it, is to issue more tickets to make up the lack between the purchasing power available and the prices of the goods for same. But if you do that you come up against a difficulty which is well known, and that is that you get a rise in the prices of articles against which the money is offered, because there is nothing to prevent the prices being raised when the sellers find there is more money about. But you can produce exactly the same result by, let us say, halving the price of everything.

That is to say, instead of doubling the amount of money on one side, if you halve the price of everything for sale on the other side, you will produce exactly the same result as if you had doubled the money without raising the prices. That is exactly the same thing.

Now there is a very obvious disadvantage in merely halving prices arbitrarily: one with which in New Zealand, I have no doubt, you are very familiar. And that is that the unfortunate man who produces the goods either has to dispose of them at a loss or keep them under present conditions That is by no means necessary.

Supposing that you decide that you want to double the purchasing power: you can, as I say, quite obviously double the amount of tickets; but supposing you say:

> *"Well I will not give those tickets to the public because that will raise prices, I will apply the same amount of purchasing power to the reduction of prices. That is to say, that I will give the purchasing power to the man who produces*

in the first place to enable him to sell at half price so that the public will then have twice the purchasing power, and the price will be halved. That will reduce the gap between purchasing power and prices, and will not produce a loss to the producer."

Now, it is constantly being stated that that is inflation. Of course, these words are bandied about because there are certain very powerful influences who do not want a change in the financial system - do not want it rectified. No monopoly has ever existed in the world such as the monopoly of credit: the monopoly of those tickets which are producing your effective demand.

No monopoly has ever existed of such far-reaching powers as this monopoly, and it would be absurd for us to say that those who are in possession of that monopoly will not fight to retain it, and therefore you may expect that all possible misrepresentation and confusion, which can be thrown into this matter, will be thrown into it, and is thrown into it, and one of the very favoured devices is to suggest that anything which is a change towards producing more purchasing power is something that is called "inflation."

Well, now, let me define the thing. There is such a thing as inflation: there was inflation in Germany after the War, and in Russia and elsewhere.

Inflation is an increase in the number of tickets accompanied, mark you, by a corresponding increase in prices so that both price and effective demand are equally raised, and the purchasing power in that case is decreased.

That is true inflation, and simply amounts to a tax upon those people who already have purchasing power because their purchasing power, owing to the rise of prices which is produced by true inflation, will buy less. They are simply taxed to the extent of the inflation, and that is exactly the thing which the orthodox economists and the bankers are asking to take place at the present time when they say that what is required is a rise in prices.

So that we are at one with those people who say that inflation is to be avoided. How it is possible for all those people who have attacked the views which I am putting forward tonight as inflation, to have the hardihood to suggest that what is really wanted in the world is inflation, I really do not understand; but that is what they are saying.

Now a rise in purchasing power accompanied by a fall in prices is not inflation - it is an increased purchasing power, which is quite a different thing, and if you do apply credit as we call it - the source from which purchasing power is drawn - to a reduction of prices you cannot produce inflation.

We have had during the past ten or twelve years an absolute demonstration of the fact that it is possible to pay for an article from two sources, thus lowering the price, and not producing inflation. Nobody would suggest that the last few years was a period of inflation, either in Great Britain or even in New Zealand. During that time any number of articles have been sold below cost, and it has been done by the public paying the price of those articles at which they were sold, and the producer, out of his own private reserves, paying the difference and making a loss, and that is a demonstration of paying for an article from two sources and not raising prices.

Now if you can pay for an article from two sources, one of which is the private reserves of the individual, you can certainly pay for an article from two sources when the public credit is there to second it, without raising prices. But, as a matter of fact, while that constitutes a bridge between the lack of purchasing power and the goods which are demonstrably there to be purchased, it does not meet what is one of the increasingly important aspects of the present situation, and that is this: *There exists at the present time an entirely new productive system which has been growing up inevitably in the past seventy-five years.*

We are accustomed to look on the productive and economic system as if it was the same thing that Adam Smith talked about one hundred years ago when individuals or small productive concerns - very small productive concerns, chiefly individuals - produced practically all the wealth of the world and exchanged it with each other, and it was probably fairly true to say at that time that *"money was a medium of exchange."*

Now from the economic point of view in the modem world, an increasing number of people have got nothing to exchange. That increasing number of people are the people that we call the "unemployed." Their labour is not wanted by the present economic system. It has changed from being an individualistic producing system to being what you might call a *"pooled co-operative producing system."*

The fact that we have not got what we call a "cooperative state" in the Socialist sense does not in the least mean that we have not got a co-operative State in the technical sense. We have got it now - we are all co-operating in making that thing which we call the standard of living. One man makes one thing; another man makes another thing, and those things are no use to these men unless they are pooled and drawn upon by something that we call "effective demand."

So that the modern economic system has completely changed from the system of exchange between individuals to a single wealth-producing system on which we all require to draw from the centre to the circumference, as you might say.

The creation of wealth at the present time is inevitably a co-operative matter. One man, by means of a most ingenious machine, makes a nut and a bolt. That nut and bolt is no good to him by itself - he does not live on nuts and bolts. Some other man has to make some other little bit of machinery, and together with a hundred or two of them, makes up what we call a motor-car. While a motorcar is useful, you cannot live on motor-cars.

Somebody else has to make a lot of things through more ingenious machinery. We have steam-baked bread, machine-baked bread, plumbing and so on, all of which form the single pool of wealth from which we all draw.

Now this single pool of wealth is produced primarily by power and by ingenious kinds of machines. It is not produced primarily by labour at all, and it requires less and less labour to produce it, and from the point of view from which I am looking at the thing, the perfect industrial system will be one which requires no labour at all.

We have not got to that point yet: we are getting there pretty fast if something does not stop us.

We have to recognise that there is an increasing number of people - a number which is bound to increase continuously up to the point where it forms the major portion of the population - which will not be required, for any considerable length of time of their lives, in the economic and productive system at all. That is one of the facts that you have to face along the lines on which we are going - and the proper lines too.

Now then we have to arrange that those people can get goods without being employed. Our objective is not to employ those people but to disemploy them and yet give them the goods.

Now you can do that quite easily by something that we know as the dividend system. If you have a dividend at the present time - if you are the owner of some of those very few shares existing in the world, still paying dividends - you are in fact getting a piece of paper which entitles you to a fraction of the production - not of the particular thing in which you have shares - but of the total production of the world.

We have this pool of wealth, and if we extend this dividend system so that all of us who are not employed can have our dividend warrants, and those who are employed can be paid in addition to being employed, then we would have a state of affairs which exactly parallels the physical facts of the case, and nothing else.

I can well realise that there is need of great mental adjustment to agree to proceed along those lines.

We have developed on the physical and productive sides to a stage which we can quite properly call middle twentieth century. We have not developed in our economic thinking processes, which are middle fourteenth century, and we have got to make up a great deal of lost time in a very short space; but the only way to do that is to clear your minds of any doubt whatever as to what it is you are trying to do.

If you will persist in assuming that the economic system is going to be some sort of governmental system - that all sorts of moral questions as to whether a certain man is worthy to have what you call a dividend, or whether it would be demoralising to him to have a dividend or something of that sort - you are simply introducing into what is an arithmetical proposition all sorts of propositions which have nothing to do with arithmetic at all.

Make up your minds what it is you want your productive and your financial systems to do. Do you want them to be a governmental system? Do you want to make certain conditions which will govern a man getting these things, because if you do you want to dampen down your producing system; you want to cut down your producing system, and stop your producers from producing wealth, and your chemists from finding fresh methods of producing wealth. Stop these people and say: *"We do not want any more wealth; there are quite a number of people in the world who are not worthy of having wealth, and we do not want them to have it."*

I think it is very wrong from my point of view, but if you are going to do that sort of thing, be conscious of what you are doing, and do not mix it up with arithmetic - that is the important point.

Now, before closing, let me put to you: what are the difficulties?
The difficulties are not at all on the productive side - the problem is not on the productive side at all, nor is it on the administrative side. It has nothing whatever to do, for instance, with the respective merits of administering, let us say, a large productive factory as a nationalised factory or as a private factory - those are questions of administration.

What we do know at the present time, beyond any possibility of doubt, is that whether the administrative system is perfect or not it is producing, not merely all that we can use by our financial system at the present time, but large surpluses, and in my opinion it is nothing less than suicidal to start reorganising an admittedly effective producing system before you have touched upon where the real trouble lies, and that is in the effective demand system, the purchasing power, so that you have to realise that it is neither in the actual processes of production nor in the methods called administration of production, that this trouble lies.

It lies simply and solely in this ticket system which is summed up in the words, **"the monopoly of credit,"** and the monopoly of credit is to all effects and purposes the same thing as the banking system.

Now I do not want to suggest and I never have suggested at any time, that bankers are anything less than ordinary persons of society, so far as 95 per cent, of them are concerned. I make a reservation of 5 per cent. And I wish to say that none of those 5 per cent, are in New Zealand, so that no one can say that I am criticising New Zealand.

But you have to recognise this fact: that this monopoly of credit is, as I say, the most terrific weapon for controlling the bodies and even the souls of the population of this earth, because it is controlled very often by publicity, and as there are various ways of disseminating publicity, it has terrible effects - the fear of the economic system - on the people, and does not only control their bodies, but their very souls to a large extent, and that is not going to be rectified without a very severe struggle.

There are two ways by which the problem can be attacked, and one of those ways has to do with the fact - which I honestly believe - that 95 per cent, of the personnel of the banking system are just ordinary, every-day hardworking business people like anybody else. You can make it clear to that 95 per cent, that they are engaged in a very anti-social business as carried on at the present time, and you can - and I say this with a full appreciation of the implications to be put upon it - drive a wedge between the 95 per cent. and the irreclaimable 5 per cent. (not situated in New Zealand).

That has been done to my certain knowledge in many countries of the world, and there is no doubt at all about it that this cleavage in opinion in regard to this vital question is penetrating into the very highest quarters of financial circles at the present time, and a great deal of pressure is being placed in very high places indeed to get that 5 per cent. to see sense.

I speak with some knowledge of what I am talking about:
but I do not believe they will ever make that irreclaimable 5 per cent, see sense. Then the answer is that they have got to be put out. If they cannot be put out by the pressure of their own associates and subordinates, backed up by an increasingly firm and powerful public opinion, then they have got to be put out by constitutional means: by which I mean they have got to be put out by bringing the powers of politics to bear upon them.

That I put second amongst the methods by which this matter can be achieved. But I would like to say in regard to this second method that it has a vital bearing on the inadvisability of pressing too quickly for the nationalisation of banking. I do not say that something like the nationalisation of banking will not have to come. I think it probably may have to come. But what I am perfectly certain of is that if you unite the powers of governments with the powers of banking before you have changed the banking system, you have got a problem which is doubly difficult to solve.

So that what you have to do, if necessary, is to set the Government against the banks. That is what has got to be done, but that has only got to be done, in my opinion, second, when all other things have failed, and first of all the pressure ought to be increased from every outside source on those who are in control over this system to see sense, and to realise that any continuation of this present absurd situation - because tragic as it is, it is almost equally absurd - cannot continue for more than a very limited space of time without a world-wide catastrophe, and whether with or without that catastrophe I am certain it cannot continue more than three or four years.

So, as I have said before, I do suggest to those people who are in power in these matters that they have no earthly chance of retaining this position in the control of forces which - very largely by negligence on our part - we have allowed them to usurp, and as they have no chance of retaining it, the sensible thing is to come down before they are brought down, because they are going to be brought down whatever the consequence.

Unless this is done, the consequences to the world at large are too terrible to contemplate.

There must be some rectification. We know the plan proposed on which the rectification should take place; but the details are not details of one fixed plan which can be clamped down on any country as the only plan which will suit the world. That is not true. Probably a plan for New Zealand would be a different plan from a plan for Australia, but the main principles are absolutely clear at the present time.

The financial system is nothing but a ticket system. The ticket system must be made to reflect the actual truth of the productive system and not attempt to control it. Finance must be made to follow industry and business and not control them, and the actual means by which real wealth is produced must be recognised as being largely descended to us from the labours and the genius and the work of very large numbers of inventors, and so forth, who are now dead, and these inventions are the legacy of civilisation and therefore the product of their legacy is something to which we all have a right, and because that is the chief form of production, it is the factor in production which we all of us have a right to share. Only in that way can this absurd anomaly - this unbelievable anomaly between poverty and tremendous, either actual or potential, plenty - be solved, and if that anomaly, that paradox between poverty and distress on the one hand and potential plenty on the other, is not quickly solved, then the civilisation to which we have devoted such wonderful care, and brought on to the very edge of a golden age, will go down with those of Greece and Rome. ***

The Pyramid Of Power By Major C. H. Douglas

***The English Review* 28 (1919): 49-58**

At various well-defined epochs in the history of civilisation there has occurred such a clash of apparently irreconcilable ideas as has at this time most definitely come upon us. Now, as then, from every quarter come the unmistakable signs of crumbling institutions and discredited formulæ, while the widespread nature of the general unrest, together with the immense range of pretext alleged for it, is a clear indication that a general re-arrangement is imminent.

As a result of the conditions produced by the European War, the play of forces usually only visible to expert observers, has become apparent to many who previously regarded none of these things. The very efforts made to conceal the existence of springs of action other than those publicly admitted, has riveted the attention of an awakened proletariat as no amount of positive propaganda would have done. A more or less conscious effort to refer the results of the working of the social and political system to the Bar of individual requirements has on the whole quite definitely resulted in a verdict for the prosecution; and there is little doubt that sentence will be pronounced and enforced.

It is widely recognized that a mangled and mis-applied Darwinism has been one of the most potent factors in the social development of the past 60 years; from the date of the publication of *The Origin of Species* the theory of the "survival of the fittest" has always been put forward as an omnibus answer to any individual hardship; and although such books as Mr. Benjamin Kidd's *Science of Power* have pretty well exposed the reasons why the individual efficient in his own interest, and consequently well fitted to survive, may and will possess characteristics which completely unfit him for positions of power in the community, we may notice that one of the most serious causes of the prevalent dissatisfaction and disquietude is the obvious survival, success and rise to positions of great power of individuals to whom the term "fittest" could only be applied in the very narrowest sense.

And in admitting the justice of the criticism, it is not, of course, necessary to question the soundness of Darwin's theory: it is simply evidence that the particular environment in which the "fittest" are admittedly surviving and succeeding, is unsatisfactory, that in consequence those best fitted for it are not representative of the ideal existent in the mind of the critic, and that environment cannot be left to the unaided law of Darwinian evolution, in view of its effect on other than material issues.

To what extent the rapid development of systematic organisation is connected with the statement of the law of biological evolution would be an interesting speculation; but; the second great factor in the changes which have been taking place during the final years of the epoch just closing is undoubtedly the marshalling of effort in conformity with well defined principles, the enunciation of which has largely proceeded from Germany, although their source may very possibly be extra-national; and while these principles have been accepted and developed in varying degree by the governing classes of all countries, the dubious honour of applying them; with rigid logic and a stern disregard of by-products, belongs without question, to the land of their birth. They may be summarised as a claim for the complete subjection of the individual to an objective which is externally imposed on him; which it is not necessary or even desirable that he should understand in full; and the forging of a social, industrial and political organisation which will concentrate control of policy while making effective revolt completely impossible and leaving its originators in possession of supreme power.

This demand to subordinate individuality to the need of some external organisation, the exaltation of the State into an authority from which there is no appeal (as if the State had a concrete existence apart from those who operate its functions), the exploitation of "public opinion" manipulated by a Press owned and controlled from the apex of power are all features of a centralising policy commended to the individual by a claim that the interest of the community is thereby advanced and its results in Germany have been nothing less than appalling; the external characteristics of a nation with a population of 65 millions have been completely altered in two generations, so that from the home of idealists typified by Schiller, Goethe, and Heine, it has become notorious for bestiality and inhumanity only offset by a slavish discipline. Its statistics of child suicide during the years preceding the war exceeded by many hundreds per cent. those of any other country in the world, and were rising rapidly; insanity and nervous breakdown were becoming by far the gravest problem of the German medical profession; its commercial morality was devoid of all honour; and the external influence of Prussian ideals on the world has undoubtedly been to intensify the struggle for existence along lines which quite inevitably culminated in the greatest war of all history.

The comparative rapidity with which the processes matured was no doubt aided by an essential servility characteristic of the Teutonic race, and the attempt to embody these principles in Anglo-Saxon communities has not proceeded either so fast or so far; but every indication points to the imminence of a determined effort to transfer and adopt the policy of central, or, more correctly, pyramid, control from the nation it has ruined to others, so far, more fortunate. In the sphere of politics in this country it is clear that all settled principle, other than the consolidation of power, has been abandoned and a mere expediency has taken its place. The attitude of statesmen and officials to the people in whose interests they are supposed to hold office is one of scarcely veiled antagonism only tempered by the fear of unpleasant consequences. In the State services this prevalence of intrigue, the easy supremacy of patronage over merit, and of vested interest over either, has kindled widespread resentment; levelled not less at the inevitable result than at the personal injustice involved.

As a result of the pursuit of this policy, in its relations with labour the State is hardly more happy. The interim report of the Commission on Industrial Unrest contains the following significant statement:

> *"There is no doubt that one cause of labour unrest is that workmen have come to regard the promises and pledges of Parliament and Government Departments with suspicion and distrust."*

In industry the perennial struggle between the forces of Capital and Labour on questions of wages and hours of work are daily becoming more complicated by the introduction of issues such as status and discipline, all of which are expressions of dissatisfaction with a system rather than with incidents, and it is universally recognised that the periodic strikes which convulse one trade after another have common roots far deeper than the immediate matter of contention. In the very ranks of Trade Unionism, whose organisation has become centralised in opposition to concentrated capital, cleavage is evident in the acrimonious squabbles between the skilled and the unskilled, the rank and file and the trade union official.

It will hardly be questioned that the struggle centres in economic power, and that the concentration of the control of capital is an outstanding feature of it. It will be necessary to examine in somewhat greater detail the effect of this concentration which is proceeding with ever-increasing rapidity, but it may be emphasised at this point that one of its effects is its contribution to the illusion of the fiercely competitive nature of international trade. Mr. J. A. Hobson in his *Democracy after the War,* points out this effect in the following words:

> *"Where, the product of industry and commerce is so divided that wages are low, while profits, interest, and rents are relatively high, the small purchasing power of the masses sets a limit on the whole market for most staple commodities. The staple manufacturers, therefore, working with modern mechanical methods, that continually increase the pace of output, are in every country compelled to look more and more to export trade, and to hustle and compete for markets in the backward countries of the world. . . . Just as the home market was restricted by a distribution of wealth which left the mass of people with inadequate power*

to purchase and consume, while the minority who had the purchasing power either wanted to use it in other ways, or to save it and apply it to an increased production which still further congested the home markets, so likewise with the world markets. . . . Closely linked with this practical limitation of the expansion of markets for goods is the limitation of profitable fields of investment. The limitation of home markets implies a corresponding limitation in the investment of fresh capital in the trades supplying these markets."

The effect of this artificial incentive to compete for markets, immensely reinforced by the economic effect of the use of machinery in decreasing the percentage of the manufacturing cost of commodities distributed in wages and salaries, has been still further to concentrate power in the hands of the minority by the intensification of the struggle for employment; the pre-war estimate of one-third of the population of Great Britain continually lacking a sufficiency of the bare necessaries of existence was paralleled by a constant rise in the cost of living tending to increase this number and a steady expansion in the variety of luxury trades catering for a very small minority.

We are at the moment only concerned with these facts to the extent that they support the suggestion that centralisation is essentially a device for focussing the result of whatever subject matter is dealt with by it, at the apex of the pyramid, and cannot therefore be successful as a political and social structure designed to distribute these results. They have, however, a very practical bearing on the immediate situation, since all experience of centralised organisation indicates that, while strong against external attack, it is most vulnerable to disruption from within.

Now it may be emphasised that a centralised or pyramid form of control may be, and is in certain conditions, the ideal organisation 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 organisation 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 administration, and for this reason the advantage accruing from the use of it for the attainment of one concrete objective, such as, let us say, the coherent design of a national railway or electric supply system (just so long as these objects are protected from use as instruments of personal and economic power) is quite incontrovertible; but every particle of available evidence goes to show that it is totally unsuitable as a system of administration for the purposes of governing the conditions under which whole peoples live their lives, and that it is in opposition to every real interest of the individual when so used.

The necessity for a clear recognition of the differences between the application of the principle to the attainment of a single objective and its fundamental unsuitability in dealing with complex issues is quite vital, and an analogy from the experience of the war may emphasise the distinction. During the early days of the struggle large numbers of men sacrificed position as well as comfort and safety by enlisting in the ranks of the various Services, well content if thereby the defeat of Germany might be achieved. The military organism is essentially and necessarily pyramidal in form, and as a result the "standardized" environment, in spite of the best of goodwill, has undoubtedly been a serious hardship to many, and has only been borne in view of the nature of the situation. It is quite certain that the difficulties resulting from this factor have grown with the length of the War and the consequence of the characteristics of the system; and that any attempt to crystallise the position, subsequent to peace, on the basis of war rank or even achievement, would be violently resented and eventually upset. While, therefore, every advance towards the single command has been a military gain *per se,* it would be absurd to suggest that it has indicated an avenue to social reform.

Notwithstanding the centripetal tendency indicated, there exists an entirely opposite movement which may eventually reverse the situation in so far as the control of initiative is concerned. The comparative fighting strength of these two influences is, at the moment, impossible to estimate, but it is significant that all the most modern tendencies in education seem to accentuate their essential antagonism, and it is reasonable to expect that the wider range of education will provide the deciding factor in the struggle. It is proposed to examine various aspects of decentralisation in a subsequent article, but for the moment it is sufficient to point out that we are faced with an apparent dilemma, an extra-national minority policy of centralised control, both in politics and industry, backed by strong arguments as to the increased efficiency and consequent economic necessity of organisation of this character (and these arguments receive support from quarters as widely separated as, say, Lord Milner and Mr. Sidney Webb), and, on the other hand, a deepening distrust of such measures bred by personal experience and observation of their effect on the individual. A powerful minority of the community, determined to maintain its position relative to the majority, assures the world that there is no alternative between a pyramid of power based on passive acceptance of an imposed social, industrial, and intellectual policy, and some form of famine and disaster, while a growing and ever more dissatisfied majority strives to throw off the hypnotic influence of training and to grapple with the fallacy which it feels must exist somewhere.

Now let it be said at once that not only is there no evasion of this dilemma possible by the introduction of questions of personality, but that the effect of a single organisation of this character applied to the complex purpose of civilisation produces a definite type of individual, of which the Prussian is one instance. Pyramidal organisation is a structure designed to concentrate power, and success in such an organisation sooner or later becomes a question of the subordination of all other considerations to its attainment and retention. For this reason the very qualities which make for personal success in central control are those which make it most unlikely that success and the attainment of a position of authority will result in any strong effort to change the operations of the organisation in any external interest, and the progress to power of an individual under such conditions must result either in a complete acceptance of the situation as he finds it, or a conscious or unconscious sycophancy quite deadly to the preservation of any originality of thought and action. While, therefore, high character and disinterested conduct may and do exist in such an environment, they will not, on the whole, conduce to the attainment of positions of administrative authority. It cannot be too heavily stressed at this time that similar forms of organization, no matter how dissimilar their name, and whether as apparently opposed to each other as, let us say, the National Union of Railwaymen and the Railway Executive Committee, favour the emergence of like characteristics, quite irrespective of the principles underlying the design of the structure, and not to its name or the personalities originally operating it, that we may look for information on its eventual performance. For instance, it is instructive in this connection to notice the changes which have taken place in industrial conditions (of which politics are becoming a reflection) subsequent to the industrial revolution of the late eighteenth and early nineteenth centuries. Prior to this time the workman, his tools, and his policy were to a large extent united in one and the same person; industrial initiative was decentralized, and industrial problems were not serious. With the advent of machinery came the intervention of the financier into industry, willing to provide the able craftsman with means to extend the exercise of his skill on payment for his services. The development from this stage, through the small workshop run on borrowed money by the enterprising man who both worked himself and directed the work of others; through the larger factory in which the function of the craftsman ceased to be exercised by the employer, who retained only the direction and management; to the large limited liability company or trust, in which the craftsman, the management, and the direction of policy became still further separated, has been logical and rapid, and this development carries with it changes of a fundamental character.

As has already been pointed out, behind all effort lies the active or passive acquiescence of the human will, which can only be obtained by the provision of an objective; and the separation of large classes into mere agents of a function has made it possible to obtain the more or less complete co-operation of large numbers of individuals in aims of which they were completely ignorant and of which, had they been able to appreciate them in their entirety, they would have completely disapproved; and here the essential similarity of the Prussian political system becomes evident. The power which wealth has given over education and its interaction with ecclesiasticism have combined to roster the idea that so long as the orders of a superior were obeyed, no responsibility, rested on the individual. It is not, of course, suggested that commercial policy has been deliberately and uniformly dictated by unworthy motives—far from it; nor is it unlikely that, had the processes of production and distribution been separated from any control over individual activity along other lines, its development might have been in the best interests of the economic system; but since it has been accompanied by a growing subjection of the individual as a complete entity to the machine of industrialism, it is unquestionable that the centralisation of power and policy and alleged responsibility in the brains of a few men whose deliberations are not open to discussion; whose interests, largely financial, are quite clearly in many respects opposed to the interests of the individuals they control and whose critics can be victimised, is without a single redeeming feature; and is rendered inherently vicious by the conditions which operate during the selective process. When it is further considered that these positions of power fall to men whose very habit of mind, however kindly and broad in view it may be and often is in other directions, quite inevitably forces them to consider the individual as mere material for a policy--cannon fodder, whether of politics or industry--the gravity of the issue should be apparent.

In addition, however, to these general considerations there are a number of specific phenomena which seem to be definite by-products of centralisation of policy considered as an embodiment of the will-to-power. While the concentration of effort on the methods of industry has resulted in an enormous advance in the application of machinery to work which previously had to be performed by hand, it is realised that the financial and economic system is so arranged that labour-saving machinery has only enabled the worker to do more work; that any reduction in hours is bought by increased strenuousness, and that the ever-increasing rate of production, paralleled by the rising price of the necessaries of life (clearly attributable to the control of production in the interests of the capitalist rather than the consumer*), is a sieve by which are eliminated all ideas, scruples, and principles which would hamper the individual in the scramble for an increasingly precarious existence.

If the preceding survey of some of the more salient facts of the general economic and social situation as it exists at present has been to any extent successful in indicating a general principle, it will be evident that the real antagonism which is at the root of the universal upheaval with which we are faced is one which appears under different forms in every aspect of human life. It is the age-long struggle between freedom and authority, between external compulsion and internal initiative, in which all the command of resource, information, religious dogma, educational system, political opportunity, and even apparently economic necessity, is at the disposal of the will-to-power, and only history offers grounds for the expectation of any measure of success on the side of freedom. This antagonism does, however, appear at the present time to have reached a stage in which a definite victory for one side or the other is inevitable. It seems perfectly certain that either a pyramidal organisation, having at its apex supreme power and at its base virtual subjection (however disguised by Garden Cities and Ministries of Health), will crystallise out of the centralising process which is evident in the inter-related realms of finance, industry, and politics; or else a more complete decentralisation of initiative than this civilisation has ever known will be substituted for external authority.

The issue transcends in importance all others; the development of the human race will be radically different as it is decided one way or another; but as far as it is possible to judge, the general advantage of the individual will lie with the extension of centralisation in the provision of material facilities, combined with the evolution of the progressively decentralised power of decision in respect of their employment.

The implication of this is a challenge, which will become more definite as time goes on, to all external authority as to its right to adjudicate on the absolute value of various forms of activity. Already this claim is appearing in the demand for the "right to work" and the establishment of a minimum wage. The practical difficulty of estimating the relation between material reward and individual effort is becoming in any case increasingly complex and lends additional probability to early action along these lines. It is quite clearly recognised by the capitalist that the admission of such a principle is a serious threat to his power, and considerable effort will probably be devoted to making such payments conditional on some definition of good behaviour, but the independence of action which will result will in itself be a very probable source of further development.

Before proceeding to a consideration of the forms in which a definite change of principle seems to be manifesting itself, it is desirable to recognise certain non-material factors in the situation. The distinctive feature of the mentality of Germany was its paganism joined to animalism. Such phrases as "Nature, red in tooth and claw," "War is a biological necessity," "The law of the jungle," are typical of the mind nurtured on the will-to-power; not confined to Prussia but certainly most truly at home there. This mentality, when religious--and it is frequently fanatically religious--is quite invariably pagan, in the sense of the veneration of a tribal God of Battles--a variety of glorified Moltke-Bismarck--of definitely personal type. On the other hand, one of the most marked features of the real revolt against autocracy is a strong vein of mysticism with its accompanying intuition together with a determined assertion of the essentially human nature of all social problems. It is quite impossible to overate the importance of this factor as a measure of the energy behind the various revo1utionary movements and in estimating the probable outcome of the struggle, too much attention cannot be paid to the assessment of psychological characteristics in their alignment with modern thought.

*See “The Delusion of Super-Production” in ENGLISH REVIEW 28, Dec (1919): 100-107

The Pyramid of Power II By Major C. H. Douglas

II

In the preceding article an attempt was made to show that the distinctive feature of the pre-war social structure was its tendency to the pyramid form in every phase of its activity; that this organisation carries with it a definite environment which develops the will-to-power; that the result of the war, with its opportunities for the concentration of power had been to increase the probability of a determined attempt to consolidate the position, and so win a final victory for the principle of domination, benevolent or otherwise; and that the permanent weapon in the hands of the exponents of the will-to-power was the economic ability to cut off the supply of the necessaries of life. Further, it was suggested that the design of the structure favoured the acquisition of authority by individuals unfitted both by temperament and training to exercise general authority other than in a specific interest, and as a consequence a strong decentralising influence was a growing factor in the world-wide situation.

Now, strong and embittered differences of opinion resulting in some sort of conflict are nothing new in the history of civilisation; they recur with dreary monotony. The relative merits of a York or a Lancaster, a Stuart or a Cromwell, a King George or a President Washington, have driven countries from top to bottom without resulting in an emergence of anything very new in outlook or environment. Such differences as were observable in the general conditions of life as between, say, Republican countries and Constitutional Monarchist England before the war, were, on the whole, on such differences as are inevitable as between peoples of varying temperament; the general outlook on life was competitive, and the economic structure was consequently pyramidal both internally as between individuals and externally as between nationalities. For this reason no practical difficulty was or is involved in the dealings between such governments other than those inherent in the system—the outlook was a common outlook and its code was not initially dissimilar from the Law of the Jungle.

But there is a definitely novel component in the present upheaval; apart from the magnitude of the front involved, the cleavage is in the main horizontal and the issue is impersonal. It is not a question of the substitution of Jones by Brown as chairman of the firm (a process which both Brown and Jones understand and of which in principle they approve, having "arrived" by that method), but of a liquidation and reconstruction in such a form that, under the new conditions, it is of much less consequence either to themselves or neighbours what position they occupy—a proposition which rouses fundamental antagonisms.

The stratification inherent in a society organised on a power basis places a definite limit on the possibility of rewarding any quality whatever which does not aim at power; and it is, of course, obvious that positions of real power become fewer as the unification proceeds—that is to say, the power becomes focused at the apex of the pyramid. In consequence it becomes supremely important to the maintenance of the system that its upper strata should be largely composed of persons temperamentally sympathetic to the will-to-power; a selection process based on the possession of this temperament becomes progressively more important as the pyramid increases in size; and for this reason there is nothing in better general conditions to compensate our friends Brown and Jones for any change which reduces the opportunity of exercising and enhancing the will-to-power.

The demand for decentralization, which is the only threat to the achievement to the perfect servile world so accurately portrayed by Mr. Kipling in his story, *As Easy as A.B.C.*—a world in which any discussion likely to interfere with Traffic *and all that it implies* would be swiftly and effectively closured with the aid of a Reconstructed Air Fleet armed with really effective weapons; under the orders of a Central Board with the interests of Traffic-and-all-that-it-implies thoroughly at heart--has three roots: religious, economic, and political—all, of course, to some extent interconnected.

While the first is very possibly the most important because the most noumenal (thing-in-itself), it is only necessary for our purpose to indicate it as a conscious repudiation of priestcraft in any shape whatever. This feature is universal in all the widely varying forms taken by the attempts to embody a practical decentralised Constitution--the Russian suffrage is withheld from priests, lunatics, and nonproducers only, and the first effect of the revolution in Germany was to bring the Socialist proletariat into violent collision with the Roman Catholic Centre Party. There is an immediate reaction from this cause on education, and for practical purposes in this connection religion and education may quite fairly be bracketed together.

The industrial aspect is complicated and at the same time, fluid in the extreme. In this country the Trades Union official, whose organisation is generally moulded on that of Capital, is generally a Collective Socialist or simply a Progressive Reformer, and is apt to be a potential bureaucrat; while the shop steward of the Rank and File movement is either a Syndicalist or an advocate of National Guilds, which may be fairly considered as representing the British attempt at decentralising industry. Since all these various movements agree in attacking Capitalism, and it is at the moment almost the only point on which they do agree, it is fair to assume that Capitalism is in some danger.

Now, that from the employment and misuse of the Capitalistic system as an instrument of the will-to-power, proceed most of the economic and political evils from which we suffer is certain; but in attacking it the Collective Socialist, at any rate, has completely missed the point that it is the concentrative tendency and not the private ownership as such which is the inherent danger, against which his universal panacea of nationalisation provides in itself no safeguard whatever.

Prussianism, with its theories of the supreme state and the unimportance of the individual, is the absolute negation of private ownership and initiative, either in industry or elsewhere, which has in any case for practical purposes largely succumbed to the Trust. In these matters it is again of paramount importance to consider principles and not labels, and the suspicious eagerness with which the reactionaries in every country are ready to support a Kerensky or an Erzberger if they cannot have a Romanoff or a Hohenzollern should make us very careful in ensuring that after fighting the greatest war of all history to make the world safe for democracy, we do not tip out the baby with the bath-water and make democracy still more unsafe for the individual than it is at present.

The situation is indicated with somewhat naive accuracy by the *Morning Post* in its issue of November 30th, 1918, page 3, as follows:

> "This . . . control of the Trade Unions and branches ought to be countered by equally active and persistent groups of patriots within the Labour movement.
>
> "But in order to do this, we have to get rid of the very common fallacy that democratic bodies are subject to majority rule. You can make the constitution as democratic as you please, but you cannot prevent *government by the few. This is human nature*" (*Morning Post's* italics).

It will not have escaped notice that the whole policy of the economic structure of industry on the basis of the Whitley Report (which is, of course, a priori, capitalistic), is the creation of a pyramidal Labour organization in every industry to which the principle is so well expressed by the *Morning Post's* Correspondent can be applied. This Report has had a mixed reception, and it is interesting to note that the greatest opposition has come from the Shop Steward movement, developed as an answer to the defects of older Trades Unionism; and the apprehension with which this effort at decentralisation is regarded by the reactionary capitalist is based far more on a recognition of the difficulties such a scheme of organisation offers to successful corruption and capture than to any regard for the specific items in the policy it may for the moment represent, most of which have been previously parried with ease when presented through delegated Trades Union leaders whose positions of authority have been perforce achieved by exactly the methods best understood by those with whom they have to deal.

As the Shop Steward movement is the most definite industrial recognition from the Labour side of the necessity for decentralisation, some examination of the general scheme is of interest. The actual details of the organisation vary from place to place, trade to trade, and even day to day; but the essence of the idea consists in the adoption of a decentralised unit of production such as the "shop" or Department, and the substitution of actual workers in considerable numbers for the paid Trades Union Official as the nucleoli of both industrial and political power (although the political power is not exercised through Parliamentary channels).

The shop steward is generally "Industrial" rather than "Craft" in interest; that is to say, he represents a body of men who produce an article rather than a section who perform one class of operation for widely different ends; but there is nothing inherently antagonistic as between the two conceptions of function. He is quite limited in his sphere of action, but initiates general discussion of the basis of first-hand information and forms a link between the decentralised industrial unit and other units which may be concerned. The practical effect of the arrangement is that the spokesmen are never out of touch with those for whom they speak, since the normal occupation and remuneration of representatives is similar to that of those they represent; and should any cleavage occur a change of representative can be easily secured. The official concerned has no executive authority whatever, nor can he take any action not supported by his co-workers, i.e., the direction of policy is from the bottom upwards instead of the top downwards. The individual shop stewards are banded together in a shop stewards' committee, which has again only just so much authority as the individual workers care to delegate to it.

It is, of course, obvious that the permanent success of any arrangement of this character depends on a common recognition amongst the individuals affected by the organisation of certain principles as "confirming standards of reference." In other words, it would be impossible to administer a complicated manufacturing concern on any such principles unless the general body of employees had a general appreciation of the fundamental necessities of the business inclusive of direction and technical design.

There is no doubt whatever that the idea provides possibility of self-government without external pressure to almost unlimited extent, and its similarity in principle to the Workmen's Councils, now appearing as a new feature in the political aspect, is obvious and rests on an appreciation of this point of view.

Since it is becoming increasingly evident that economics and politics are only two aspects of the same problem, success of the Shop Stewards movement will undoubtedly result in some form of greatly decentralised political administration along parallel lines. It is more difficult in these matters to separate the results of reactionary opposition and attack (to which all experiments dangerous to vested interests are subject) from results due to the actual conditions produced by them, and since it is quite unquestionable that every resource of autocracy, Trust-capitalism (as distinct from the individuals who happen to be capitalists), and, by no means least, international priest-craft, is concentrated in implacable opposition to the fundamental principle of decentralization whether applied to initiative or opinion, the exact practical effect of particular efforts to embody such a theory is hidden for the moment by the fog of war.

It has been necessary to examine these movements without prejudice, because the senseless and dangerous misrepresentation to which they are subject must, quite inevitably have the most unfortunate results. In all of them there is a definite principle at work, and the policy referred to can only have the effect of embittering the inevitable struggle; it will certainly not make a principle either more or less sound.

One of the most deplorable effects of disingenuous propaganda is the quite undue stress which the movements against which it is directed tend to lay upon the moral claims of manual—a situation which is a direct result of the attempt to mobilise intellectual forces against devolution of power. At this time there are two facts which are absolutely vital to any understanding of the world situation—the first, that the centre of gravity is in the relation of economics to psychology; and the second, that the economic system as it exists at present has failed to assimilate machinery. Let us take the second point first.

When it is considered that the real purchasing value of the work of one man for one hour (the man-hour expressed in terms of food, clothing, and housing) is not one-fifth of what it was in the fourteenth century, while the productive capacity of the man-hour-machine probably now exceeds, on the average, one hundred times the capacity of the simple man-hour, it must surely be obvious that there is something very wrong somewhere. It has already been pointed out in the *Delusion of Super-Production* that production, *per se,* is not at fault; that misdirected effort and faulty distribution have far more to answer for, and that faulty distribution is inherent in our industrial and financial system as it stands, and will not be cured by increased industrial production under the wage system as we know it.

The difficulty has its root in a fundamentally wrong conception of industry which, based on a flagrant defiance of the principles of the conservation of energy accepted in practically every other sphere of knowledge as axiomatic, is reflected in finance. Finance states that "production" is the object of existence, and effort expended thus is profit *per se;* the physics and mechanics of industry prove quite simply that production is a charge against existence—a necessary charge—but one to be reduced by increased efficiency to the narrowest limits. (This argument has nothing whatever to do with the alleged moral effect of industry.)

To realise this divorce between the facts of industrial process and the fiction of industrial accounting, consider a simple case such as the conversion of a bar of steel into let us say, a screwed bolt. The steel bar enters the factory at a price we may call "A"; wages to the value of "B" are expended on it, and a proportion of the general factory and administration charges, which we may call "C," are allocated against it.

Its "factory cost" thus becomes A + B + C. A sum "D" is expended in selling it, and a profit "E" has to be made on the process, its price thus becoming A + B + C + D + E. Now consider this process simply as a bill of quantities. We begin with "A"; a certain amount of "A" is deteriorated into shavings. The labour expended under "B" represents food eaten, clothes worn, houses built. "C" represents more human effort, electric or other power used (coal burnt), lubricant used, tools worn, and other indirect charges, while "D" and "E" represent more effort in units of a varying standard of value. The only thing actually left is "A" minus its shavings; and the actual measurable units of energy, very empirically indicated by "B," "C", "D" and "E," have been dissipated into forms in which they are not available for human use, and are the *cost to the community* of the transformation of "A" into a bolt, and, therefore, should be expressed as - B - C - D - E. The value depends entirely on the bolt's use, and is almost purely psychological.

If it be contended that the bolt can be exchanged for a loaf of bread, the answer is that such an exchange will not affect the units of energy required to make bread unless the bolt is used to increase the efficiency of bread-making.

The financial process just discussed, therefore, clearly attaches a concrete money value to an abstract quality not proven, and as this money value must be represented somewhere by currency in the broadest sense, it forms a continuous and increasing diluent to the purchasing value of effort.

Now, it has already been emphasised that at the moment economic questions are of paramount importance, because the economic system is the great weapon of the wi1l-to-power. It will be obvious that if the economic problem could be reduced to a position of minor importance—in other words, if the productive power of machinery could be made effective in reducing to a very small fraction of the total man-hours available man-hours required for adapting the world's natural resources to the highest requirements of humanity—the deflation of the problem, would, to a very considerable extent, be accomplished. The technical means are to our hands; the good-will is by no means lacking; and the opportunity is now with us. But it should be clearly recognised that mere reduction in the hours of work will not of itself provide the remedy if the machinery of remuneration is not modified profoundly.

The other aspect of the problem, the overwhelming importance, at the moment, of the reaction of economics on psychology, is due to the attempt to fit economics into a system which can only make the individual the complete slave of environment.

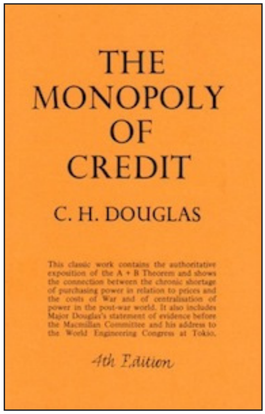
If any genuine attempt is made to extract a useful lesson from the history of human development, the conclusion is irresistible that the process is one long and, on the whole, continuously successful struggle to subdue environment, to the end that individuality may have the utmost freedom. Now, by the operation, misunderstanding, and misuse of our financial and industrial system in its application to economics, we have created an economic position which is such a formidable threat to the material existence of the individual that he is obliged to subordinate every consideration to an effort to cope with it. Partly by education and partly by what may be called instinct, it is increasingly understood that misdirected effort and unsound distributing arrangements, while operating to minister to the will-to-power, are entirely responsible for the position in which we find ourselves.

The practical issue at this time, therefore, is not at all whether this condition is to continue—it is simply one regarding the number of experiments, all very probably involving great general discomfort, which we are to endure until the inevitable rearrangement in alignment with the purpose of evolution is satisfactorily accomplished. And the suppression and perversion of the facts, on which alone sound constructive effort can be based, can have but one result—to increase the number of these experiments and the discomfort of the process. ***

*See "The Delusion of Super-Production" in ENGLISH REVIEW 28, Dec (1919)

<u>**Recommended Reading:**</u>

The following titles, along with many more are available on our website: ***<u>https://veritasbooks.com.au/</u>***



The Monopoly of Credit (C. H. Douglas)(**$15 posted.**)

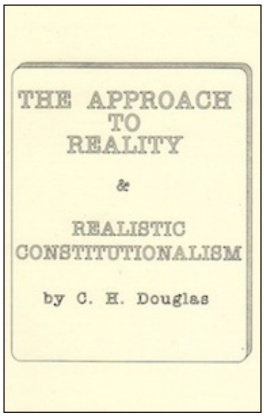
"Since this book was first published, at the time when the Anglo-Saxon world was shivering from financial and economic depression (only ended by re-armament for the second War-phase), there has been a shift, more apparent than real, from rule by finance to rule by Order-in-Council.

To anyone who will take the trouble to analyze the course of events, however, it must be obvious that the monopoly of Credit, which means the effective domination of human activity, is being pursued with relentless persistence". –C. H. Douglas

Description

This classic work contains the authoritative exposition of the A + B Theorem and shows the connection between the chronic shortage of purchasing power in relation to prices and the costs of War and of centralization of power in the post-war world. It also includes Major Douglas's statement of evidence before the Macmillan Committee and his address to the World Engineering Congress at Tokyo.

The Approach to Reality and Realistic Constitutionalism (C. H. Douglas) (**$20 posted.**)



This address is primarily for Social Crediters, and those who are not familiar with the technical details of what is commonly known as Social Credit will not hear a great deal about money. But I would assure them that what I have to say tonight is interwoven with the money question.

Description

As I conceive it, Social Credit covers and comprehends a great deal more than the money problem. Important as it is, primarily important because it is a question of priority, Social Credit fundamentally involves a conception – but you must enlarge upon what for yourselves – of the relationships between individuals and their association in the groups.

"Know the truth in order that the truth shall make you free"–Dean of Cantenbury.

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The Price of Freedom is Eternal Vigilance

Vol. 62 No. 17 — 8th May 2026

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Community Must Look After Itself! By Neville Archibald

If there is one true thing I have learnt over the years, it is that a successful community is always one that comes together in crisis. Whether it be flood, fire or other important community need; the ability to help each other brings it's own rewards. The idea that a crisis is the only time this occurs, is probably not really correct. We merely see it then more clearly, and the media is quick to pump it up – it makes good news. We see the importance we place on this sense of community when some of those true pillars of community depart this life. The coming together at that time can amount to hundreds of people. I am not talking celebrity at this point; but a greater impact felt due to the passing of one who always stepped up to help, without question. One who just did what was needed and never expected a return. It is they who hold together the foundations of local life and encourage others, not by mere words or slogans, but just by being!

We must all strive to imitate them to the best of our abilities. Each will have expertise in various fields and each will have time that can be made available – we just need to act. In the coming year, we may well be confronted with a need to come together to overcome the threats we may face. One leading economist has warned of financial difficulties and others are beginning to agree. The war in Iran and it's flow on effects are probably greater than many realise. It is not just that fuel supply will restrict us from travel, or restrict product delivery; it is also that our future food supply is under a cloud of both indecision and inability.

A key component of agriculture these days is urea. A fertiliser that many crops now rely on is also made from oil reserves and comes chiefly from overseas. If this is not added at the same time as the seed is sown (for broadacre crops) or used to boost growth during development (irrigated or greenhouse production) then yields will be insufficient to make enough money to 'break even'. Farmers and business's will not plant if this is the result expected.

To top it off, diesel costs being as high as they are and uncertain to boot, likewise stops the sane from planting. Even if it may look possible now, many are looking at the harvest time questions of the cost then, and whether even delays in procurement could mean harvest is ruined while waiting. In any farming enterprise, seasons are the factor that most effect production. Sown too late or not being able to harvest at the right time have huge implications on success.

These questions of food production may not be clear to many at this point, as the full impact is a season or two away. Our reliance on imported food is also one of those difficult situations to assess. Most of our supermarkets now stock a greater proportion of imported foodstuffs than ever before, the suppliers are reliant on both shipping and a similar farming situation in their own countries. When we begin to feel the pinch of shortages here, they will too. Any extra for export there, will dry up fairly quickly, as each country wishes to feed it's own first – and rightly so.

While I do not wish to create a negative outlook or an unfounded fear of what might be coming, it would be remiss of me not to point out what I see as possible. In the same way that energy supply costs have skyrocketed, so too could food prices during a shortage. With ever increasing numbers of people now reliant on food banks and help to feed their families (Foodbank and OzHarvest show about 36% are seeking some form of food relief) our proximity to a serious situation for many is closer than we may think.

It is said that man is only ever three meals away from anarchy, remove a meal or two and you may have unrest, any longer and you will see worse.

It is with this in mind that I speak of communities becoming closer. Knowing your neighbours and your locality, and being involved, strengthens our ability to cope. Now is the time to be considering our options. If our government continues to sit on it's hands in these matters, and allows foreign corporations to run our infrastructure and food production, we must ask if we can rely on them if this situation worsens.

To be self sufficient, alone, in your neighbourhood is not enough. It takes association with others to truly make a difference. Not only that, but by getting together, the talking and activity will bring up questions about the direction of this country and where it should be going. This has been the part most lacking in recent years as we have allowed ourselves to be pulled along, with the globalists leading the way. They are intent on making us dependant, their catch cry of an inter-dependent world is really just a desire to create a situation where every country can be subject to restriction by the various scarcities they can link to their idea of controlled production. The shortcut to avoiding this, is to make sure you can produce everything you really need locally – the basics of life first, then other things will follow.

Community gardens and a resurgence of real farmers-market style events will bring their own rewards. Not only in social connection, but healthier living, exercise and the most important of all – empowerment. A strong community builds both resilience and direction. To get back in control of our future, we need the push this will give us. If the food shortage does not occur, we will still have benefited, if it does occur, then we will be better prepared to weather the storm.

Inflation, the silent thief.

Before COVID, the price of milk was $1 a litre, now it is approaching $1.85. This in just 6 short years. Bread has had similar rises, in 2018 a standard supermarket white loaf could be purchased for around the $1.30 mark, fast forward to now it is between $2.50 and $2.80 (almost double guaranteed). Similar grocery prices for other items have risen as well. A can of popular dog food could be found commonly at $3/kg, that same can now is over $4.50 – not the biggest price increase, but still higher than my wage increases over the same time.

This insidious creep of inflation impacts us all, the need to eat cannot be denied, and while we can shop the 'specials' or the no-name brands, you can only go so far. The other cost of living issues, things like Insurance, rates, vehicle registration, etc have also risen significantly. If you have saved money from a previous time, that money now buys only half of what it used to in many cases. The work you did then, has been devalued in real terms.

Our politicians mention it in passing, as a figure in low percentages, the 4.8% that inflation is currently running at, does not sound bad, after all it could be higher! What is not often mentioned, is that it is like compounding interest, and like compounding interest on a loan, it will break you in a very short time if you do not pay it off. Sadly this is something we cannot 'pay off' as individuals, it is entirely an economic policy to be dealt with by government. With the Lab/Lib uni-party, one 'side' battles the seesaw of employment while the other focuses on inflation (usually). They see it as a seesaw because that is the teaching and that is the response they get when asking their economist advisers.

> *'Economic policy in the western world is often presented as a choice between only two alternatives - a knife edge between the Scylla of inflation on one hand, and the Charybdis of unemployment on the other. A. W. Phillips, a British economist, developed the theory in the late 1950's, that the two alternatives*

were constants in the choice of economic policies. The 'Phillips curve' presented economists and policy makers with a neat picture of various rates of unemployment, each associated with a level of inflation. The curve, sloping downward to the right, indicated that the lower the unemployment rate, the higher the inflation would be."[1]

This seesawing has continued on to this day, despite the many methods used to supposedly control it, they do not work. Combating Inflation is possible and it does not come at the expense of unemployment, let me first make that clear. (This of course also does not take into consideration that 'unemployment' is the end goal of labour saving is it not? That whole question of 'unemployment' being bad, is only because it is associated with un-em-payment, or lack of wages distributed because of production efficiencies.) It has been done successfully before.

Both a program for full employment and it's alter-ego inflation (forcing people to find other employment or means of income to boost money available to spend on increasingly higher priced goods) have the same out-comes. Keeping people from the leisure that would otherwise be theirs to use. The old saying, 'idle hands are the devils tools', only plays into the globalist or socialist hands. It would be more appropriate to my mind, if it was referring to 'idle hands allowing time to see reality'. With time to reflect, we may well start asking our politicians and their instructors why so many things they touch turn to night soil. We might then have time to think, and to discuss the obvious disconnects between what is promised and what is achieved. While we are so busy on the treadmill, running to keep up, our time for considered thought is far, far less! Any time we do get is used to pursue rest/recreation (which we do need to continue to function).

This formula being used to keep us busy, I have no doubt, is intentional. It has been discussed before, it has been seen as a false assumption before; but has been quietly removed from discussion and teaching in economic circles – it works as it should – it controls us.

'Writing in 1974, well known economist Professor F. A. Hayek said bluntly: "The responsibility for current world-wide inflation, I am sorry to say, rests wholly and squarely with the economists, or at least with that great majority of my fellow economists who have embraced the teaching of Lord Keynes. What we are experiencing is simply economic consequences of Lord Keynes. "It was on the advice and even urging of his pupils that governments everywhere have financed increasing parts of their expenditure by creating money on a scale which every reputable economist before Keynes would have predicted would cause precisely the sort of inflation we have got. They did this in the erroneous belief that this was both a necessary and lasting effective method of securing full employment."'

(1)

Jeremy Lee: <u>Censored Economics</u> (1)
https://mail.alor.org/Storage/Library/PDF/Lee_J-Censored_Economics.pdf

'Inflation in Australia has produced a welter of confused argument about possible remedies, generally resulting in a vague suggestion that we must "tighten our belts"; "produce and export more"; and accept "heavy financial restrictions" to solve the problem. The latter generally embraces increased taxation, restrictions on bank lending, higher interest rates and a multitude of controls.' (2)

So starts the book <u>Consumer Price Discounts</u> by Jeremy Lee. Sub-titled: The Answer to Inflation. (2)
https://alor.org/Storage/Library/PDF/Lee_J-Consumer_Price_Discounts.pdf

Here Jeremy sets out a plan that works to keep inflation under control. As the original Liberal/National party policy said:

'*the Liberal-Country Party Opposition launched a simple and direct policy campaign for the 1949 Federal elections. They promised to reduce the burden of government. They promised to reduce taxation. And they promised to put the shillings back into the pound.*'

One of the key features of government is the management of weights and measures; price or monetary value is no different!

'*Price is an essential feature of money. The expansion of the nation's money supply - the bulk of it in the form of financial credit (cheque money) - without reference to prices is highly irresponsible and immoral. It robs those on fixed incomes and those who have saved or invested. A government which openly says that it is following a policy of "controlled inflation" is admitting that it is pursuing a policy which robs people of their savings.*' (2)

During the latter years of the war, a program to halt inflation was instituted:

'*Government policy provided that in future, necessary relief from increased costs could be met either by price adjustment or payment of price stabilisation subsidy*"

'The concept of a comprehensive price-subsidisation programme is neither new nor revolutionary. It was introduced during the second World War in the United Kingdom, Canada, New Zealand, Australia and. Later, the U.S.A. A new type of financial policy was made necessary by the war situation which smashed the widespread myth that the depression conditions in the 'thirties were "the result of an inevitable shortage of funds.' (2)

'*Explaining the need for the subsidisation programme, the Minister for Customs, Senator Keane, was reported in The Sydney Morning Herald, April 14th, 1943 as saying:*

"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".'

'*A study of the Hansards reporting the debates in the Federal Parliament on the introduction of price subsidies reveals that there was no dissent from the Leader of the Opposition, the then Mr. R. G. Menzies, or his colleagues Mr. John McEwen and the late "Artie" Fadden, and the Bill was not opposed.*' (2)

Australia then managed to stop inflation for a period of several years. The methods used were legitimate and caused no insurmountable issues. Being done under an emergency powers footing, the banking industry had to toe the line. After the war, these emergency powers lapsed and a bill was presented to make them permanent. This would have seen inflation stopped from that time on. Despite this being Liberal/Country party policy for some time, pressure by the banking and industrial corporations swayed the vote and stopped it. By April 5th 1950, the Prime minister capitulated and a retreat from their 1949 election promises occurred.

A similar proposal was later promoted as the Peterson Plan. The Queensland Premier, Mr Bjelke-Petersen, took it to Canberra in 1974. This was at a time when a rural crisis was in full swing. No genuine argument was put forward to rebut it, it seems to me that the uni-party was active even then, it closed ranks and as I said before, even though the Country Party of the time had it as previous policy, the influence of a 'New Look National Party' (in transition from the original Country Party) and a smear campaign against our promotion of it at the time (the League of Rights that is) saw a demonisation and allegations of 'far Right' influence. Essentially the equivalent of what we are seeing today, as people come to their senses and realise that the Uni-party is not working for the Australian people. The moment intelligent discussion and a questioning of existing policies begins, the 'opposition' finds some reason to besmirch those asking for change. The world turns and all things old are repeated again. Smears and accusations are made and will continue to be made, while we fight to regain control of our parliamentary system. We should not be surprised at this, decades of observation has allowed this little black duck, to see that far from helping us improve our lot in life, more and more restriction; more and more taxation; and more and more inflation, has robbed us all of our rightful inheritance. Each improvement in production, each 'labour saving device' implemented has not allowed us to access either the excess product or the saved time for leisure. We must start to ask ourselves : Why Not?

We must also ask ourselves: Why do the politicians who supposedly have our best interests at heart, refuse to ask these questions themselves?

Jeremy's final paragraph in, _Consumer Price Discounts:_ The Answer to Inflation, is a fitting ending to this commentary:

> *'There is nothing accidental about inflation. It is a deliberate policy being used against the free society. It has been defeated before, under circumstances more adverse than those of the present. It can be defeated again, if the means to do so is placed in enough responsible hands before the final chance has gone.'* ***

From the Archives: On Target Vol. 40 No. 09. (12th Mar 2004)

https://alor.org/Storage/OnTarget/Volume40/Vol40No9.htm

Costello - The Modern King Canute By Jeremy Lee

The latest statement from Treasurer Peter Costello, with the endorsement of Prime Minister Howard, on policies to tackle an aging population are bizarre. Costello has told us that because the average age of Australians is rising, the future will reveal fewer tax-payers supporting more welfare recipients. As this will become increasingly difficult, people will have to work longer, and retirement from work will become a thing of the past.

He went on to urge Australian retirees to return to the workforce, at least part-time, and added that employers would have to be 'educated' to provide jobs for older people. All this is the irrational conclusion of a tax-obsessed ideologue. It flies in the face of natural law, true justice and the peace, good order and happiness of Australians.

As mentioned before, the State of the World Forum, held in San Francisco in 1995, dealt almost exclusively with the question of work and production. It was far more realistic than Howard and Costello in acknowledging that modern technology was replacing human workers at an astounding rate. The Forum concluded that within a short time the global economy would require no more than 20 per cent of the workforce to produce and distribute enough for everybody. This is already evident in Australia. Our primary industries and manufacturing take well under 20 per cent of the workforce. Allowing another 10 to 15 percent for transport and distribution, Australia could cope with an unemployment rate of 60 per cent without any reduction in current production.

The whole game in western industrial economies now is to give the illusion of full employment. This blind policy is aided by the fact that under the present system everybody needs a job to live. Taxes are at the highest rate in human history to cater for the casualties caused by this way of doing things. But they're never enough to meet the dislocation being caused in the process.

Costello tells us that unemployment is at about six per cent. Nobody believes this is the true figure. Polls run in Queensland show over 80 per cent do not believe the official unemployment statistics. Unemployment is closer to 20 per cent. Many so-called jobs are part time. We have over two million people on disability pensions. This is, in most cases, a disguised form of unemployment.

Rather than honestly face this breakdown in the social order, Costello simply looks into the future and compares the number of tax payers with the number of tax receivers. The balance is swinging away from tax payers. What to do? Force more people back into a glutted workforce so that the figures will look better! No matter that the real position will become worse. All this before Costello has solved the problem of youth unemployment, which is catastrophic in some areas. Perhaps he intends to deal with this by extending 'work-for-the-dole'. In fact, why not put former retirees and pensioners into the same programme. Don't call work-for-the-dole what it really is - slave-for-the-government!

Persisted with, this Costello madness has the potential to escalate the crisis in Australian society to breakdown. We need a different approach and a new vision. Why not classify all Australians as "share-holders", entitled to a dividend depending on the nation's performance each year? The first thing would be for Peter Costello to produce a properly-audited balance sheet for the nation - Australia Inc. This should be sent to every adult Australian, just as Telstra has to make its balance sheet available to share-holders.

Any true growth in Australia would result in a dividend to be paid to all share-holders - even if they're old age pensioners!

In modern economies, where we don't need everyone working as a result of the continual improvement in automated productive capacity, sooner or later the policy of "full employment" will have to be abandoned, in favour of a share-holders' society. It will take a lot for politicians to accept this. Only a constructive awakening among ordinary people will finally force the change.

Meanwhile, all you old geriatrics, retired gardeners, volunteers and wheel-chair operators, get down to CentreLink immediately and demand the job that Costello and Howard say you must have! They'll welcome you with open arms! They have so many vacancies that need filling. ***

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A WEEKLY COMMENTARY

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The Price of Freedom is Eternal Vigilance

Vol. 62 No. 18 **15th May 2026**

IN THIS ISSUE

If Labor is on the Nose, is Liberal Still a Viable Alternative?
By Neville Archibald

My first answer to this is, 'Don't be silly – they are no different. Anyone who is awake knows this!' Of course, the public who go from election to election with barely a glance at the policy documents or the actual differences between the two, still vote *en masse* for the 'team' they support. The swinging voters, who do look at promises and sadly still elect to choose a lesser evil rather than something entirely different, still pick a major player, because to do otherwise would be to 'waste' their vote on someone who had no chance of making a change! They have that defeatist attitude before they start. Then there are those who vote strictly because that is the way they always vote and they believe the propaganda that locks them into their support for anything other than 'radical' alternatives.

These are the things I see factoring into each election time. This large mass of habitual voters is already programmed to keep the system in place, the yin and yang swing from one major to the other. Over the years I have seen this used by the party system to their advantage. This twin rivalry, where one always wants to be in power and complains when in the political wilderness of opposition, is really just an acting role. Both realise the necessity of maintaining a charade of actual change, otherwise a real alternative may develop. They still see the overall program they have advancing (globalisation), and they can use the opposition as the excuse to implement 'harsh controls' to combat the 'inadequacies' of the previous government. What better way to seem like a favourable alternative than to have someone to 'blame'. This has always gone a long way in politics. When returned to power, the first things out of their mouths seem to be, the bad state of affairs left to them by the previous party, which means a few promised items may now be difficult - 'but we will try!'

This continual either/or has gone from actual selection based on policy, to de-selection because the public is fed up with the one currently in power. They are essentially voting a party out, rather than voting one in. Combined with the intentional demonisation of alternatives, this method has worked well for decades, ensuring one or other is always in power, and globalisation continues.

We now have a situation that has changed that view for many of the voting public. The harsh realities of lock-downs and coercing of injections, all for a virus many are beginning to see as contrived, has started a rethink. Couple this with the absolute inability of both parties to address the rising social concerns being voiced loudly by a growing number of discontented, and we now have a portion of people who can see the Uni-party for what it is. Has this spelled out a future direction in voting?

With the by election in Farmer, and the polling being conducted elsewhere now showing a huge rise in support for One Nation, it would seem the either/or selection of the past, may have passed for Australian voters.

The Uni-party, having relied on this mechanism for a main part of their voting base (it may have changed 'sides' but never before really left the globalist fold) is now at a disadvantage. Will they realise this? Have they realised this already? (thus the 'hate speech' legislation). The coming tests we may see, will be what is put in place to restrict alternative parties or candidates from competing on a level footing at the next elections. We have already seen some changes to election funding rules, with donations from individuals limited, and government funding (based on previous election polling) altered also. Both the State and Federal structures will change (if they haven't already) and other limitations will be found, I am sure. Farrer, and the swing away from the majors is an encouraging move in Australia's political landscape. It will challenge media reaction (as it did on the ABC just after One Nations win was announced), it will challenge the social manipulators reactions, and most of all - it must challenge the Uni-party in all its endeavours.

The either/or collective has now finished. Viable justification of this electoral gimmick no longer stands the testing. As an automatic knee jerk that had some benefit, it has now lost its value. Another scare might well be found to push us back into the fold of 'The church of either/or', but I don't believe the public will fall for it any time soon.

Who pays the debt?

The Uni-party has now raised our public debt to unbelievable levels.
A new budget has just been released, breaking some of the promises made

by Labor before the last elections, not that long ago. This has seen capital gains taxes introduced or increased (despite the 'reduction in discount' jargon explaining it) and a removal of some forms of negative gearing. All in all, the acknowledgement that something needs to be done to control inflation and reduce debt, has been admitted. The breaking of promises has been declaimed and the words variously used to explain it away, consist of the idea that we've had a rethink! We've made changes to suit the situation!

Words are manipulated to make things seem like an appropriate response, but the projected debt figures don't lie. We are still on an increasing debt spiral and inflation will continue. Cutting spending or stopping the rorting of the system where it is most visible, will please some. While projecting guilt onto those with some money (who have worked hard for it and already paid taxes on it), makes others who are struggling look elsewhere for blame. The government expects to be seen as 'making the hard decisions. A soft target, those who cannot fight back, those who do not pay huge campaign contributions, get the brunt of the reform. Why? Am I on the side of those nasty investor types the government seems intent to demonise?

Many of those effected by capital gains reform, are going to be those who have realised that money in the bank gradually loses value. Interest rate gains do not keep up with inflation losses! This sees the savvy investor (many trying to keep the worth of their hard-earned income), and those saving for a house loan deposit, will now be penalised for trying to keep up with the devaluing of inflation. As fast as they save, the creep of prices and entry levels into the market, sprints ahead of them – without wise investment, you go backwards! These are the very people these laws will affect most. The investors with 3 or 4 properties already, are well advanced compared to those struggling to gain entry. These too though, are also little fish compared to the likes of the big investors and campaign-funders – the global investors.

When you have the likes of the gas debates, recently in the news, and companies like these that strip mine our resources and pay less in tax than the public does in tax on beer, what hope have you of fair play? Government has seen the anger of people about this inequity, it has been raised at many levels, yet the outcome for these groups stays the same. Little or no tax is paid, being written off in depreciation costs, exploration costs, investment incentives, or any number of 'claimable' business allowances. Royalty payments are a joke! So, it falls on the little people, the public, to deal with government debt. The demonisation of those with some hard-earned money among us, which is a fraction of a fraction of the obscene profits that the global industries make (who essentially take most of their profit out of the country), has us fuming when we see it still happening or virtually ignored after it has been raised. Will we take this anger to the next election? Or will we have forgotten? Or will there be another crisis to worry about by then? A camouflage created problem - distracting out attention away from a two-year-old confrontation (that's the time of the next election).

By-elections, state elections and even council elections are political opportunities for both the parties and the public to go head-to-head in debates over what really should be important. Distractions are the main source of debate usually raised, but with the anger over the further robbing of the people of this country, and no real attempt at addressing the main concerns we have, we should not be backing down or forgetting how we are being treated. We need to keep this recognition alive in our minds. The Uni-party, with all its pretence at concern, has been seen for what it is. It is time to look at something different, candidates and smaller parties alike who believe in the Australia we want to see. Each of us has a different view, each of us has a different idea of how to react. One thing I am fairly certain of, is that each of us no longer sees the major parties as having our best interests at heart. I believe their time in power could be coming to an end – if only we can stay awake and keep our eyes open long enough!

A+B does not equal A

With the talk of a deficit budget and who pays it back, comes the question one must ask – is it real? Just what exactly do all those zeros mean?

Keynesian economics is the foundation of our civilised interaction and it seems to be failing us! There is no doubt that our producers of food and the other basics of life can over produce like crazy when they are allowed to. We have a long history of huge exports to other countries, all while providing for our own population as well. We built this country on the primary produce and resource exports of the past. 'On the sheep's back' is a well-known term. What happened to change this? We are still capable of over-producing, given the right conditions. One of these conditions is the available money supply! This begs the question, how is it, that money is in short supply? Is it not just a representation of wealth? Is our ability to produce something not the real wealth we have? If all money disappeared tomorrow and we kept on doing our thing, would the grain still grow? Would the trees still produce fruit? Would the ability to build something just disappear along with it?   Of course not! Why then is the representation of these physical possibilities so limited?

These are the questions first asked by C.H. Douglas in the 1920s. After the abundance of exports created and the finance to make them was found to be, not just possible, but possible under extreme circumstances, the lack of this ability after the war, he found very strange. (Bombs, aeroplanes, tanks, etc – all the used-up items of war, destructive exports in unlimited quantities were possible, was done! Yet after this real wealth was wasted in this fashion, the money stopped. People producing before, and still capable of producing everyday alternatives instead, suddenly found the permission to do so turned off by a reduction in money supply).

Douglas then turned his attention to why? The rest is history!

It is a sad reflection on the leaders of the time, that his discoveries were not taken up and the fault in the system of monetary policy, was not corrected. He was able to show that there was a missing component, one that stopped all that was produced, from being consumed. The money needed to buy production was not made available to actually spend. The problem was not so much an inability to produce enough (that had been solved by the machine age), but it was a problem of distribution among those who needed it. The law of supply and demand could not be met when the demand side had not the money to buy. This led to his A+B theorem. A discovery that showed the <u>only outcome</u> that could result from Keynesian monetary policy, was ever increasing Debt! Exactly what we have seen world-wide ever since!

In Douglas's own words:

> '*There is not a single country where western methods of production are in operation, in which there is any technical productive problem at all, either agricultural or otherwise; and the problem we have to solve is a problem of distribution.*
>
> *Organised distribution, whether it be the allotment of seats in a theatre, in a railway train, or of benefit in a dividend-bearing commercial undertaking, is nearly always in some form or other a matter of tickets, and it is reasonable to conclude that if this is so, and our problem is one of unsatisfactory distribution, the first direction in which to turn our attention should be to the working of the ticket system.*
>
> *The generalised ticket system, under which modern distribution is carried out, we call money, and it is in connection with the money system that we may expect to find what we are looking for.*
>
> ***In short, there exists in the world today a producing system which has an immense latent and undrawn on capacity to deliver goods (of which unemployment is only the most obvious indication), and there is, on the other hand, an immense body of unsatisfied consumers; while standing between and outside both, and run with an objective entirely separate from the interests of either production or consumption, is a money system, that is to say, a banking and financial system.***'

It is this very issuing of tickets of exchange that is at fault. Our country could be likened to a railway in which the seat tickets were supplied by a 3rd party.

Not enough tickets being issued, means too few passengers and the train might run, but only half full. Add to this, the supplier of the tickets, who claims not only ownership, but extra free tickets for payment as well. The Railway can still function, but it does not do so to the best of its ability, some miss out on the journey, some pay extra to make sure they get on, and some wonder why the train is only ever half full. The latter we call names and accuse of having conspiracy motives!

To break down Douglas' A+B theorem, I suggest you read extensively of his works. He made a thorough study of the world financial system and was adamant it could be changed.

Douglas talks of the A+B part of the economy not equalling the spending power made available to buy production. When he says this, he is placing costs and inputs into separated terms.

A is the cost associated with wages for human effort, dividends given to shareholders and profits.

B is related to items purchased to make production possible. These sources include the basic material items, power costs, plant and machinery costs and depreciation. It also composes debt and interest components.

In both parts, what could loosely be called income eventually finds its way into society as the money to buy the product made (either the end product or another product that could be said to be an 'input' to make the end product – an intermediate step).

Since every company or employer has these same costs, input needed to begin production, and production itself; it would seem that all are interconnected (which they are). This makes for a complicated series of accountancy manipulations to determine just what part of the 'spend' to produce something for sale returns into the hands of someone who will then spend it – thus liquidating the debt incurred.

Douglas noted an anomaly in his first study (that of the royal aircraft factory at Farnborough) which then made him query, if this was true there, was it true elsewhere in industry. Subsequent studies showed that, yes it was!

The input costs which needed to go into the pricing structure of the product to make a company break even (or make a profit to reinvest), were never given back in sufficient quantity to allow the consuming side of the equation purchase the items that was actually made.

A part of this (the most easily seen part), the debt component, which had to be paid back, simply liquidated both initial debt and the interest component. These were taken out of the profit/running cost side and while included in the end price of the final product, never makes it into the hands of someone who will then spend it. The initial debt, paid back, is cancelled out and the extra (in the form of interest) has to be found as well. There is a case for asserting that the banks or issuer of the loan can then spend that interest to purchase product – the problem with that is, while banks make these sometimes-obscene profits, little goes back to buy product itself.

When you examine the structure of loans and the debt financing involved, you can see the debt steadily rising for every country, no matter how much is produced. For this to be true, the money in the system must be lacking.

If it were a company whose debts were steadily rising, either prices must go up to increase 'profit', or costs must go down to match the amount needed to reduce debt.

Either way the system must adjust to meet payments.

I think this is the very definition of how our economy has been functioning for many, many years. With debt always on the increase, something is wrong. This is what Douglas worked on for most of his life. Developing Social Credit principles to harness man's ability to improve himself and his lot in life – to advance.

It is not a problem of production, per se, but merely one of distribution!

> '*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.*
> *But it is necessary to follow the transaction a little further. Depositor No. 10, having, happily, obtained his overdraft, pays it out to his employees in wages and salaries. These wages and salaries, together with the banker's interest, all go into costs. All costs go into the price the public pays for its goods, and consequently, when Depositor No. 10 repays his banker with £102 obtained from the public in exchange for his goods, and the banker, after placing £2, created by himself, to his profit and loss account, sets the £100 received against the phantom credit previously created, and cancels both of them, there is £100 worth more of goods in the world which are immobilised - of which no one, not even the banker, except potentially, has the money equivalent. The position thus created is remarkable.*'
>
> (a portion of a longer explanation by Douglas in *Breakdown of the Employment System*.)

Confronting some more notable people about this discrepancy, he found himself often pushed aside, or ignored. The most notable response came from long time socialists and the founders of the Fabian Society, which is in this next quote:

> '*Some years ago I had the experience of discussing these proposals with Mr. and Mrs. Sydney Webb, and, after disposing, one after the other, of the objections raised to the feasibility of the scheme, I was met with an objection with which,*

I confess, I found myself wholly unable to deal, and I recognise that objection in the Labour Party report on the Douglas proposals.
The words in which it was made to me are worth putting on record.
*They were: "**I don't care whether the scheme is sound or not; I don't like its object.**"* (Letters in bold, my doing.)
That is a clear-cut issue: it is an issue which goes right down to the bed rock of human philosophy. It claims that human nature is essentially vile, and can only be kept within bounds by being kept so busy that it has no time to get into mischief.
I have no doubt whatever that this philosophy is at the root both of the present economic system and of all the socialistic schemes of nationalised economic and social administration which have culminated in the Russian Soviet Republic.
The connection between a section of American (Wall Street) finance and the Russian Revolution is clear and indisputable.'

The issues we see with our country's leadership, and the two-party preferred version we are expected to like, could be said to be of a similar nature. We all have our reasons for disagreeing with political policy and we wish to have our politicians listen to us; but their reasons, by the very actions they keep taking, do not appear to be on the same wavelength as ours. If we are to change that to best represent our wishes, I think we must call it a day on the party-political monopoly that the Uni-party has become!

This final paragraph by Douglas:

'*I would commend, therefore, to you a most serious consideration of this issue, whether you wish the economic system to be made the vehicle for an unseen government, over which you have no control, which you did not elect, and which you cannot remove so long as you accept its premises; or whether, on the other hand, you are determined to free the forces of modern science, so that your needs for goods and services may be met with increasing facility and decreasing effort, thus, in turn, permitting humanity to expend its energy on altogether higher planes of effort than those involved in the mere provision of the means of subsistence.*'

All quoted text from: *Breakdown of the Employment System,* by C. H. Douglas.
https://alor.org/Storage/Library/Douglas%20CH%20-%20Breakdown%20of%20the%20Employment%20System.htm

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A WEEKLY COMMENTARY

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The Price of Freedom is Eternal Vigilance

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Just Whose Expectations are Governments Fulfilling?
By Neville Archibald

During the Trump campaign for president, many promises were made. America needs to be remade great again! Trump promised just that with his MAGA policies (Make America Great Again). He promised to"drain the swamp". He promised to release the Epstein files, the JFK files, he promised to stop being the global policeman, to bring the soldiers home!
All these things have been of limited success - if at all. The appointments made to fix that swamp, look remarkably like all previous appointments.
The Epstein files have been suppressed yet again. America is not only involved in another war at present, it also acted like a policeman (with dubious authority) in Venezuela. The broken MAGA promises have left a bad taste in many mouths. His approval rating has dropped to around 34%.
Yet he gets off a plane (from Israel I believe) and boasts about what exactly?

> "*I'm right now at 99% in Israel. I could run for Prime Minister. So maybe after I do this, I'll go to Israel, run for the Prime Minister. I had a poll this morning. I'm 99% So that's good.*" He says.
> (May 20th 2026.) Tucker Carlson podcast: ***https://www.youtube.com/watch?v=JgjThZM8Z8U***

What sort of comment is that to make? An American President boasting about being so popular in a foreign country is one thing, to say it when a large proportion of his country is dubious about their involvement in this current war, Israel vs Iran, seems to be provoking the anti war brigade. I know that Trump's style does not exclude these sort of outbursts, but what are his minders thinking? The connection between the Israel lobby groups and the republican party would appear to be stronger than ever, possibly stronger than the connection the party has to the people of America it would seem. In mentioning this I may well be seen to be anti Israel to some, but the big question here really is, just who has the most say in policy – the American influence, or the Israel lobby? Surely America comes first in the 'Make America Great Again' intent of his original election fight.

The decline of support being felt for Trump is really not surprising, the decline of support for the ruling parties in all western countries is very similar. All seem to be heading full tilt in directions that their voting public do not wish to go – the same playbook is in use everywhere!

What makes this question of support by the Israel lobby such a stand out feature, is the blatant abuse of power it depicts. This brings us to a Kentucky election campaign and one Thomas Massie!

Who is Thomas Massie?

Thomas Massie is well known in American Politics for being straightforward and saying what he thinks. A republican, he has held his seat in Kentucky since 2012. He locked horns with the Republican leadership over the Great Big Beautiful Bill act and more specifically the suppression of the Epstein files. Looking over his CV he appears to have voted in most instances for what was best for the American people, even if it fell foul of republican expectations. His biggest crimes; however, seem to be his wish to keep to Trumps original promises and his stance on Israel. The only one out of 217 republican representatives who refused to take money from the Israel lobby. His 'America first' beliefs seem to preclude this, he says so himself on Tuckers podcast. (See above)

Recently up for re-election, his primary selection for Kentucky (his home State) was contested by a lobby willing to spend millions in political donations to go against him.

At 31.30 of the podcast– Tucker asks,

> "*why is Trump so mad at him? Why is Miriam Adelson so mad?*"
> "*And of course the answer is because Thomas Massie was willing to say out loud that there is an Israel Lobby! There is a foreign country whose supporters in the United States in positions of prominence are making campaign contributions purely on the basis of what's good for a foreign country.*"

The sad part, is that the needs of Israel, a foreign country, would appear to be more important to Trump than the promises he made to the American people. The quote, "he who pays the piper, picks the tune" comes to mind here.

And it is not just Tucker is saying this, *Haaretz,* the traditionally liberal paper in Israel, which publishes an english edition had this headline:

"*The Most Consequential Republican Primary for Israel is happening in Kentucky.*"
https://www.haaretz.com/us-news/2026-05-19/ty-article/.premium/the-most-consequential-republican-primary-for-israel-is-happening-in-kentucky/0000019e-4056-d394-addf-fb7e8fdc0000

Why? you may ask, is it so important to Israel, just who gets elected in Kentucky? It is not like it is a State with a high Jewish/Israeli population. Is it because the general public is not to see the amount of support Israel needs from America to even exist? The US taxpayers are funding it's very survival – one lone voice is a strange thing to push against. One out of 217, are they afraid of this recognition? Are they afraid of something else?

Just what is the reason that they feel the need to spend so big against him? So the short of this would seem to be that not accepting the Israel lobby's donations, along with any criticism of Israel, is being seen as antisemitic, enough to bring in the big guns to elections even. In a primary like this, in Kentucky, you would expect to see some $500,000 to $2 million spent on a campaign. Massie surely must be a problem, considering this election saw nearly $32 million spent to ensure his removal, at least that is how it seems. What next? Needless to say, Massie lost his seat and the Republican movement now moves further away from the ideals it espoused before being elected.

Just how many donations are made like this, that shape elections? And not just in the US. This use of funding to alter elections in favour of a foreign country and it's desires, begs the question of what else can it do? Where else will we see it? We think of the contrary decisions made by <u>our</u> governments, especially when so many of them occur, must we then question, just who is paying the bill for them? What real power lies behind the scenes? With massive upset between the governments of the west and their people becoming commonplace, who are our governments more concerned for?

In this case, it is a big reveal, the curtain has been drawn back and we can see the puppet master pulling the strings. We should now be wondering just how much truth there is in a global conspiracy to create this one world government we seem to be staring into the face of. For too long we have allowed ourselves to believe in bad decisions with no intent behind them. This shows that intention is indeed a primary motivator. It is now coming to light. What other foreign powers are massaging election outcomes, and for what purpose?

A Dividend for Samsung employees in South Korea.

Samsung employees in Seoul have just made a deal, possibly ending a five month long labour dispute. It seems that paychecks are not going very far over there too. A push to increase wages is nearly always in response to inflation of some sort. The prices you must pay to keep a certain living standard or even to just survive, keep on rising. Government keeps on raising taxes and everywhere fees and charges only go up. Contrast this with our ability to make more product with less labour input and we see a shortage of earned spending money. Samsung, Korea, is offering dividends to its staff based on output:

> "*Samsung Electronics' memory-chip employees could receive close to 600 million won ($398,900) each in combined incentives this year, while colleagues in loss-making chip units may receive less than a third of that amount.*
> *The gap is built into the bonus formula at the center of Samsung's tentative labor deal, which creates a floor for all semiconductor employees but lets memory business staff earn far more because the biggest portion of a workers' bonus is tied to the performance of the business unit they work for.*"
> so says the Korean Herald. ***https://www.koreaherald.com/article/10742921***

If recognition of a bonus income for producing more can be made in this way, to settle labour disputes, why then can we not ask if this is possible in all other areas of human endeavour.

When we improve on our ability to produce, when less labour is needed to make the same amount of product (or more in fact), should we all not receive some form of dividend like this? As society improves itself, we are all gaining something from it, are we not? Excess production must result; but excess wages to buy this production? - these would seem to be lacking. The workforce is made smaller by efficiency drives, less money finds its way into spending hands, and product must therefore remain on the shelf – unless someone can find money from somewhere else (usually as a debt to be repaid). This improvement, this bonus, belongs to us all, not in some collective or socialist manner, but due to what could be rightly called an 'inherited' dividend. Just for being a part of that big company called Australia.

The association of a dividend with production improvements is not a new concept. If all of the production improvements we have made since we first started 'Australia unlimited', are tallied up, doesn't it make some sense that we all should be sharing a part of this 'real wealth increase'? Just like the Samsung employees?

If we fail to improve, we get less obviously; but in this country we have seen huge improvements in our abilities to provide. Most recently the debt and our standard of living have been almost inversely proportional, and it makes a mockery of our improved production capacity. Why?

C.H.Douglas suggested that we were all entitled to some form of dividend, just for being a part of a nation. He expressed this in many of his books. Along with other suggestions and possibilities, the dividend could be used to great advantage, to allow us all to partake in our success at reducing actual labour.

https://alor.org/Storage/Library/PDF/Douglas%20CH%20-%20Use%20of%20Social%20Credit.pdf

"The phrase of 'Poverty amidst plenty' has become enshrined amongst the cliches of the English language. Social Credit, in consequence, is primarily concerned with the distribution, and not with the administration or technique of production.
Its problem is poverty, not plenty, and poverty consists of lack of money the essence of money being credit--the belief that money will do what it is supposed to do. Economic production is interlocked with the distribution of money through the agency of wages, salary and dividends. The existing financial system stands or falls by the perfectly simple proposition that the production of every article distributes enough money to the general public to buy that article.
The orthodox economist says it does, the Social Engineer says it does not.
The Socialist complaint against so-called capitalism is that money has been distributed inequitably, that is to say, that some people, the "Capitalists," get too much and some, the "Workers," get too little. Hence the Socialist is permanently committed to a policy of "soak the Rich."
It is a primary tenet of Social Credit theory that though this unequitable distribution may exist, it is a secondary consideration to the fact that not enough money is distributed to buy the goods that are for sale, and that in consequence redistribution is not an economic remedy, whilst being a political irritant of a high order."

The main point out of his conclusion, is that money available to buy production, is never truly met under the orthodox system of monetary control – there must always be a lack of purchasing power, which is only ever met by increasing borrowing (or Debt). Exactly what we are seeing worldwide.

He talks of two main ways to combat this, one being price discounts (which operated here in Australia during the war years as a 'combating inflation policy') and the provision of a dividend, not entirely unlike what Samsung is offering with increased levels for increased production: a recognition of improved productivity. This is not to be confused with a Universal Basic Income (UBI) that is also being proposed. One is linked to actual production figures and would alter with the success or not of real world outcomes – the other is a small part of a bigger plan to keep you quiet while you own nothing and … you know the drill!

"While a scientific regulation of the price level so that goods can be taken off the market by the available purchasing power as fast as they are produced is an essential component of a scientific money system, it does not deal with the second aspect of the problem, which fundamentally is related to the change over from manual production to power production.
Probably over 80 percent of the total number of issues of purchasing power distributed in our existing financial system, is distributed through the agency of

wages and salaries and it is obvious that this assumes that 80 percent, at least, of the population will be maintained on a wage or salary basis.

But there is no ground for the common assumption that such a percentage can, or will be maintained in normal times, and every ground for assuming that it will decrease continuously.

On the other hand, the dividend system is independent of employment, and depends fundamentally, only on production. If we can arrange that while the wage and salary payroll becomes continually less, the dividend payroll becomes continually greater and more widely distributed, we have dealt with the second half of the problem."

Once again, the system of financial control we currently operate under, can only lead to further impoverishment, despite increased production capabilities; therefore, we must look at alternatives and ensure that they enhance the ability of individuals to advance themselves and not just provide a drip feed allowing us to just survive at the whim of those pulling the strings of finance.

Stepping around the fringes of the party politic.

In the course of reading the two Douglas' articles mentioned in this *On Target*, a direction to proceed in is made, one that is well worth considering. If we are to obtain lasting change in political circles we need to be able to cast a wide net. The usual protests about single individuals and the ineffective role they have to play, is also true for minor parties. Until such time as a party (within the party ruled system) has a majority, it would seem to be merely a tool for raising awareness at best. As a voting block, they struggle to find the numbers with any desire to make effective and lasting changes; and only then if deals are struck, often with compromises made.

We must look outside the party system to find a way to bring sensible debate and workable solutions to each individual member of parliament (regardless of political persuasion). Within each party structure, only a few insistent individuals create policy direction and possible solutions. A great many of the party members just ride along with them. Amongst those riding along are a number, who, if approached in the right way, could see a sensible correction when it is pointed out. They may also be agreeable while on their own, it is once they take it to the party room that good intentions are undone. If they are not convinced by the 'better' argument of the party whip, then often they are questioned about their desire to run for the next pre-selection. In this way some form of hold is kept over them by the party machine.

Individual politicians who will take the time to listen, and possibly be interested, need to know they have a backing behind them, at least as strong as the party itself, before they dare question party policy on any great level. Knowing that someone, or some group in the electorate they call home, is going to support them, will go a long way to making them feel capable of opposing the party machine.

Over the years we have seen defections and the crossing of the floor at voting time in parliament, some still do it on less important matters and are allowed some freedom in this regard. More would be likely to do so, if it were seen as more acceptable or if they had support in the greater numbers of politicians who might join them in this regard.

A clear change within a number of electorates as to the support and backing each member receives, could be made to happen. It is something that each electorate could initiate. Instead of attempting to elect strictly independent members alone to make the change, targeted individuals within parties could be made to feel free enough to follow what they see as right for Australia, rather than just following the party line. We currently have a number of Senators and Representatives who follow a different path, who are speaking out against what they see as wrong – even against their parties during debate. They may not always cross the floor and vote against them in parliament, but I'm sure given encouragement, those who hesitate to follow their first inclination, would do so given that extra support.

In Douglas' article, Wanted, Political Consciousness:
https://alor.org/Storage/Library/PDF/Douglas%20CH%20-%20Wanted-Political-Consciousness.pdf

He makes that very suggestion; that a movement for change may be made more effective if it is made to transcend party politics. It would then necessarily pull in those whose loyalty to party is less than loyalty to Australian benefit. Some may not believe there are many who fit this bill, but I think we might be pleasantly surprised at the 'jumping on the bandwagon' we may see, if at first, some make a start. The Coalition is currently endeavouring to make us believe that certain One Nation policies are theirs as well now. The path to the next election can take strange detours, if it is possible in that instance, then given the necessary support, more could be made of it.

This is a question we would need to discuss from various viewpoints within each electorate grouping. Is it achievable for one, and the snowball effect this may create if we are successful. The biggest hurdle may end up being which policy change to focus on. If the aim to begin with is too high, if it is not in the public eye, or it is simply too far fetched, then the action may end up demoralising us rather than empowering us.

All in all, our ability to make these changes has to be fostered to grow. Those of us with the knowledge and desire to see this change must act. We must bring on board those who can see some of what we see, and encourage some sort of groundswell movement. Many have been alienated by successive Uni-party actions, a better time to begin has not been seen for some time. Douglas saw it between the wars (WW1 and WW2) in the actions of parliament and community then, and commented on it. The tired population of the time, did not achieve any lasting change then. Our chance is now! We need unity of purpose and a small number of problems to solve in the correct way. Once we have made that start, bigger things can follow. As Eric Butler always used to say, it must start with the grass roots, that means you! ***

From the Archives: C.H. Douglas - Use of Social Credit (1935)

https://alor.org/Storage/Library/PDF/Douglas%20CH%20-%20Use%20of%20Social%20Credit.pdf

The monopoly of credit at present held by financial interests, that is to say, banking institutions and their affiliations, is obviously so valuable that it would be too optimistic to suppose that it will be relinquished without a struggle.

The primary weapon used in this war is misrepresentation. The socialisation of credit, so far from being an attack upon private property, is probably the only method by which private property can once again become reasonably secure.

It is the alternative to ever-increasing taxation. It is a method by which everyone may become richer without anyone becoming poorer. It is, so far as I am aware, the only method by which the pernicious doctrine of "a favourable balance of trade" can be exploded. In consequence, it is the primary requisite to the removal of the fundamental causes of war.

You are, however, unlikely to arrive at any conclusions of this character by reading criticisms of the theory which originate from orthodox financial circles.

In spite of the difficulty of obtaining a wide public presentation of the theory, however, the progress which has been made by it, more particularly in the past two or three years, is remarkable.

There is no portion of the English speaking world in which it is not discussed, or in which, spontaneously, bodies for its propagation and realisation have not been formed. So far as anything is certain in this world, banking dominance of credit, commerce and industry, is certainly doomed together with 'poverty amidst plenty.' ***

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A WEEKLY COMMENTARY

ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

The Price of Freedom is Eternal Vigilance

Vol. 62 No. 20 **29th May 2026**

IN THIS ISSUE

What is the Purpose of the Economy? What is the Purpose of Government? By Neville Archibald

Both of the above Questions hinge ultimately on what sort of society you want. The structure, the laws you wish to follow, the beliefs about life and individual interactions, that you hold dear! That we should be in control of our own lives should be self evident, that we should be in control of the systems governing us is also crucial to maintaining that freedom.

I suggest that those with destructive beliefs, those whose ideas put THEM at the top and all others to serve them, control both of those things I first asked you to answer. They do so in a completely different way than we would, if we truly knew and understood our desires.

In Debt Finance and the Apocalyptic Propensity, *(see April 2026 New Times Survey)* Arindam Basu makes an observation that fits perfectly with the times we are living in.

> '*... at the present time, humanity has, at its disposal, the means that give it far greater control over its environment - both external and internal - than it possessed even a century ago, let alone earlier.*
>
> *Yet far from experiencing security, enjoying abundance and expressing confidence, indeed optimism, about its future, its dominant narratives reveal the opposite - an opposite that is designated here as 'the apocalyptic propensity' - the tendency to speak as if doomsday is imminent.*'

https://www.socred.org/s-c-action/social-credit-views/debt-finance-and-the-apocalyptic-propensity

Basu's paper will make you question the craziness of these times we are in. In the same sense as the first questions asked, our interpretation of this craziness may be enough to sway our views and alter the ultimate outcome.

If we are to believe all we are told, without serious thought about where it leads, we could be just swept along in the purposeful political tide.

These apocalyptic visions serve a definite purpose – a psychological need! As the world is crumbling about us and beginning to bring in what world leaders (WEF) are saying is the great reset! - we need something to explain the failings we face. The world around us has been designed to crumble, to fall apart. The destruction caused by economics, with high debt and the need for repayment, shackles every country. And because that makes no sense in terms of reality (for here we have the understated ability to create almost unlimited material for use), a false 'doomsday scenario' must be used to discredit the real answer.

By looking carefully at both of the above questions, we can ask ourselves truly, what we are here for! Once we have a grasp on that, we will see that current systems, both economic and governmental, must be brought back in line with those answers. They must be taken out of the hands of the wanna-be elites and put firmly back into our hands.

The answer to why we are not receiving the full benefits of our society, is tied to the corruption in the direction we are taking, the restrictions that are being imposed on us so that we are not able to progress. All available tricks are being used to herd us along, the biggest of these are the rants of the doomsayers!

Do we fear the Doomsday?

All these scenarios, as they are used against us, should be seen for what they truly are – fear-porn.

The stopper in the bottle of unlimited potential. While our worry is distracting us, the restrictions that are imposed to 'cure' the doom are binding us more firmly in the grasp of both economics (debt, taxation and financial control) and government (laws, social disruption via unlimited and unrestricted immigration and restrictive control).

The reality behind most of these distractions consist of facts that have been manipulated to show an outcome that is far, far worse than it actually is. A little bit of digging will usually reveal differing views and, these days, a computer modelled outcome claiming dire consequences. When those opposing these claims come forward, the smears and accusations begin. So called experts are often quoted to back up claims, but rarely is the science behind them, settled science. Science is not consensus, it is fact, backed up by repeatable observation. Peer review, is only any good if the 'peers' quoted have done the testing as well, not just re-read other literature to come to a similar conclusion. Too much peer-reviewing these days simply amplifies and repeats the original work of others, an echo chamber of agreement.

Some science has sadly been bought, along with economics and 'free speech' news services. It remains for us to be suspicious of what is said these days, trust in these areas now needs to be earned back. Apologies for the lies of COVID, for the reversal of various policies (despite assurances that pre-election were different), and for budgetary blowouts; have not been forthcoming, let alone recognised. Each level of government is no different to the other. Each is in the grip of party politics and the same rules seem to apply.

Financial doomsday may not be as scary as another plandemic, or a future climatic heat death, but it is the slow burn of financial pressure that leads to a feeling of helplessness and entrapment. 30 to 40 year loans are becoming a normal part of life. Restriction of lifestyle by enormous debt, and the uncertainty of job security, both lead to worry for the future – something that damages the spontaneity and inventiveness of many potentially creative individuals. Society misses out on their input and participation in our social structure, due to longer working hours and a longer working life, which is needed to pay off that debt. Those who would have found time for community, are now further restricted by this wage slavery, at best they can hope to participate, 'once they retire'. We have, and are seeing more and more, this deficit of active social participants in our clubs, in volunteering and in the many other parts of our greater community. This too leads to isolation and further social collapse.

> '*The 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.*' —Prof. Caroll Quigley, Georgetown University, *Tragedy and Hope* (1966)

As professor Quigley said, 60 odd years ago, the world systems of control are in fewer hands and they are finding fertile ground to pursue their aim, when we are all in fear of our future. A group who has the power to create these problems (in our minds) also has the ability to address them, and a ready solution at hand, which in real terms only means turning off the fear factor and easing up on financial restrictions. In this way they can seem to be 'right' and then put themselves forward as a saviour to be welcomed; however, it will come with strings attached, as we are seeing. A digital 'mark of the beast' controlling our lives as the anti-Christ of world government brands it's slaves.

The means of change, the creation of the control they need to achieve domination over us, can be seen in our captured systems.

Universities have long been a hotbed of socialism, even during my short sojourn in the 80s I could see it. In the more recent past, we have seen faculty members removed from their positions, some even forced to undergo 're-education', all because they held a different view. Universities are meant to be a place of questioning, of challenging and of learning to find answers. In this case an opposing view should be settled by scientific proof, or by study of the topic involved; instead, the basic tenets of higher education were thrown out in favour of a dogma that became unquestionable.

Climate science, medical study and economic theory, are all now limited subjects. If you do not agree with the politically correct answer, you can be removed or failed. Peer group pressure has moved from primary schools and what the cool kids want, to supposed adults and what the political direction says – science gets little look in.

News corporations, once boasting various forms of 'truth without fear or favour', now routinely suppress, or conveniently do not ask, otherwise relevant questions about many of the political policies being pursued. Not so much hiding the truth as ignoring it. Endless repeats of the same stories, with the same outlook, feed on each other, or construct a debate that is engendered to create sides among the interested population, giving them something to argue over, but never a real solution to discuss. The Epstein controversy should be focused on prosecution of wrongdoings; but instead, we find our attention is narrowed to who will or won't release the details, weaponizing the title and the fors and againsts, rather than the abhorrent contents.

Recognised doctors or professional researchers who have found links between the COVID vaccines and the huge number suffering side effects, are having to defend themselves in court or are finding themselves de-registered for bringing this tragedy to light. Original safety studies are being proved to be woefully inadequate, yet the media keeps on being quiet about it. It is a no-go area of discussion still, 5 years on! Public debate occurs only via tenacious individuals pushing it, organising their own media or conferences. The questioning of damage, let alone the truth, is not to be, fear or favour don't even get a look in.

Government policy is driven by **party concerns** and international treaties, all tempered by financial oversight, as the deregulated banking in this country falls further and further into limited hands. A monopoly of credit creation, in these international hands, now appears to tell government what to do, and our government has forgotten what its job is. The doomsday pressure within political circles at the moment, seems to be the rise of Hanson-ism. If One Nation becomes the majority we will all be doomed, so they say! We will all be racist, bigoted red-necks of the worst kind! Never mind that the Liberals are borrowing One Nation policy on immigration to help stem the bleed out of it's followers that they are experiencing. Or that Labour is presenting Make Australia Productive Again (MAPA) in order to win votes they too are losing, largely due to the dismantling of industry that both parties have presided over while in office this last 50 years.

Party concerns are in part controlled by elite think-tanks, who develop or interpret policies. These are in turn funded by the very financial corporations who benefit most. Many among them are openly globalist or socialist in their outlook. An agenda to increase control of populations includes a decrease in, as they see it, 'democratic interference' via our representative styles of government. Pulling the strings at elections by the use of big money and these doomsday campaigns in promises, are exactly what we are seeing. Argument over who has the best solution (to the doomsday scare) gives us two parties, both going in the same direction and no realisation (by us) that it is a wrong direction. How we jump off a cliff, will not change the resulting sudden stop at the bottom!

Instead of reacting to the fake stimulus of the fear porn continually bombarding us, perhaps it is time to put that wasted effort aside and concentrate on those first two questions I asked. Both of them rely on you knowing what you want your world to look like. They will prompt you to examine the needs and desires that you can fulfil now, and also those that you cannot. You must then ask why you cannot meet some of those desires. I imagine you will begin to find that the restrictions or hurdles placed in your way, are really just policy and not reality. The biggest of these restrictions will be economic. By the time you have realised this, you will be asking why there is such a shortage of money – and that is where Social Credit makes its entrance.

Social Credit.

Being a social credit based newsletter, *On Target* tries to present the happenings around the world in the light of truth. We aim to put in words, the reasons for actions that are taken by our leaders and by vested interests. We are also trying to place these actions in comparison to what could be, rather than what is. These comparisons may not always be as clear cut as we would like, which is where the reader must be encouraged to read and pursue answers for themselves. Our free library is extensive and provides material of a wide and varied nature. The things we have learnt from, even if we disagree at times, are also included, for you cannot recognise a thistle from a fig, if first you do not know what each are.

My knowledge comes from a variety of sources and a willingness to look and study, both the written word and the reality of life as it unfolds before me. I can ask no more of anyone else.

I recently listened to a short presentation by a former self confessed 'Climate Activist', Lucy Biggers. She had been concerned after Al Gore's, *An Inconvenient Truth,* was presented in its entirety at her school. Following that path eventually led her to become an influencer and climate change zealot (my words), but further reflection and questioning of the real world, of things she was seeing for herself, made her change. ***https://www.youtube.com/watch?v=IFPfleErCFI&t=29s***

We can all use the humility she showed when she realised she had been 'led' to that point. She then began to see that some of the problems she originally used to support her beliefs, were true, but some were being fashioned to push an agenda other than the real solutions that are needed.

Many of the problems we are faced with are indeed real, many of the 'doomsday' repercussions (scares, if you like) are reality based, just hijacked to add some truth to an otherwise exaggerated outcome.

Climate change is peppered with the truths of pollution, wasted resources and mismanagement; but, each of these are equally at home at the feet of faulty economic policy – planned obsolescence for one! We must learn to separate these things we see, from the inflated claims used to centralise control over us. Similarly, economic solutions, presented over and over without actually solving the problems we face, just changing them to look like a solution, must be studied to reveal the kernels of truth they have hidden in them. The things that make the continually proposed solutions seem almost logical. For indeed they are not, just like the truths embedded in climate discussion are only there to add a small amount of legitimate argument to an otherwise false premise, economics fares no better. It is here that a study of all that Social Credit offers will change the way you see things.

Frances Hutchinson lays out a series of questions and answers in her 2002 paper entitled, as you might expect, Social Credit? Some questions answered.
https://alor.org/Storage/Library/PDF/Hutchinson-F-Social_Credit_Some_Questions_Answered.pdf

If reading this does not prompt you to envision change for the better, perhaps you have not fully examined what it is you want of life.
Her last paragraph ends:

> '*... it is not necessary to wait for political change. Money is society's credit. We all use it every day, both as income earners and as consumers. Close examination of how we earn and spend our money can yield rich rewards in determining how we are spending our life's energy, and how we are affecting the lives of others and the sustainability of the planet as we do so.*'
> '*Change will only come about when discussion leads to concrete actions, and local communities claim their own 'social credit'.*' ***

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

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IN THIS ISSUE

Douglas Social Credit and Vogon Economics By M. Oliver Heydorn

I. Introduction:

In Douglas Adams' famous science fiction novel, *The Hitchhiker's Guide to the Galaxy,* an alien race called the Vogons decide to destroy the planet earth in order to make room for a hyperspatial express route. Now why would they want to do a thing like that? The reasoning behind the decision is not rooted in pure malice, nor in any immediate military or strategic necessity. Rather, the justification is purely economic: the anticipated financial/economic benefits are deemed to be greater than the total value of an inhabited world.[i]

The final announcement of the Vogon Constructor Fleet, as presented both in the original book and the subsequent film, is chilling in its bureaucratic detachment:

> *"… all the planning charts and demolition orders have been on display in your local planning department in Alpha Centauri for fifty of your Earth years, so you've had plenty of time to lodge any formal complaint and it's too late to make a fuss about it now."*

So the Vogons have conducted a cost/benefit analysis in purely financial terms and they have decided, on that basis, that the earth has to go. More is to be gained by destroying the earth than can be gained by forgoing the hyperspatial express route and allowing the earth to remain intact. The hyperspatial express route would presumably cut down on time and transportation costs for other extraterrestrial civilizations and the Vogons would no doubt have some way of monetizing that flow, perhaps a toll system of one kind or another.

In his 1995 book entitled *Risk,* another Adams, this one was called John Adams, made use of this fictional scenario in order to help describe a very real phenomenon. When it comes to everyday economic decision-making, economic actors often do assume that money-values should trump all other values, that maximizing monetary throughput is to be prioritized over real well-being. John Adams calls this tendency to regard money as the final arbiter of value, over and above all other values, "Vogon Economics". What appears, at first glance, to be a satirical exaggeration, something that could only exist in a work of fiction, turns out, upon closer inspection, to be an accurate exemplification of a pattern that is observable all throughout the modern economy.

But why and how does this occur? Why is it and how is it that so many economic decisions embody the Vogon pattern, this readiness to sacrifice what is good and real in exchange for maximizing monetary returns?

It would be tempting to attribute this phenomenon simply to greed. Greed, after all, has long been recognized as a moral failing, one of the seven deadly sins. One might suppose that if individuals were more virtuous, more restrained, or more charitable, such destructive decisions would not occur. But this explanation, while containing a kernel of truth, is ultimately insufficient.

What we are dealing with is not merely individual vice, but a system of institutionalized incentives— sometimes referred to in Catholic theology as "structures of sin" — that can make what are, in objective terms, destructive decisions appear to be rational, necessary, and even good. This dimension of the problem thus lies deeper than the exploitative and excessive desires, the lack of temperance that some individuals might sometimes exhibit; it is systemic in character.

In this presentation, it is my intention to demonstrate that the Douglas Social Credit analysis of our financial system, his unique diagnosis of what ails the financial system and our economy as a whole, provides us with a deeper and more fully accurate explanation for why and how the Vogon phenomenon arises in the first place, for why and how governments, businesses, and even common individuals often embark on courses of action which are, objectively speaking, irrational, even to the point of being self-destructive.

II. What is wrong with the financial system?

As some of you are already well aware, the heart of Douglas' diagnosis is the claim that the reigning financial system, while assumed by many (governments, economists, business people, and consumers) to be self-liquidating, is actually not self-liquidating.

What does this mean? Well, if the financial system were self-liquidating, for every unit of cost and hence of price that is being built up in the process of production, a unit of income would be distributed in wages, salaries, and/or dividends, or other profits. Economic and financial orthodox say that this is the way the system operates, that it is "in balance", with the flow of incomes automatically equalling the flow of costs and prices. Douglas, on the basis of his empirical studies and mathematical modelling in the A+B theorem said: no, the two sides are not in an automatic balance, the rate at which costs and prices are generated in industrial production exceeds the rate at which incomes are simultaneously being distributed via the same productive process. The financial system is not self-liquidating. Instead, there is a chronic and underlying gap, a chronic and underlying deficiency of consumer buying power.

III. The Causes of the Gap

What causes this gap? The fundamental cause, said Douglas, had to do with the fact that not all costs are distributable as concurrent income. Labour costs are generally distributable, even fully distributable, as concurrent income and hence if we lived in a hand labour economy where all costs were labour costs, there would be no problem apart from the question of profit. There would be no gap, no lack of consumer purchasing power. The two sides, costs and prices on the one hand and incomes on the other, would be in balance. But we live in a capital-intensive economy and when you have machines, equipment, and other forms of real capital, you are adding a category of cost for which only a portion of the cost, at any given time, is distributable as concurrent income. Capital costs involve financial, depreciation, maintenance and other similar costs as part of purchasing, replacing, and maintaining real capital and these costs, by their very nature, require that businesses demand more from the consuming public in prices — quite apart from any question of profit — than they simultaneously distribute to the consuming public in incomes.

Now, this deficiency of consumer buying power can be intensified by other factors like profit-making (including the profit-making derived from interest charges on borrowed money), savings, the re-investment of savings, taxation, deflationary banking policies and so on, but the core cause, identified in the A+B theorem, has to do with the nature of capital costs under the reigning financial and cost accountancy conventions, and hence it is independent of these other causes.

IV. The Survival Constraint

So we have a situation in which the financial system, because of its inherent design, is forever generating a problem, a gap between prices and incomes and yet, at the same time, in order for the financial system and the economy to operate long-term they are structurally obliged to find other ways of achieving equilibrium, of achieving a balance. Otherwise some significant portion of goods and services cannot be sold in every economic period, costs will go unmet, and we will be faced with the prospect a downward economic spiral leading to an economic and societal collapse.

This means that economic actors: governments, businesses, and consumers are perpetually “under the gun”. Because the price system is not inherently balanced these actors have to find some way to compensate in order to fill the gap in each economic period so that equilibrium can be achieved. Filling the gap with more debt-money, either domestically by government deficit-spending, business expansion (especially capital production), and/or increased consumer borrowing, or by exporting more than you import and relying on a subsidy from foreign financial markets, becomes a survival constraint for the economy has a whole.

What was originally a technical problem, a financial engineering problem, reveals itself to be a problem with massive moral implications. If we were to cast the technical problem, the fact that the current financial system is not self-liquidating, in moral terms, we could say that the reigning financial system is not an honest system. The system does not accurately reflect in income terms the value of what it produces in terms of costs and prices. Instead it systematically underestimates the value of what we produce in income terms by automatically — and that is a key word “automatically” — only mirroring part of the costs and prices with corresponding consumer income.

V. The Inversion of Values

Now, what effect do these two things: a structurally dishonest monetary architecture, in conjunction with the equilibrium survival constraint, have on the nature and role of money in our economic decision-making? This is where things become very interesting indeed.

In an honest system, where income automatically matches production, the real economy is in the driver’s seat and goods become more important than money. But in a dishonest system, the type of system we have, where income systemically falls short of production, but where will still need to achieve equilibrium somehow, the financial economy is in the driver’s seat (so-to-speak) and money becomes more important than goods. Why? Because what we need most urgently in that type of situation as a matter of survival is more money, not more goods or better goods, etc. Money thus becomes the chokepoint, the bottleneck, in the system. It becomes the determining factor, the controlling factor.

So we are forced to look at the real world and to interact with that world through the medium of this distorted monetary lens. And from that point of view, the questions we face are no longer so simple or straightforward as: What is needed? What is beneficial? What is efficient in real terms? So that we can just go ahead and produce the things we need. Instead, the overriding question becomes: What will generate the additional income we lack in the easiest possible manner? Economic behaviour is systematically misdirected in accordance with this artificially-generated imperative.

Now, when it comes to answering that question: "what will generate the additional income we lack in the easiest possible manner?" the response is "entropic" production, production that involves a loss or that is otherwise inefficient. This is because, under the existing financial system, money is injected through new costs (especially new debt tied to production, expansion, and repair, etc.), so activities that generate more billable stages involving breakdown, replacement, repair, regulation, and conflict-management create more opportunities to issue and circulate money than activities that simply meet our needs once and for all. In sum, more costs equal more purchasing power. A well-built bridge, a healthy population, or a stable ecosystem tends to stop transactions, whereas a collapsed bridge, chronic illness, pollution, or social conflict trigger cascades of additional spending (insurance claims, reconstruction, healthcare, legal work, oversight, etc.) with each step justifying new monetary flows. Within that particular accounting frame of reference, destruction and inefficiency appear to be beneficial because they multiply monetized events (they maximize monetary turnover), even though in real terms they involve waste and loss, while genuinely constructive, durable solutions are financially "thin" precisely because they minimize the need for further expenditure.

But notice what has happened here: when the financial system incentivizes and prioritizes monetary throughput (the volume of monetized activity) over real wealth and the real satisfaction of human desires, what is objectively evil (entropic production) is regarded as good by the financial system, and what is objectively good (production that effectively and efficiently meets human needs, non-entropic production) is regarded as bad by the financial system. But this is a metaphysical inversion of values.

Instead of reflecting real value, as it would under an honest money system, money becomes, in a dishonest system, the very arbiter of value. In such a system, survival depends not on doing what is good in objective terms, but on doing what pays — until, over time, what pays comes to define what is to be regarded as 'good'. And what pays the most is what is actually bad, harmful, inefficient, etc., in real or objective terms. In this way, what is objectively bad comes to be regarded as financially and economically good.

This systemic metaphysical inversion is a cornerstone feature of our economy operating as it does under dishonest finance and it re-appears in different forms everywhere. In connection with this particular point, it would be apposite to recall a verse from the book of Isaiah:

> *"20: Woe unto them that call evil good, and good evil; that put darkness for light, and light for darkness; that put bitter for sweet, and sweet for bitter!"*

VI. Classic Examples of Vogon Economics

Let me provide two concrete and classical examples of Vogon economics in action and show how they can be explained on a Douglas Social Credit basis.

Many countries export more than they import. That is, they export in financial terms more than they import in financial terms. To the extent that they have an export surplus, they are exchanging goods not for other goods, but for money tokens. In realistic, objective terms, a country that exports more than it imports is actually suffering a physical loss; it is giving more away than it is receiving in physical terms.

Let's say that Canada exports maple syrup; we'll let maple syrup stand for all exports. And let's say that Columbia exports bananas and we'll let bananas stand for all of that country's exports.

The only type of trade that would make sense realistically and under an honest monetary system between the two countries would be for Canada to export 10 million dollars' worth of syrup to Columbia (because we have more syrup than we can consume and they don't have maple trees in Columbia) and for Columbia to export 10 million dollars' worth of bananas (because they have more bananas than they can consume and we can't grow bananas in Canada).

But this is not what happens in our world. Instead, if Canada can export 10 million dollars' worth of maple syrup to Columbia and only receive 7 million dollars' worth in bananas from Columbia it will do so. But this is a Vogon decision. This is opting for a mere monetary result over the alternative, which would be an exchange involving real value.

What would motivate Canada to engage in Vogon economics? Well, somehow, under the rules of the existing financial/economic game, which is a dishonest system, more is to be gained by exporting 3 million dollars' worth in syrup and getting 3 million dollars in money tokens in exchange instead of getting 3 million dollars' worth in bananas in exchange.

And Douglas's analysis explains very well why and how this happens: the 3 million dollar token surplus obtained by trading goods not for goods but for money helps to compensate for the lack of consumer buying power in the domestic economy. It helps to fill the gap and to meet the economy's survival constraint. Thus, whenever possible, trading goods for money will be prioritized over the realistic, sensible alternative, i.e., trading goods for goods. So it is not that Canadians are greedy; Canadians are merely trying to survive according to the rules of the game. Unfortunately, in this case, it would come at the financial expense of the Colombians … even though the Colombians are actually better off in real terms as a result of the unbalanced exchanged. They received 10 million dollars' worth of maple syrup, but only parted with 7 million dollars' worth of bananas. Nevertheless, the Columbians now have to find some other way of getting the extra 3 million dollars needed to consume the maple syrup surplus and their general domestic lack of consumer buying power remains untouched.

So the bottom line is this: what is called a "favourable" balance of trade under the reigning dishonest system is an unfavourable balance of trade in real terms and it is irrational in real terms (because it involves a net loss of real wealth). Under an honest financial system, it would be regarded as such because the extra money obtained through it would not be needed domestically (it would just be pure inflation, and thus it worsen the domestic economy, not improve it). It make no sense to engage in it.

Here is a second common example of Vogon economics in action: the phenomenon of built-in obsolescence. This involves deliberately producing goods that will wear out, break, or be rendered redundant or unworkable by newer models, because it ensures repeat sales, maintains income, and helps to keep businesses operating. Under the reigning dishonest financial system, it distributes additional income and speeds up the wheels of commerce in the industries in which it is deployed, helping to fill the recurring and chronic price-income gap. Built-in obsolescence in one form or another is quite common in the production system, reflecting a preference for monetary results over what would make the most sense in brute physical or realistic terms. We pay a real price for this, however, in wasted resources and in the abandonment of real efficiency.

Under an honest financial system, there is no survival incentive for a producer to engage in built-in obsolescence, because whatever he produces he will always be able to make a decent living (collectively we always have enough money in the form of income to meet the costs of production —provided it is needed and thus desired). There is also no incentive from the point of view of the consumers to buy such products because they can now afford to purchase those goods and services that are better built and will last longer. In fact, under an honest financial system it becomes quite clear that built-in obsolescence just leads to unnecessary work and waste that satisfies neither the producer's interest and pride in something well-made nor the consumer's preference, *ceteris paribus,* for quality.

So, in both of these cases, favourable trade balances (so-called) and built-in obsolescence, what is physically and socially harmful is nevertheless regarded as "the right thing to do"—because it helps to satisfy the system's survival constraint in financial terms.

Meanwhile, what would be genuinely beneficial in real terms—complementary and balanced trade, durability, sufficiency, and conservation in production—is deemed to be financially unviable, because it would reduce the flow of the "extra money" that the system depends on in order to achieve equilibrium.

VII. Systematic Manifestations of Vogon Economics

We're now going to take a look, briefly, at some more concrete examples of this phenomenon of Vogon Economics. The list that follows does not pretend in any way to be exhaustive; it would be impossible to do full justice to all of the various manifestations of the Vogon phenomenon.

As we go through some of the more prominent examples, it will be helpful to keep in mind these words from C.H. Douglas himself:

> *"They are all symptoms of one common disease, and that common disease is lack of something we call purchasing power."*[1]

a) Intense competition for money: under "Vogon economics," aggressive, even cut-throat competition for scarce money between workers and between firms, is deemed "good" because it allows individuals and firms to secure liquidity, avoid debt burdens, and outperform rivals; in objective terms, however, it is bad because it generates conflict, wastes energy, erodes trust, and diverts effort away from actually meeting real human needs.

b) Excessive growth of intrusive government bureaucracies: forever expanding regulatory systems is deemed "good" because it manages the unnecessary conflicts and abuses generated by the system and preserves financial order while injecting more money and providing more employment; objectively, it is bad because it represents a costly and unnecessary redirection of resources that would not be needed in a properly balanced system and which could have been redirected more profitably elsewhere.

c) Inadequate government production/services: when it is deemed financially necessary to sometimes cut or limit public goods and services this is seen as something "good" when it helps to maintain financial 'solvency' or contributes to budgetary discipline; objectively, it is bad because real needs go unmet despite available resources, and this undermines real societal well-being.

d) Forced economic growth: continual expansion of the economy is deemed "good" because it injects additional income, creates jobs, and thus helps to sustain the financial system; objectively, it is bad because it produces unnecessary goods, wastes resources, and often damages social and environmental systems.

e) The Distorted nature of economic growth (low-quality goods): producing cheap, low-quality goods is deemed "good" because it is profitable and accessible within the context of constrained incomes; objectively, it is bad because it fails to meet real preferences, reduces durability, and increases long-term waste.

f) The Centralization of production: large-scale, centralized firms are deemed "good" because they maximize efficiency in financial terms and maximize profits;

objectively, they are often bad because they can reduce real efficiency, degrade quality, weaken local economies, and alienate workers.

g) Artificial markets and consumer manipulation: creating demand through advertising and playing with consumer psychology is deemed "good" because it sustains sales and growth; objectively, it is bad because it manipulates consumers, misdirects production, and wastes resources on non-essential or goods that would otherwise go unwanted.

h) Sabotage (restricting or destroying output): limiting production, dismantling capacity, or even destroying production is deemed "good" when it preserves prices or yields profit; objectively, it is bad because it destroys real production and useful capacity and leaves real needs unmet.

i) The value of Growth measured in Financial Terms Only: under the existing financial system any increase in GDP or monetary activity is deemed "good" regardless of content; objectively, such increases can actually be bad because many harmful or wasteful activities (what John Ruskin called "illth") end up being counted as wealth, thus obscuring real well-being.

j) International Economic Conflict: competing ruthlessly for export markets and trade advantage is deemed "good" because it secures financial inflows; objectively, it is bad because it creates and intensifies global tensions, inefficiency, and zero-sum outcomes.

k) Military Conflict for Economic Reasons: war-driven production to fight wars for economic conquest is deemed "good" because it stimulates the economy and generates income; objectively, it is bad because it destroys real wealth, wastes resources, and causes immense human suffering while being completely morally unjustified.

l) Under Vogon economics, **stress, illness, and insecurity** are "good" because they generate continuous demand for healthcare, pharmaceuticals, health sector employment, and social services, thereby increasing monetary flow; but in objective terms they are bad because they degrade physical and psychological health, weaken human capacities, and reduce overall well-being.

m) Likewise, the **scarcity mindset, job dependency, and economic competition** are "goo"' because they compel participation, discipline labour, and stimulate transactions; but in reality they are bad because they foster anxiety, alienation, and a false belief in unavoidable scarcity despite the reality of material abundance.

n) Immorality and crime are "good" insofar as they sustain legal systems, enforcement institutions, and corrective industries; but are objectively bad because they erode trust, social cohesion, and moral integrity.

o) Psychological dissatisfaction, alienation, and loss of meaning are "good" because they create markets for self-help, therapy, and consumption-driven identity; but are bad because they distort personality development and sever individuals from the authentic sources of fulfillment (truth, beauty, culture, and creativity).

p) The distortion of education as "job preparation" is "good" because it produces system-compliant workers and aligns learning with economic demand; but is bad in real terms because it suppresses intellectual freedom, critical inquiry, and the full development of human potential.

q) Family breakdown under dual-income pressures is "good" because it expands labour supply and generates the demand for childcare, legal, and social services; but it bad because it undermines child development, family stability, and long-term societal health.

r) Mass migration is "good" because it redistributes labour and expands markets; but is bad in real terms because it disrupts cultures, weakens social cohesion, and displaces individuals from their organic communities of origin.

s) Under Vogon economics, **extra pollution and environmentally harmful** production are "good" because they accompany the expansion of industrial activity, job creation, and increased monetary throughput; but in objective terms these things are bad because they damage ecosystems, human health, and the conditions necessary for life.

t) The depletion of non-renewable resources and the misuse of renewable ones are "good" because they sustain continuous production and economic growth; but in real terms they are bad because they exhaust natural capital and undermine long-term sustainability.

u) Wasteful production (including unnecessary labour, infrastructure, and consumption) is "good" because it maximizes resource throughput and income distribution via employment; but is bad because it squanders energy and materials on activities not tied to genuine human need.

v) The suppression or non-adoption of cleaner technologies is "good" because it protects existing industries and financial interests; but is bad in reality because it prolongs avoidable environmental harm and blocks more efficient, sustainable alternatives.

w) finally, **the structural inability to prioritize conservation** is "good" because it prevents economic contraction and preserves monetary circulation; but in real terms it is bad because it locks society into escalating ecological destruction that ultimately threatens both the environment and the economy itself.

Conclusion:

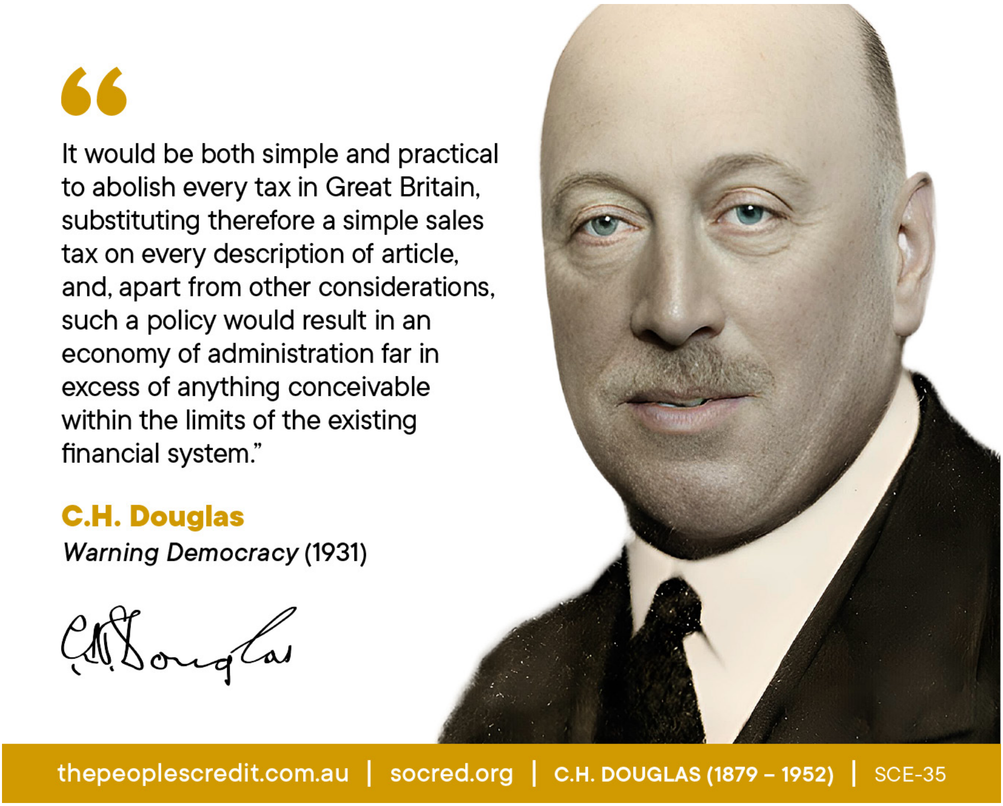
What we see, when we view the situation through the lens of Douglas Social Credit, is that Vogon economics is not an aberration. It is not the result of isolated moral failures or even of a culture of immorality. It is the logical outcome of a financial system that is structurally imbalanced. The system compels us to prioritize money over reality, financial flows over substance, and activity over purpose.

Unless the underlying financial structure is corrected—unless the system is made truly self-liquidating—the inversion of values embodied in Vogon economics will persist, and the pressures which foster destructive decision-making will remain.

The challenge, therefore, is not merely moral, but structural. It is a question of redesigning the financial system so that it reflects reality, rather than distorting it.

Only then can we escape the kind of absurd logic that would, quite literally, justify the destruction of an entire world for the sake of multiplying figures in bank accounts. ***

[1] C.H. Douglas, *The Use of Money* (Liverpool: K.R.P. Publications Ltd., 1934), 10.



BASIC FUND

The Basic Fund for this financial year is now open. I am making a special call to all those who have planned to make a donation but maybe have over-looked doing so. The fund did not fill this past financial year so it will be wonderful if we can make a special effort with new donations. As always, we appreciate your contributions, no matter how large or small. Each donation is really a vote of thanks for the work of the League and a tribute to the dedicated effort of those in the 'engine room'. – ND

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Apart from the Basic Fund, the League is also a recipient of bequests from supporters who remember us in their Will. These extra dollars help a lot and while we are grateful, it is unfortunate that on those occasions we are unable to personally express our thanks.

Best details for establishing a bequest are available from Head Office. – ND

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(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.
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