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The Dilemma of Politics (IV)

by BRYAN W. MONAHAN

With time and the improvement of the productive processes, the dilemma described in this paper, which appeared fifteen years ago in the Australian Social Crediter, has greatly increased.

THE PROBLEM GENERALISED.

To return to exports, however. The nature of the problem can be seen very simply in the case of the U.S.A., but it is obscured in countries which have a basic necessity to import, to the extent that the considerations held to guide American policy are also held to be operative in addition to the primary necessity of exporting to obtain imports. This is the case in Great Britain.

The U.S.A. is, with the probable potential exception of the U.S.S.R., the only politically and geographically autonomous area which is potentially self-sufficient. But there are a number of groupings which fall into the same category, and of these, the British Empire is one, and for the British Empire as a whole the same general considerations apply. The fact that the Empire contains its own "poor" millions, for example, in India, modifies the problem to an important extent. Yet here again, if the more developed region, such as Great Britain, exports a surplus to those less developed, on a credit basis, it is just as much sacrificing this generation to a subsequent one as is the U.S.A., and the case is just as much misrepresented if it is represented as an immediate benefit to the exporting country in anything but an aggressive sense. Moreover, as soon as this surplus exporting is regarded as a benefit in itself, or as a necessity, it leads to competition between those in a position to do it, so that the U.S.A. and Great Britain might easily find themselves competing, and ultimately at war, for the privilege of raising the standard of living of the Indians, and at their own immediate expense. This appears to be nonsensical, but when it is recognised that the Indian Congress Party is partly financed from America, the nonsense has to be taken into account.

Now, the U.S.A. can quite properly be considered as a small-scale picture of the whole world considered as "one economic unit." It operates under a central government; it has a single currency; it is free of internal tariff restrictions; it contains all it needs within its own boundaries; it is highly developed industrially, but nevertheless contains its own "backward" and poor areas, equivalent within its boundaries to the Chinese and Indians in the world's economy. In these circumstances, it is under no necessity that cannot be attributed to the world as a whole, to enter into economic relations with the rest of the world; but clearly it is impossible for the world as a whole to enter into inter-planetary economic relations which would be the global economic equivalent.

FULL EMPLOYMENT.

It can be deduced from the facts of industrialisation, examined previously, that in the case of the U.S.A. it is simply impossible to dispose internally of the product of full employment of the population as industrialisation approaches completion. But apart from deduction, the apparent necessity to export "more than ever before" demonstrates it. On the other hand, even exports are, as we have seen, not a solution, and further than this, competition between exporting units can only lead to international trouble. And even then the problem is not solved, because at some point of time, as industrialisation spreads over the world, the problems that confront the U.S.A. would confront the world as a single economic unit.

Since the purpose of power machinery is to save labour, it should not take so detailed an examination as this to demonstrate the futility of "full employment" as a policy. But the peoples of the world are hypnotised by this phrase.

The facts of the matter are actually simple. As intimated previously, the human labour required per unit of average production is already decreasing as the fourth inverse power of the increment of time; it should decrease even more rapidly. Unemployment must, therefore, rapidly rise even above nineteen millions, even apart from exports, so that any policy based on providing full employment is quite certain to lead to trouble. Short of reversing the process of industrialisation there is only one solution to this economic problem, and that is to recognise the displacement of human labour, and arrange for distribution of the product of industry on a basis other than that of employment. Either employment can engage a rapidly diminishing proportion of the population, or the whole employable population can be employed for a diminishing proportion of time. But this latter alternative, which implies in the near future working hours of less than seven per week, is clearly cumbersome and ineffective. If the present basis of distribution is maintained, only war can possibly provide an adequate "market" for the product of "full employment." War is, of course, an unrestricted export market.

THE FINANCIAL RELATIONSHIP.

This investigation has been confined as closely as possible to a consideration of physical facts, because it is possible to

(continued on page 4.)

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Evil Features

If we apply to some events of our time the test, "Who profits?" "*Cui bono?*" the features of the prince of this world will appear more vividly. The philosopher Herbert Spencer described the deity as unknowable, but some divine features appear quite clearly from a study of man, his ethics, intelligence, and even from looking at nature. I would like to use the same system to descry the devil.

When a corrective to our faulty accountancy was first given, a little reluctance on the part of old-fashioned accountants might have been anticipated, just as people hesitated to welcome the first cars with open arms. When it was further pointed out that stability could be attained by certain adjustments that were pleasant rather than painful to the majority, some fairly general enthusiasm might have been expected.

It could hardly be suggested that the landowner likes to see his land sold up, or that the householder likes to lose his heritage and his home. Nor does the pensioner like to see his pension diminish in value, like melting snow. The clergy do not enjoy having their status changed any more than do other professional men. Yet clearly someone must like instability, which the present system produces with mathematical certainty. The business man does not enjoy instability of this kind any more than does the producer. But instability must suit someone in a position to enforce it against all comers.

The United Nations enables everyone to poke his nose into everyone else's business, but appears unable to restore order to the Congo. Reports are given of Europeans maltreated while U.N. forces watch the show. Perhaps the question we might ask in this sinister imbroglio is, "Who forced the Belgians to quit, when the Congo was so tragically unready to run itself?" We hear the question asked, "Why were the Congolese unready?" But I have not yet seen the responsibility for ousting the Belgians fairly ascribed. The prince of this world may wring his hands over the pathetic deaths of a number at Sharpville, but is totally callous to thousands of Congolese killing each other—whether with im-

ported weapons or with their own bows and arrows.

No one, it might be thought, could draw comfort from the cities which the Belgians constructed in Africa and which are now deserted, decaying and disease-ridden. Reading a despatch about it, I was most struck by the following words of Isaiah, set for December 11th, the third Sunday in Advent: "Thou hast done wonderful things . . . For thou hast made of a city an heap; of a defenced city a ruin: a palace of strangers to be no city; it shall never be built," meaning re-built, I suppose.

Here the prophet, in his twenty-fifth chapter, caught the note of an extreme bitterness that longs to see destruction and even—who knows?—the note of a revolutionary policy that would expunge all traces of a nobler order in a pile of rubble. It cannot for a moment be imagined that such thoughts originated in Congolese brains:

We see that instability, chaos and ruin are three of the states not only desired but achieved by our real rulers. Another obstacle to their power must be the British system, which they never leave alone, and it is to the credit of Lord Lambton that he demands of Mr Macmillan a little more honesty in dealing with the British overseas, in the *Sunday Express* (December 11, 1960). Lord Lambton also complained (in the *Evening Standard*, November 22, 1960) that the Ford deal "makes this country still more dependent upon the United States."

An educated Liberian told me recently that some people complained that his country was "too conservative." There must, to suit the prince, be no stability anywhere, but ferment, discontent and the most violent outbursts of revolution, the bloodier the better.

But troubled waters are only a means, and when he has stirred up sufficient misery, the prince grabs control, for power is the object of the exercise. The less vicious revolutionaries—the office boys, as distinct from the gunmen—suggest that a super power should be created to "restore order," and to "keep the peace." The prince, or probably a committee at the head of the catastrophe, must welcome these allies with a show of geniality—as a spider welcomes a fly. A web is not a bare trip wire, but extends in all directions, and can only be avoided if the potential victim moves away from it. "The prince of this world hath nothing in me."

The *Daily Telegraph* despatches from the Congo record how an Indian official obstructed a doctor who was treating the natives, because he was a Belgian. Such an extreme measure shows not only that sanity could reassert itself, but that the prince of this world does not intend it shall do so, whatever the cost in human suffering. Yet most people are quite content to subsidise the methods of gangsterdom.

Wars and the rest of the horrors arise either as the direct result of evil, or as a last resort to maintain evil: any expedient must be tried rather than a challenge to Communism on its own grounds for it claims to be a complete philosophy of man and his relationships. They used to call the devil "*deus inversus*," God upside down, and he has also been greeted as the father of lies. I have tried to fill in a few details in the dossier. Unless we are quite clear on what he wants—universal power—and on what we want, freedom to live, the web will inevitably catch its victim.

H. S. SWABEY.

The Secret Weapon—Inflation

The Editor,
The Social Crediter.

Sir,

The Federal Government is never at a loss to find reasons for preventing the people of this country from enjoying the fruits of their skill and industry. We were in trouble when the wool cheque was too big; we were in trouble when the wool cheque was too small; we are asked to go into a panic when our overseas reserves are depleted; we were in serious trouble when there was no industrial expansion during the depression, and we are in trouble again now that there is over-industrial expansion.

Speculation in real estate, the refusal of people to put money in public loans, and infiltration can be directly traced to the policy of the Liberal Government. The failure of the Federal Government to supply this country with an honest currency—its chief task—was not only an economic tragedy for a whole generation which has been written off financially as expendable: it is a major social disaster.

The failure of the Federal Government to provide an honest currency has made it quite clear to young and old that it is an act of stupidity to save for the future. If money is depreciating in value each year one is compelled to get rid of it quickly, or seek some high-interest paying investment which would help to compensate for the continuous depreciation of the currency.

Heavy investment in real estate by superannuation boards, insurance companies and other provident societies is a very clear and definite attempt to protect clients from a tragic situation created by the Government. If the money entrusted to these societies had been invested in Government bonds the consequences to the unfortunate victims would have been much more serious than they are today.

It is pure hypocrisy for the Liberal Party to come out in a panic about the dangers of inflation and demand saving societies' funds. You might think that £300 tax on a Holden car, and 7½d on a 1/- glass of beer is inflationary, but inflation is not what you think it is; it is what the Liberal Party says it is. If the Liberal Party really believes that inflation was dangerous they would have done something constructive, not destructive, long ago.

I believe inflation is dangerous, much more dangerous than other national and international problems. I believe inflation is the secret weapon which is being used to destroy our civilisation, or what is left of it, and the communists must rub their hands with glee as they watch the rapid progress being made towards the Totalitarian State and towards the civilisation of the ant heap.

Most of the dislocation of finance and industry at the present time is produced by the Government's immigration policy. The rapid expansion of the population by immigration is a very unnatural process, and is tantamount to a declaration of war. It means the forcible diversion of the money, and therefore the labour, of the entire population from their own legitimate needs to the needs of other people. Such a scheme should not be introduced surreptitiously as if it were merely an extension of an old agreement.

The new buildings and new services which are being erected so rapidly throughout Australia represent the combined efforts of the Australian people, and they also repre-

sent labour and resources diverted from consumption goods to the production of capital goods. Is it fair, therefore, because of this extra effort, or extra saving, the people as a whole, instead of receiving dividends, should be victimised by increased and continuous inflation, that is, by having these capital assets charged against them in rates taxes and prices?

The Federal Government has been taking money from the taxpayer, and using this money to build capital assets. Somebody discovered that a large part of the expansion of the P.M.G.'s department had been financed in this way, and no charges for capital had been made; accordingly it was therefore decided to charge the taxpayer for the money supposedly taken from him, and accordingly postal charges increased by 25 per cent.

I think it is time we were presented with an honest national balance sheet, and that we ask our directors why they are paying no dividends. I am satisfied the tax collecting department is being used as an instrument of torture.

We are being charged in rates, taxes and prices for the capital assets of this country built by people long since dead, and we are being charged for assets built by us for people not yet born. It cannot be right both ways.

Yours etc.,

Ferntree, Hobart.

JAS. GUTHRIE.

New Zealand Local Government

Mr. F. Allen of Auckland writes:

"... As you know we have been functioning as a Voters' Policy Association for a number of years using the Light Horse technique with success.

"Some months back I presented a submission to the Local Bills Committee of the (N.Z.) House of Representatives on an 'Inquiry into the Structure of Local Government in N.Z.' and the group had it published in booklet form[‡], and sent a large number through the country to Mayors, Chairmen and members of local authorities in the hope that the message contained in the booklet would encourage action with a Heavy Brigade taking over.

"This actually occurred, the Riccarton Borough Council, some members of which had read the submission, realised that the subject matter was a warning and on publication of the report of the Committee found that one recommendation was designed to destroy local authorities as stated in the submission.

"The Borough Council instituted certain inquiries the result of which encouraged Councillors to take action and in this they became the Heavy Brigade pressing home our attack. All local authority throughout the country is being circularised by the Council seeking support to prevent this recommendation, and there will be others, from becoming effective.

"This development is encouraging to the group for it is the culmination of a period of intense working along these lines"

[‡] Obtainable from New Zealand Voters' Policy Association, N.Z. 1/- (posted).

Correction

We regret an unfortunate error in our issue of January 7. In P.L.'s article "The Time of the Equivocal Man," the words *If they have no honesty let them consider Finance* should have read, *If they have any honesty*

Crystallizing Politics

... During a discussion on a Chicago television programme of the ex-President's decision to drop the atom bomb on Japan during the closing days of the Second World War, the interviewer asked Mr. Truman: "Was there any pressure on you to release the A-bomb again, in the Korean conflict?"

Mr. Truman replied: "Yes, MacArthur wanted to do that. He wanted to bomb China and eastern Russia and everything else."

Asked if that was the reason for recalling General MacArthur, Mr. Truman replied: "I recalled him for disobedience of orders."

He said many Presidents had had difficulties with Generals, and "MacArthur was just another general."

In his reply General MacArthur said: "We did not need the atom bomb here (in Korea) any more than we did in the war against Japan."

He said it was "equally untrue to say I disobeyed any orders. Our failure to win the Korean war was a major disaster for the free world."

General MacArthur blamed the decision in Washington to make the Communist supply bases across the Yalu River, as well as the river bridges, "privileged sanctuary" for America's failure to win the Korean war—a failure that, he said, has had fatal consequences in the military rise of Communist China.

—*The New Zealand Herald*, Dec. 24, 1960.

THE DILEMMA OF POLITICS

(continued from page 1.)

grasp the nature of the economic system from this point of view. And facts are decisive. From an adequate comprehension of the physical facts, it is certainly possible to predict accurately the consequences of certain policies with regard to those facts. Thus, it is quite certain that a policy of full employment, or even "maximum" employment in the sense in which this term is currently used, is radically incompatible with the natural use of a developed power-industry. When industry has been built up, a large part of the population previously employed in its *construction* is obviously redundant to its *operation*. To say that before this system can be operated, this redundant population must be engaged on activity external to the system, as with public works, is simply a demonstration of their redundancy. It is not economic necessity, but political decision, which makes such employment a "law." If that "law" is enforced by means of the economic system, then the system is being warped from its natural function—the system is being misused, and the troubles that follow from misuse will be proportional to its degree. The less natural employment is provided by the industrial system, the worse will be the consequences of following a policy of "full" employment.

Besides the physical approach to these problems, there is, however, the financial. And it leads to a different result as currently presented. Now if the absurdity of American export policy is comprehended it ought to be clear that the financial approach which appears to justify it must be fallacious. But the purpose of an industrial system must surely be to deliver goods and services; to say, directly or indirectly, that it should produce primarily certain financial results is a distortion of purpose.

The explanation of the discrepancy was published by C. H. Douglas, in 1918, and the course of events has confirmed his analysis. As was, perhaps, natural, Douglas was criticised by professional economists and it is only fair to say that such criticism received publicity far outweighing anything available to Douglas and those who agreed with him. As a result, extremely few people are accurately informed as to his views. All sorts of notions not in the least related to his teaching are attributed to him, and his name is hardly known except as associated with "free money" nostrums. Yet his first and most important book, *Economic Democracy*, devotes only a small part of the text to financial matters. The *thesis* of the book is an examination of the trend towards and results of centralisation—a process better known today as totalitarianism or monopoly—and of the possibility of an opposite policy of decentralisation. His whole work as a political economist has been directed to the possibility of making the individual secure in his own rights, and in particular, secure against the encroachment of the will-to-power. His attention was directed to finance just so far as it was made the instrument of the will-to-power.

Douglas showed that the operation of the financial-industrial system was dependent on the creation of new money so that continued operation was dependent on the policy of those providing this new money. The policy was—and is—centralisation. It was—and is—part and parcel of that policy to encourage, by selective finance, every form of monopoly; a policy that logically would only end in the amalgamation of the power of finance and the power of government. "Socialisation" of banking is just such an amalgamation.

This paper, therefore, is an urgent plea to those sincere individuals who are in a position to play a part in today's political economy to re-examine the Social Credit philosophy. It offers no panacea. But seen against the background of nearly thirty years since its principles were first enunciated, its policy offers a way, difficult undoubtedly, but worthy of the efforts of statesmen of sufficient calibre, towards a future where politics may subserve their genuine function, no longer distorted by arbitrary and alien economic limitations.

(Concluded).

Obituary

We deeply regret to announce the death of Miss W. L. Richardson, which took place on 15th January; and that of Mr. E. FitzWilliams, on 22nd January. Both were readers of *The Social Crediter* since its inception. Mr. FitzWilliams was also a supporter of The Christian Campaign for Freedom.

The Monopoly of Credit

by C. H. Douglas.

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