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Alternative to Disaster

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(Continued)

To give consequence to that which follows, the last paragraph from our previous issue is repeated.

A good deal of employment is tedious and even futile; and this, combined with expectations generated by the modern educational system, leads to unrest and ultimately student disorder—an attempt to break-up a society which is not giving general satisfaction. As clearly the possession of money is the key to the possession of goods displayed in abundance, there is an increasing provocation to crime.

This is the situation which is exploited by the Finance-Communist conspiracy. The continual and accelerating progress of the industrial arts has made abundance potentially available to all in industrially developed countries, but deliberate persistence in a defective financial system has neutralised that availability, under cover of carefully inculcated economic theories which quite deliberately obscure physical realities. It is, of course, true that the overall standard of living has risen; but it has not risen to anything like the extent which would have been possible; nor has leisure, the natural dividend on labour-saving, been achieved and distributed. An indication of the discrepancy can be gained by consideration of the depreciation of the value of the unit of currency. In England, the purchasing-power of the pound sterling fell from a base of 100 in 1914 to 14 at the present time. This may be expressed in concrete terms by saying that if prices had remained stable, but wages and salaries had increased to their present levels, their present purchasing-power would be seven times greater than they are now; and this would be much more in accord with physical realities than the present position. The discrepancy between what could be and what is would be even greater in the U.S.A. or Canada, because these countries are economically almost self-sufficient, and therefore could dispense with a good deal of external trade which, of course, raises costs because of the addition of transport charges. Obviously no 'value' is added to goods by shipping them across the world.

Of course real incomes, in terms of purchasing-power, could well be even greater than indicated above, because this indication is derived from the system as it has operated, and not as it might have operated under other conditions and policies. What we need to know, to know what is possible, is the potential capacity of industry to fulfil consumer-demands.

One measure of the physical capacity to produce was provided by the war when, while millions of people were engaged in combat or activities sustaining combat, huge volumes of complex munitions, and ships and aircraft and

transport vehicles were continuously produced and destroyed. In terms of consumer durables, the ships, aircraft, tanks, bombs, shells, small-arms ammunition, etc., represent an enormous wealth of cars, pleasure-craft, household goods and furnishings, domestic labour-saving devices and so on. Yet in America during the war the standard of living actually rose—because of the distribution of income in relation to articles which did not come onto the market—munitions of all kinds. So the 'cost' of carrying on a war is a financial measure of the capacity to produce. This clearly demonstrates that the economic problem is not the 'equitable' re-distribution of an inadequate production, but the artificial restraints placed on *potential* production, in the interest of 'management'—people-management. We live in the peacetime equivalent of a "guns before butter" economy, where personal consumption is restrained to keep up the necessity for 'employment', while excessive capital development is pursued and its products exported. Mr. Heath has made this quite explicit. He was quoted by the *Times* newspaper, March 15, 1972, as saying: "Industrial cooperation within the Community will provide a base from which we can contribute to new projects, some of them so large as to be beyond the scope of one firm or even of one country, in the *Soviet Union and elsewhere in East Europe.*" (emphasis added.)

But as things are, the chief orthodox or official indicator of economic activity is known as the Gross National Product (GNP). This is defined as: "The total value of goods and services produced in a country in a given period, usually a year, after the deduction of all goods and services (except depreciation of capital equipment) used up in the course of production".* There are various qualifications to this definition, but these do not affect what follows.

The chief point to note is that the definition is a *post hoc* one. It measures (in some sort of way), the *financial* results of economic activity *at the end* of the selected period, and does not reflect what those results might have been if various 'factors' bearing on the activity had been different. Thus the GNP is immensely greater during war than in peacetime; but on the basis of peacetime GNP war could not be carried on.

However, orthodox economic procedure is to take the GNP as approximately constant, add to it a component due to the "growth-rate" of such and such *per cent.*, and consider the result as a sort of cake to be cut up and divided—consumer-spending (too much of which allegedly 'causes' inflation),

*Report of the Committee of Economic Enquiry: Vol. II, 1965: Commonwealth of Australia.

Government expenditure on 'services', education (which has become too expensive for many families when they have paid their taxes but which is a wonderful instrument for the indoctrination of the young when under centralised direction), various forms of expansion, and so on. This is the process known as "management of the economy", or giving people what it is thought by the managers is good for them. It has a fatal fascination for politicians, who know nothing about it but who are a useful front for the back-room boys, and for economists of opposing views, and political and economic commentators, who back their preferences like backing horses in a race.

But the whole conception is fundamentally unsound because (a) it confuses figures relating to 'money' (usually accounts in books) with things having a real physical existence, but varying degrees of utility (can pornography be equated with woollen cloth?); products of industry vary from perishable consumers' goods, durable consumers' goods, to industrial expansion, public works, office and bank buildings; and munitions ranging from aircraft carriers to small-arms ammunition, which for the most part are stock-piled and, in the absence of war, gradually written off at the taxpayers' expense as obsolescent, and replaced. As the *Report* confusingly puts it: "The goods and services to be included in the measures of the GNP are not identifiable by a single test"! Nevertheless, manipulating the various components of the GNP is the basis of the odd pursuit of 'fighting' inflation, and huge and costly government offices are built to accommodate the completely unproductive (or counter-productive) but expensive public 'servants' who are remunerated to play this game.

In order to obtain a perspective on the whole nature and operation of the industrial system, an analogy may be helpful. Ultimate possible production may be likened to the oceans of the world, and the sun to the 'industrial machine'. Industrial *capacity* may then be likened to the transfer of distilled (fresh) water from the oceans to reservoirs by the agency of solar energy. Water 'used' from the reservoirs then finds its way back to the oceans.

In broad terms, 'central planning' of the economy is like delivering water from the reservoir in a planning authority, which rations it to the community in predetermined quantities in accordance with 'Government policy'. The alternative is to give individuals direct access to the reservoir. Now bearing in mind that the individual's ability to use water for personal purposes is limited, whereas *organisations* can squander it, there can be no reasonable argument about waste of water in the latter alternative; the chief use of water is determined by the pattern of community behaviour reflecting the behaviour of freely-choosing individuals.

Financially, this means that money as it is spent returns, like 'used' water to the oceans, to the banking system in which it originated; and the industrial machine, so to speak, re-distills it and returns it to the reservoir.

The application of this analogy should become apparent in connection with the economic proposals put forward in a subsequent section.

III. The Proper Answer

It has been possible for many years for anyone with a genuine understanding of the realities of the economic system

and the precise operation of the financial system to predict a coming crisis so great as to determine the whole future of civilisation. We have now clearly reached that crisis.

For some time it appeared that the authorities—financial and economic (politicians are in the hands of advisers and under the patronage of financiers)—simply did not grasp fundamental realities. But the evidence collated by Gary Allen negatives that conclusion. The purposeful centralisation of world financial control, the deliberate precipitation of the Great Depression (and other depressions), the instigation and prolongation of wars and manipulation of the combatants, betray a full knowledge of the relation between finance and politics.

Now despite the dire threats of the destruction of mankind, and even of life on earth, the crisis is most unlikely to go so far, bad though it may become if Communism resorts to large-scale military action. It is as certain as anything can be that some, probably large, proportion of humanity will survive this crisis. The vital question is: what sort of future will lie before those survivors?

What the Conspirators envisage and are preparing for is a World Government ruling a world population (controlled as to size) of slaves. As we have endeavoured to make clear, slavery entails permanently controlling access to the necessities of life, *via* full employment. The strategy to that end is now clear. The 'rich' nations are to be put to work, at the point of a gun if necessary, to develop the 'poor' countries, while the necessity to prevent pollution and preserve the environment will be used as excuses to keep consumption down and the slave-population fairly close to subsistence level, as in Communist Russia and Communist China—and elsewhere where Communism is already in full control.

The total strategy of conspiracy has gained such momentum that many people feel nothing can be done to stop its progress; and this feeling is strongly reinforced by the continued failure of 'democratic' politicians to solve the economic 'problems' of unemployment and inflation, so that no alternative seems possible except the imposition of an all-powerful and, by implication, all-wise World Government which can deal with the GNP of the world as a whole, without interference by national-minded politicians. "The local national state", says Professor Toynbee of the Royal Institute of International Affairs, ". . . is an abomination of desolation . . . Our political task in our generation is to cast it out".*

Nevertheless, an alternative *is* available; however, its adoption involves the abandonment of certain preconceptions which, unfortunately, have been strongly entrenched by long years of indoctrination by those in whose interests they operate.

There is, first of all, an almost hypnotic belief in the reality of money as a commodity. In respect of gold, this was once the case; it is much less so now, and if "paper gold" takes over, it will cease to be so. But of course the very use of the words *paper gold* is intended to delude the public. For the initiated, these instruments of international exchange are called Special Drawing Rights, and are a formal claim by the International Financiers to the ownership of the world's money, the SDRs *issued* by the World Bank or International Monetary Fund replacing gold *held*

**International Affairs*, November 1931.

by *nations* as the basis of national currencies. The 'demonetisation' of gold formalises control of the world's money by the International Financiers, who hold the 'right' to issue "paper gold".

It is, therefore, essential really to grasp that money is fundamentally an accounting and distributive device, and *as such*, one of the most perfect mechanisms ever devised, because its correct use conveys to the productive system the desires of the community of *individuals* in regard to the programme of production (the purchase of an article is at the same time an order for its replacement). But the issuance of money has been captured and monopolised by the Conspirators (behind the smoke-screen of politicians since the 'nationalisation' of banking—a manoeuvre which simply placed the sanctions of government in the hands of the financiers). Through the system of Central Banks, money has become the most powerful and effective instrument for the central control of policy. However, the tremendous expansion of productive capacity is eroding that effectiveness, and police-power is becoming essential to maintain such control. The thin edge of the wedge, of course, is "price and income control", which is emerging with sinister uniformity in one country after another. A thickening of the wedge is Value Added Tax, which enables direct government inspection in every department of industry. It is, therefore, essential to break-up centralised financial control, and restore money to its primary function.

We have seen earlier that a solution of the *economic* problem, from which political problems derive, involves an expansion of "the money supply". So the correct question is not the one usually asked, "Where is the money to come from?", but "What method of expanding the money supply will enable the industrial system to function to the full satisfaction of the individuals constituting the community?"

Secondly, there is a rather vaguer belief that the industrial system is an end in itself for which man exists, and that mankind should be organised to that end. This becomes clear as schemes of "World development as a whole" are unveiled, because this type of project clearly sacrifices the present generations for future generations—and so on, presumably, *ad infinitum*. As we of this generation are indubitably and overwhelmingly the beneficiaries of past generations, this conception has an underlying validity. But the fallacy lies both in the *ad infinitum* aspect, and in the *rate* at which 'world' development should be pursued, and particularly in its association with the idea of *thereby* maintaining full employment. And of course the *bona fides* of the promoters of 'world development' are highly suspect. The Conspirators have unleashed wars and revolutions which have resulted in death and misery for hundreds of millions (an aspect of population control), and wrecked some of the greatest monuments and achievements of civilisation. It was not necessary, except as an object-lesson in the co-operation of the U.S.S.R. and the U.S.A., to bomb Vietnam almost out of existence as a prelude to the fore-shadowed 'reconstruction' of Southeast Asia.

Thirdly, there is a wide-spread assumption that "labour creates all wealth", and that therefore only labourers (by hand or brain, of course) are entitled to share in it, and decide on its destination. To bolster this assumption, aged and invalid pensioners are kept on a level of bare subsistence, and are made a charge on the tax-payer to main-

tain resentment. But in physical terms rather than in financial terms, the consumption of fully adequate food and clothing, and the provision of adequate dwellings, would not make the slightest dint on the country's productive capacity. In fact, expenditure on these would 'stimulate the economy'; and when there is a great surplus of food-stuffs and clothing and housing materials, and young people anxious for 'employment', *it is criminal, and ought to be generally recognised to be criminal, to penalise these past contributors to the prosperity of their country when their work-life has been completed.*

But of course the proposition that labour creates all wealth is completely false. Our food-stuffs are 'created', and our oxygen provided, by the sun and living plant cells. Fresh water, indispensable to life, is distilled by the sun from the oceans and marshes without any intervention by 'labour'. But industrial production itself is now overwhelmingly the result of the application of fossil-fuel- and hydro-electric-power, with the growing application of atomic-power, all made possible and bequeathed to us by the labours of previous generations. On the energy basis, the contribution of human labour is minute and getting less, a great deal of labour being machine-minding, and machines are becoming automated. Furthermore, immense numbers of people are engaged in 'work', for which they are paid, often handsomely, that adds nothing to the supply of goods and services, and insofar as they are engaged in certain aspects of finance, actually restricts the flow of real, as opposed to financial, wealth. The legal profession is largely employed in dealing with problems arising out of the operation of a restrictive financial system. And the insurance system is a very important factor in aggravating the fundamental defect in the financial system, because it channels savings into further capital expansion, with the consequences examined earlier. Insurance could be dispensed with under a satisfactory financial system.

Much more important even in demolishing the claim of labour to the creation of all wealth is the fact that the productive capacity of a country, consisting of its natural resources, its plant, its technical knowledge, and its culture, is a heritage. Apart from undeveloped resources, almost all we have was created by our fore-bears over thousands of years. It is what we call "the cultural heritage", and this is the overwhelmingly important factor in the production of wealth. The ownership of this vests in all the members of the living community, without distinction, as tenants-for-life. That is to say, the right to a share in the product of the cultural heritage is unconditional (apart from criminal activities or deleterious anti-social behaviour) from birth to death; and the only practicable way of materialising that right is an income in some form which is independent of employment.

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The cumulative effect of years of indoctrination along the lines of "the poor are poor because the rich are rich"—patently untrue—and "labour creates all wealth", has of course had a profound psychological effect on the community. Just as the belief in magic can cause death from purely psychological causes in appropriate circumstances (pointing the bone, for example, amongst Australian aborigines), so tenacious, almost unconscious belief in various maxims acts as a mental block to any realistic approach to a genuine

socio-economic science. So-called social scientists really do talk and write a lot of nonsense, without being able to recognise that it is nonsense because it arises from subconscious preconceptions, but of course this is reinforced by deliberately subversive instruction in schools and universities. So in quite an important sense, a sort of conscious act of repentance—an acknowledgement of and casting-out of certain misconceptions and the prejudices arising out of them—is required to clear the way to a full understanding of why the policies, both political and economic, now current in world affairs threaten us with final destruction.

For Socialism, besides being the "Royal Road to Power For The Super-Rich", has for too large a section of the community, and not always consciously, some of the attributes of a religion—a black religion, generating envy, malice, spite and worse.

It is as Robert Fordyce Aikman wrote in an article, "Quality and Equality" in the magazine *Nineteenth Century* twenty-seven deteriorating years ago: "We have nearly all fallen into the clutches of six myths . . . the myth of equality . . . the myth that work is good and beneficial to the worker's soul, whereas it is the Curse of Adam. The myth that heredity is in some way (hard to define) superseded. Shall we call this the illusion of merit? The myth that there are no rare spirits whereas society is held together and all good things are advanced by exceptional individuals. Mass movements are the perpetual movement of the Gadarene swine. The myth of the more the merrier. The myth of . . . the desirability of uniformity. Whereas individualism is the basis of all quality, and can only flourish in freedom. Equality is the great enemy of quality."

So we need to recognise that economic activity is simply one among others of the functional activities of men and women in the world, and one which, on the basis of energy available, is of diminishing importance; that the destiny of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities.

This is, of course, by no means to say that engaging in economic activity is in any way wrong. The destiny of *some* men and women may well be fulfilled in that direction. It is the *dominance* of the economic function over others that is stultifying. It is difficult, for example, to get serious consideration for matters as serious as these presently under consideration, because people "have no time", being pre-occupied with 'getting' or maintaining 'a living'. More people—including women—are 'employed', rather than self-employed, than ever before; mankind works harder than most animals. For the first time in history, children are left largely without their parents, and the Government is pressed to build and staff day-care centres for these abandoned children.

On the other hand, it seems obvious that the necessary staffing of industry should more and more be left to those to whom it has an inherent appeal, and to whom the achievement of genuine increases in efficiency are, in a sense, their own reward; though that by no means excludes reward particularly in the sense of promotion. In any case, under a modified economic system, *financial* rewards would become increasingly irrelevant, as the general levels of incomes (in

terms of increased purchasing-power) rose. Much of the attraction of high incomes at present lies in the opportunity for financial manipulation; but this should become a thing of the past. Even higher incomes, or the possession of a large sum of money, is at present a temptation to compete for power; but power can only be power over others, and if men are set free, the scope for power over others is removed, and co-operation replaces regimentation.

Against this back-ground it is possible to indicate the principles of an alternative to disaster, and the first step is to enunciate fundamental propositions.

(1) A prominent member of the British Cabinet recently said that if inflation were not controlled, Britain faced economic suicide; and the Cabinet has now introduced controls over wages and prices, which cannot control inflation, but which will convert Britain into a fascist state.

The problem is wrongly stated. It is *not* to 'control' or fight inflation. It is to remove the anomaly in the financial-accountancy system which distorts the proper and efficient functioning of the industrial system, whose sole and proper purpose is the production of goods in the quantity and variety desired by the community with the least effort and friction for all concerned.

(2) Since the purpose of labour-saving machinery is most easily and rapidly to supply the *genuine* economic wants of the community of consumers, unemployment (leisure) should be regarded as a sign of economic progress and not as a symptom of break-down. The problem here is the equitable distribution of leisure without penalty.

(3) The chief factor in the physical aspect of production is the ratio of fuel-power to human labour. This ratio is constantly increasing, leading to decreasing man-power required for a given programme of production. This programme should be based on the provision of adequate food, clothing and shelter for the *whole* population.

(4) The other chief factors in production are the cultural heritage and the unearned increment of association. These are intangibles and hence cannot be quantified. The increment of association is highly important, since a single new invention may affect the productivity of all forms of industrial activity. Since these intangibles inhere in the community as a whole and do not relate to labour performed, financial demand reflecting them must be other than by the payment of wages and salaries, but should relate to the demand made on industry—i.e., the ratio of total consumption to total production.

(5) The size and nature of the programme of production should be determined by the body of consumers as a whole, by the demands made on industry by individuals, which constitutes a sensitive order-system. This is the inverse of 'planned' production where a small body of people (only remotely if at all affected by the outcome of elections, since large-scale plans are not easily diverted) determine what should be produced, in what quantity, and who shall get it and on what terms—totalitarianism as opposed to *economic* democracy.

(To be continued)

A MERRY CHRISTMAS
TO ALL OUR READERS