

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 54. No. 1

APRIL, 1974

15p. Monthly

"These Latter Hours" *

The nascent science of Social Dynamics presents many urgent problems for solution to its students, and perhaps one of the less understood is that of the distinction between Social Momentum and Applied Force.

There is an idea in the minds of many people, I think, that the world and the rulers of it are susceptible to some description of death-bed repentance, and that, in consequence, the penalty of their past policy can be averted. It is very doubtful indeed whether such an idea has any sound foundation. The prevention of a great war, for instance, in order to be effective, requires the removal or shutting off of forces which lead to a great war, 15 or 20 years before the war will otherwise take place. It has always seemed to me that 1923 was the critical year in regard to the situation in the world today, and approximately the latest date at which the disasters which threaten us could have been avoided, although that is by no means to say that they cannot be mitigated. In 1923 it became obvious that bankers had learnt nothing and forgotten nothing, and, as Mr. Otto Kahn said at Ottawa, "They had been a little anxious, but now had the situation in hand."

The traditional success of British Governments in dealing with various situations that may confront them (which from one point of view has provoked the criticism, so universal on the Continent, that we have no policy other than expediency) is due, I think, to our concentration upon problems of momentum, rather than upon problems of original forces. When such momentum is comparatively small—as is the case where communications are slow, agriculture and small industry are primitive, the dissemination of news and propaganda is comparatively restricted, and in general the conditions are those which existed up to the beginning of the present century—the brake is a more effective and simpler mechanism than are the engine controls. When it is necessary to affect the judgment of only a small number of comparatively well-educated people, constantly in touch with each other and familiar with the practice and technique of governmental action, a change of policy is easy and can be comparatively rapid. But such is not the case today. Political propaganda has reached dimensions previously unknown, by means of syndicated newspapers, broadcasting, motion pictures and so forth, whilst the submission of large populations to a uniform economic system based upon finance, and producing parallel problems everywhere, has generated mass emotion on a scale which is reflected in the wars and revolutions contemporaneous with it.

If the situation is looked at in this light, it must evoke even some sympathy for the unfortunate statesmen who are supposedly responsible. If we regard them as free agents with the best intentions, which is in most cases much to assume,

they are faced with the necessity for action along two distinct lines, both of them full of difficulty. In the first place there is the reduction of the momentum towards disaster which has assumed such formidable proportions; and the difficulties which surround effective action of this nature—even the dangers of a directly opposite result to that which is desired—are exemplified by the breakdown of efforts at disarmament. But with the magnitude of modern social forces, it is not much use applying the brake if the vehicle is still hell-bent to destruction on full throttle. The forces which make for destruction in the world today, which have produced the situation which is now so menacing, are more powerful than they were 25 years ago, and there seems to be little more prospect that their direction will be diverted.

Without pressing material analogies too far, it may be observed that the stored energy of matter in motion is proportional to mv^2 . If we have a flywheel one ton in weight turning at 100 revolutions per minute, it takes a great deal more to stop it if it is all in one piece, than if it is split up to 20 flywheels weighing 1 cwt., and of correspondingly less diameter. The analogy is crude, but it is suggestive of what I am convinced is the truth, that dictatorships representing the power of many millions of people must be disastrous if the dictators are in control of policy. It is quite possible to have all the power of a unified dictatorship and yet to have control over it in such a manner that its policy can be rapidly changed, if it is recognised that the dictatorship is merely functional, and not one of initiative. Freedom is a real thing. It is the most important thing which is at stake in the world today, and it is beyond all other things necessary that its nature should be understood. It is the power to choose or refuse one thing at a time. It is the power to choose whether you will play cricket or whether you will play golf, or whether you will play neither. Quite emphatically it is not the power on the part of the non-player to change the rules of cricket or golf; that is not freedom, it is oppression. As the freeman of Arbroath said to the Pope when he opposed the enthronement of Bruce: "It is not glory, it is not riches, neither is it honour, but it is liberty alone that we fight and contend for, which no honest man will lose but with his life."

The dictatorships of the world at the present time are slaveries, not because they dictate that their industries shall be carried on to certain programmes, but because they dictate that everyone shall take part in them under either economic or administrative pressure. And this is just as true of Fascism as it is of so-called Communism as practised in Russia today. The fact that such dictatorships may be for a time functionally efficient is quite irrelevant. The more efficient they are under conditions which remove the power of initiative from the

*The Editorial article in *The Fig Tree* for September, 1936.

individual, the more certain it is that they must come into conflict with each other and produce a world catastrophe.

How much time is required both to apply the brake and reverse the engine, and whether there is sufficient time, I do not know; but only individual initiative submitting itself to functional discipline for the purpose of reaching that objective can have any success.

—C. H. DOUGLAS

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FOR POLITICAL AND ECONOMIC REALISM

PUBLISHED MONTHLY

This journal expresses and supports the policy of the Social Credit Secretariat, which was founded in 1933 by Clifford Hugh Douglas.

The Social Credit Secretariat is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

SUBSCRIPTION RATES: Home and abroad, post free: One year £2.60. Six months £1.30, Airmail one year £3.50.

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Business: Box 2318V, G.P.O., Melbourne, Victoria 3001
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Vol. 54. No. 1

April, 1974

Prospect

The two short commentaries by the late C. H. Douglas which follow appeared in these pages about twenty-eight years ago, and were incorporated in the book *The Development of World Dominion* published about five years ago. The policy forecast in the sentence "And our competitors have only to put down prices in the competitive market for ten years, to ruin us permanently" has been accomplished more indirectly by international manipulation of exchange rates — the progressive devaluation amongst the world's currencies of the Pound sterling; and permanent ruin has followed. All that the 'Conservatives', the Socialists, or the 'Liberals' can offer the citizens of Once-Great Britain is a programme of increasing austerity in a fatuous (or more probably treasonable) attempt to borrow the country out of an unrepayable debt, before submitting to permanent enslavement as a Province of World Government, of which the European Common Market is merely the route-march.

The immediate prospect is for a descent into anarchy, followed by some form of military-police government, with the support of the Red Army. Or, perhaps, just dissolution, Britain becoming merely a coal mine-field and a base for the recovery of North Sea oil to fuel the machinery of World Government.

As can be seen, Douglas's warnings and suggestions, and our own later ones, have been in vain.

We almost feel that we ought to apologise for recalling to our readers that "exports" from this country are mainly im-

ports more or less processed, and then re-exported. The obvious result of this elementary fact is that an increase in exports of 75 per cent, which we are now told must be attained if we are to live at all, means that we must import and pay for, as well as transport, free, all the raw material of these exports which is not indigenous, before we have a penny to spend on either maintaining our plant or raising our standard of living. And our competitors have only to put down prices in the competitive market for ten years, to ruin us permanently.

Quem deus vult perdere, prius dementat.

Adjusted to the purchasing power of the gold sovereign and the wage standards of 1890, we have probably exported at a total loss, i.e., thrown away both without thanks and at the risk of international complications, not less than Ten Thousand Million Pounds' worth of production in the last sixty years. The amount may easily be much greater; it certainly is not less. Not one penny's-worth of that production has gone to raise the standard of living of this country. Up to the present, we have spent on this war about twenty-five thousand million pounds, which is rather more than the estimate of the whole capital assets of Great Britain before the war. In the 1914-1918 phase of the conflict, we probably spent about one quarter as much; but in neither of these cases is it easy to say what was the total capital loss, if the greatest item of all, human wastage, is given a monetary figure, which is no doubt what our dialectical materialists would consider proper.

We have no reasonable doubt that this situation, and the state of the world at the present time can be broadly, but with approximate accuracy, attributed to:

ULTIMATELY, a compact organisation, almost impossible to identify completely, possibly controlled at the top by something the Churches call Satan. Freemasonry appears to be the Church of this Body. PROXIMATELY, by two mechanisms, one which we describe as political, which has various disguises, but favours "majority democracy"; and the other, financial, of which what may be called the A + B factor results in the opportunity for continuous inflation with spurious currency. The flat contradictions of the existing British policy are not foolishness; they are, for the first time, open and undisguised efforts to secure the final triumph of the World Dominion which has been the covert purpose of every major historical event since the French Revolution, and probably for many centuries before that.

THE DEVELOPMENT OF WORLD DOMINION

By C. H. DOUGLAS

The post-war years in Great Britain under the Attlee Socialist Administration were critical, for in those few years Britain, victorious in war, lost the peace. Throughout that period the late C. H. Douglas wrote a series of penetrating commentaries dealing with the politics, economics and conflicting philosophies of the times. He warned the British of the fate being prepared for them—the fate which has now befallen them.

Paper cover 68p

Hard cover Library Edition £1.35

Prices include postage

K.R.P. PUBLICATIONS LTD.

245 CANN HALL ROAD, LONDON, E11 3NL

Saving Chile *

JOHN RARICK † INTERVIEWS CHILE'S
AMBASSADOR

On September 11, 1973, after three years under Marxist rule, the people of Chile dramatically rejected Communist President Salvador Allende Gossens and his Marxist regime. The anti-Communist military had surrounded the Presidential Palace. Unwilling to answer to his Communist masters for his failure, Allende committed suicide with a gun given him by Fidel Castro, whom he had sought to replace as the most celebrated Communist in the Americas. Allende left behind him an economy so destroyed by Communism that it may take years to recover.

The immediate reaction of outrage expressed by Communists and radicals in our country and throughout the world was to be expected. Their "showcase of democratic socialism in the Western Hemisphere", as Allende's Communist regime was called, had failed. In its failure, the Allende Government had learned what other Communists have long known—that a free people will not willingly trade liberty for Communism.

By mid-summer, most observers realized that Allende had led Chile to the brink of civil war or total collapse. Economic chaos paralyzed the country. Inflation had reached a staggering 350 percent by the end of July—the highest in the world. Consumer prices were more than doubling every four months, and what consumer products were available were earmarked as a first priority for Party members. The people were forced to endure massive waiting lines to purchase their government rations of food and clothing . . . or to turn to the blackmarket. Paper currency was so devalued by inflation that rather than reporting to work for a daily wage, workers often found it more beneficial to stand in line for a government handout, which many then sold on the black market. The black market, by now the only free market left in Chile, became the only industry in the land that showed a profit.

Allende's policies of "agrarian reform", which turned farmers into employees of the state, resulted in a drop of almost twenty percent in agricultural production. Uncertainty over expropriation of their crops and land discouraged farmers from planting. Agricultural production sank to the level of 1936, when there had been half as many people to feed. Almost half of the country's export earnings had to be used to import food. And the balance of payments deficit and foreign debt soared—doubling in only three years. When the new Government took control from the Communists it found that the Treasury contained only enough money to finance for a single day the purchase of food needed from abroad.

Repeated and prolonged strikes by copper miners had caused the country's major industry to clank to a halt. The demands of miners for higher wages to combat soaring inflation were coupled with protests against the inept administration of the mines by Allende's political commissars. Political appointees swelled the ranks of workers. They spent more time organizing and attending Party meetings than in mining ore, and the industries operated only at fantastic losses. The

efficient mining operations that Allende had without compensation "Chileanized" from U.S.-based companies became political playthings for the Marxists.

Hundreds of industries were nationalized. To force the bankruptcy of remaining private enterprises, Allende froze prices on goods manufactured by private concerns and at the same time granted large wage raises while inflating the prices of government-controlled raw materials. As this escalated, whole industries fell into the hands of Allende's Marxist henchmen and the economy disintegrated.

Furious, the people reacted. Strikes by truckers, shopkeepers, white-collar workers, taxi drivers, and hospital technicians rocked Chile in the months before the Government was toppled. All semblance of social and economic order had been destroyed in Chile.

Meanwhile, even as he paid lip service to his goal of establishing a Communist state in Chile through democratic means, Salvador Allende armed an International Brigade of workers, students, and foreign Communist revolutionaries, who had been quietly infiltrated into the country. He now realized that his only hope of retaining power was through an armed Communist takeover. In a letter of July 29, 1973, discovered among other Presidential documents after the coup, Cuban dictator Fidel Castro urged Allende to rally his forces and strike:

. . . don't for a single instant forget the formidable power of the Chilean labour class, and the energetic backing that it has afforded you at all difficult times. It can, at a call from you should the revolution be endangered, paralyze those who favour a coup d'etat, retain the adherence of vacillators, impose its conditions, and decide once and forever . . . the fate of Chile. The enemy should know that it has been summoned and is ready to come into action. Its strength and combativeness may tilt the scale in your favour, even though other circumstances may be unfavourable.

But, in spite of their intensive guerrilla training and the large caches of arms and ammunition stored for them in the Presidential Palace and other government buildings, Allende's paramilitary commandos offered little organized resistance to the military on the morning of the coup. It was a pre-emptive move—well timed and well organized. In the President's luxurious home in Santiago, the Armed Forces discovered an arsenal sufficient to supply over two thousand men. There were Russian-made rockets, thirty- and fifty-calibre heavy machine-guns, AK-47s, recoilless anti-tank weapons, and bazookas—with enough ammunition to permit sustained gunfire for over twenty-four hours. A bomb factory and a guerrilla school were discovered at the home of Allende's private secretary. Caches of explosives, grenades, assault guns, and Molotov cocktails were found in factories and industrial plants operated by Allende's Communist appointees.

Documents found in the office of the Minister of the Interior, Daniel Vergara, a Communist Party leader, indicate that if the military coup had not taken place when it did the Communists would have launched their formal takeover. Plans had already been made, and scheduled, to assassinate top military leaders on September seventeenth. Even former Chilean President Eduardo Frei, who is hardly known as a Rightwing Extremist, looked upon the Junta as the only escape from a Communist takeover:

The country had no other way out towards salvation but a government by the Junta. Allende had come to establish Communism by violence, not through democratic means. And when deceived

* From *American Opinion*, March, 1974. *American Opinion* is published monthly except July in Belmont, Massachusetts, U.S.A. 02178, subscription rate U.S. 12 dollars per year. Subscriptions can be arranged through K.R.P. Publications Ltd., 245 Cann Hall Road, London E11 3NL at £6.

† John R. Rarick is a former district judge serving his fourth term in the U.S. Congress.

democrats realized the magnitude of this treason, it was too late; masses of guerrilleros had been armed, and a programme of extermination of military, civil and political heads was about to be put into action.

Chile was spared the massive butchery that followed Communist revolutions in Cuba, China, and Russia. The military apparently acted only after the threat of a Communist takeover by force seemed imminent. For forty-six years the military in Chile had avoided involvement in civilian politics. But, as the Communists have proved again and again, there are far worse ways to live. And within a week the Junta, composed of representatives of the Army, Navy, Air Force, and National Police, had established its credibility as a Government and begun to move the country back toward liberty.*

In the subsequent rush of the U.S. press to deplore military rule by the new Government, inaccuracies, misrepresentations, and deliberate lies were headlined across our country. Widespread coverage was given a *Newsweek* story, filed by correspondent John Barnes, claiming an "official morgue body-count" showed that during the first two weeks following the overthrow of Comrade Allende the Santiago morgue processed 2,796 bodies. It implied that executions had taken place on the same scale in other Chilean cities. The report created a sensation and shocked most Americans. It was even read into the *Congressional Record* by Massachusetts Senator Edward M. Kennedy as representing the brutality of the new anti-Communist Government. The *Newsweek* report gained wide circulation on college campuses and was used by Marxist groups to raise money for anti-Chile propaganda. Grave doubts about what had really happened in Chile were created in the minds of millions of uninformed Americans.

Little attention was paid to reports issued a few weeks later by reporters making independent investigations of the story. These investigations established that the allegations of *Newsweek* reporter Barnes were so wildly exaggerated as to constitute deliberate misrepresentation. The body-count figure of 2,796 was correct, of course. But what Barnes had neglected to tell the readers of *Newsweek* was that the figure represented every corpse admitted to the Santiago morgue for the entire year from January first through September twenty-first. The Chilean Embassy in Washington reports that the actual death toll was less than six hundred, including forty-two military and police.

After the first burst of sensationalist headlines, the U.S. press has largely chosen to ignore Chile. The new Government's uphill struggle to restore an economy shattered by Allende and his Communists has been almost totally neglected. Yet the economy of Chile has begun to show signs of recovering from its three years under Marxism.

Copper production, which accounts for about eighty percent of Chile's income, has already shown a substantial increase. The copper mines are expected to produce a record 300,000 tons during 1974. And the Government has begun to conduct negotiations "aimed at providing just compensation" for nationalized U.S. interests.

Farms illegally taken by the Allende regime are being returned to their owners. Agricultural production is expected to rise markedly despite the delayed planting season.

*For one thing, it assumed full responsibility for the foreign debts of the previous Administration. (The United States is still waiting for payment of debts owed by Russia in 1917 and Cuba in 1959.) This was a significant step toward re-establishing international credit and respectability.

Public confidence in the escudo (Chile's national currency) is returning. Long-hoarded U.S. dollars are again being exchanged for escudos at the official rate. In fact, some \$19.5 million in small bills were sent aboard a commercial airliner to Miami in late December as the first instalment toward repayment of Chile's financial obligations to the United States. In a little-publicised agreement with the U.S. State Department, Chile's new leaders have agreed to repay \$64 million during the next six years beginning in January 1975, with interest of six percent per annum. Reports indicate that it took the tellers almost a week to count the millions of U.S. bills, many of which had been exchanged for escudos after having been hoarded by Chileans throughout the Allende regime.

The social and political chaos Chile suffered under the Marxists is to be replaced by a new Constitution currently being drafted. It is expected to be submitted to a public plebiscite for approval within the next few months. But the "Liberal" press in the United States, still mourning the fall of Communist Salvador Allende, has failed to report that the drafting committee does not include a single representative of the Armed Forces. Chile's military leaders apparently desire to return to their traditional role, separate from civilian politics, as soon as the emergency can be ended.

Early indications are that the new Constitution will reaffirm and strengthen basic freedoms and civil liberties denied under the Allende regime. One of the cornerstones of constitutional freedom being included is the right to own private property. Every effort is being made to assure that no fanatical minority of Communists will ever again be able to gain a stranglehold on the country. The Chilean Embassy reports: "The final goal of the (Fundamental) Charter is to interpret the feelings of the majority of the country and to create machinery for preventing the nation from ever again being ruled by a minority which refuses to respect the popular will of the majority."

Anti-Communist Chile's Ambassador to the United States is Walter H. Heitmann, a soft-spoken retired Air Force general. Soon after his arrival in Washington, Ambassador Heitmann appeared on my weekly television programme, "You've a Right to Know", to discuss the situation in his country. This was his first appearance on U.S. television, and General Heitmann emphasized that his Government's leaders hope "that they can show the world with actions and final results that they did the right thing." As we talked, Ambassador Heitmann discussed the recent events in his country with a determination and optimism that characterize conversations I have had with other members of the new anti-Communist Government. I believe you will be interested in the details of that interview which follow.

AMBASSADOR HEITMANN: It would take three years to explain the facts, because in three years the previous Government destroyed our country. Unless you have knowledge of the former conditions, you will not be able to understand the reasons why the military, breaking a long tradition in our country, intervened; and why the majority of Chileans are supporting the new government. It would be necessary for the American people to see how our women formed long lines just to get some food, and remained standing for hours well into the night. They were forced, with this system, to leave their children alone, risking their health and lives in order to get food. The food was distributed only to those who were members of the Marxist political parties. Citizens who did

not belong to those parties could not even get the basic necessities to support life, but were forced to buy them in the "black market."

CONGRESSMAN RARICK: Party—that's the Communist Party?

AMBASSADOR HEITMANN: That's the Communist Party, yes. That is the way they operated in order to have the complete control over the Chilean people. Basically, the military was asked by the people to intervene to put an end to this situation. For three years, the population had been nourished with lies, with promises that were never accomplished. They grew sick and tired of demagoguery. The unions went on strike, especially the truckers' unions. And the university students too. Even the housewives went into the streets demanding the resignation of Allende.

The country was paralyzed, production was almost non-existent, everything was a matter of politics. The police force was called out to repress the people's protest, and police officers quickly became sick of misuse of authority. Finally, however, the leaders of the military could no longer remain deaf to the demands of the people for the resignation of Allende. They asked him to leave the country, and offered him safe passage to the nation of his preference, even Russia, with full assurance that he might take with him whomever he wished. When he did not accept this offer, the Armed Forces moved to overthrow him by force.

CONGRESSMAN RARICK: Mr. Ambassador, you were in Chile at the time of the coup. What do you believe would have happened if the military had not intervened?

AMBASSADOR HEITMANN: I retired one year ago from the Armed Forces, so I was able to watch developments both as a military man and as a civilian. If the Army had not stepped in, the government would have started its own revolution. It had organized popular militias, it had weapons, organization, guerrilla-training camps with people coming in from Cuba, Korea, and other countries. Chile was invaded by foreigners who were ready to lead the coup that the Allende Government was preparing for the seventeenth of September, one day before our National Day. They had a detailed plan for that day, which was found in the safe of the Minister of the Interior. It was known as "Plan Z". Anybody can look at these documents in the "White Book" recently published by the new Government. My Embassy is making every effort to circulate this book in the United States.

CONGRESSMAN RARICK: Do you feel that President Allende was the leader of this coup against his own Government, or was he being manipulated by outside forces?

AMBASSADOR HEITMANN: Mr. Allende was in some way losing control of the political forces that supported him, especially of the Socialist Party, which was the most ardent advocate of violence. But Allende was a Socialist himself, and the disagreement with his party was only a matter of timing. There is no doubt he knew about this plot because some of the documents were found in his house, where he kept an arsenal: guns made in Russia, East Germany, and Czecho-Slovakia. There are some pictures of his practising with machine-guns in the gardens of one of his several houses.

CONGRESSMAN RARICK: But there were people from outside your country who had been moved in?

AMBASSADOR HEITMANN: Yes, we detected about thirteen thousand foreigners, most of them Cubans and Brazilians, some from Uruguay, Korea, and other countries. They were

actively training Chileans too. In the factories they were organizing workers in paramilitary armies and providing them with arms.

CONGRESSMAN RARICK: In other words, the Socialists and Communists were using the labour movement and the poor people to arrange a guerrilla movement against their own country?

AMBASSADOR HEITMANN: Yes, that's exactly what happened.

CONGRESSMAN RARICK: But Mr. Ambassador, if Allende's guerrilla movement was so strong, why was there so little opposition to the preemptive coup by the military?

AMBASSADOR HEITMANN: Why did they find little resistance? It is obvious: Because most people were against Allende. The Marxist regime became very unpopular during the last year. People were promised many good things, and they were misled for a time. But as soon as treason-to-promises was confirmed, they protested against the former Government. It was then that the Marxists had to look for more foreigners to help support Allende. Our citizens are lovers of peace and freedom, and only the knowledge that they had been cheated made them react violently against the cheater.

What happened in Chile was not a coup d'etat. It was the only way to solve the problems of the nation. The problems had been created by the former Government through the illegal rulings applied during the last three years. Our moral, social, and economic status was destroyed. Such activity was formally denounced by the Supreme Court, the Comptroller's Office, and the Congress. However, Allende did not listen, and continued to violate both the Constitution and the law.

The military intervention was a consequence of the demands expressed by the majority of Chileans. At great risk, the newspapers, radio, and television published the facts that proved the failure of the so-called "democratic communism", and the people understood. The shortages of food, medicines, and raw materials became a national tragedy. Women went out in the streets crying because their cooking pots were empty. Workers, technicians, employees, countrymen, professionals, and students went on strike and the country was paralyzed. All over the country people began collecting signatures to ask Allende to resign. At last, doctors of medicine and truckers declared that they would remain on strike until the President had left the Moneda. It was then that the Armed Forces and the Police Corps intervened.

CONGRESSMAN RARICK: We are hearing talk about suppression of the minorities and of free speech in your country. Does this exist?

AMBASSADOR HEITMANN: At this moment, all political activities are suspended. The people accept this, and are offering to continue such a suspension until the country achieves a certain degree of recovery. Some news sources have publicized inadequate information, as well as falsified reports, related to the Chilean Government. Perhaps part of this misinformation is a result of the fact that the legal procedures under which the Military Courts operate require the strictest secrecy regarding those being detained. In compliance with the military code of justice that has operated in Chile for more than twenty-five years, the military authorities cannot divulge any information about those being held for questioning. For this reason, it is not unusual to hear that "so-and-so has disappeared", allowing the imagination to supply the remaining details, while the truth of the matter is that the person in question is only being interrogated by the courts. In

addition, it is possible that some people providing false information are politically interested in distorting the actual situation in Chile.

CONGRESSMAN RARICK: In the meantime, what has your country done with all of those Communists from other countries who were infiltrated into Chile?

AMBASSADOR HEITMANN: We are giving them safe-conduct to leave the country. I don't know if the countries that are receiving them are aware of the problems they are going to have as a result. Some are even offering them high positions in universities and public activities. It certainly provides a good opportunity for Communism to spread its ideology to different countries.

CONGRESSMAN RARICK: Mr. Ambassador, I am sure you are aware that the U.S. Government has been discussing the possibility that these Communists and Marxists from Chile might be classified as "refugees" and offered sanctuary here in the United States. I'm sure your country is not going to object if some other country takes them off your hands, are you?

AMBASSADOR HEITMANN: No, we want to get rid of them by all means, but we are not going to kill them. We just want them out of the country. And if they find a country that wants to take care of them, that's the problem of that country.

CONGRESSMAN RARICK: The flow of private capital from the United States to Chile was cut off following the seizure of several U.S.-based copper companies. Within the past few weeks, however, private U.S. bank loans amounting to about \$150 million have been made available to Chile. Do you see this as an economic vote of confidence for the new Government?

AMBASSADOR HEITMANN: There was no guarantee of national or foreign investment in Chile over the last few years because the Allende regime did not act in accordance with the Constitution and the law. Big and small factories were illegally seized, some were even taken over by guerrilla forces. At this moment, I think we are recovering the traditional confidence investors once had, because Chileans are once again working to increase and improve the quality of production. As for negotiations with copper companies, we expect them to end in a mutual agreement that will benefit both parties. Nevertheless, we need all kinds of foreign help now. Technical, scientific, and economic aid is necessary because, as you know, the deficit in the balance of payments is \$700 million this year, despite the fact that before Allende came to power we enjoyed a \$400 million surplus.

CONGRESSMAN RARICK: What is the new Government doing to restore economic and social stability in Chile?

AMBASSADOR HEITMANN: The destruction of our economy by the Marxists was so complete that reconstruction will be even more difficult than that required of a nation reduced to rubble by a war. Emergency measures have been implemented with plans for short, medium, and long term reconstruction. As an immediate measure, efforts were concentrated on the provision of foodstuffs, to avoid the famine precipitated by the decline of agricultural production and the dismantling of the food-processing industry. This was followed by the initiation of short-term plans to reorganize labour in all sectors. The Chilean democratic organization is being restructured to encourage increased production in mining, agriculture, and industry.

CONGRESSMAN RARICK: What lies ahead for Chile?

AMBASSADOR HEITMANN: Regarding our future hopes, I can assure you that the coming years will be years of sacrifice and effort on the part of the people of Chile. If it is not possible to procure the immediate technical and economic support that Chile needs, the recovery will nevertheless continue. Without international understanding and co-operation, our recuperation will of course be slower. But Chile has no doubts about having taken the road back to freedom, and we hope that some day soon the other free nations of the world will understand and appreciate this.

The New and The Old Economics

The New and The Old Economics by C. H. Douglas, which was reprinted in our December, 1973 issue, is now available in booklet form from K.R.P. Publications Ltd., 245 Cann Hall Road, London E11 3NL, at 35p.

The following paragraphs have been included in a Publisher's Preface:

Although the general conception of Einstein's theory of relativity is now orthodox, there are still large numbers of people—even 'well' educated people—who cannot grasp that theory. It has proved, however, fundamental in dealing with problems of nuclear physics and space exploration, and thus must be seen as so far vindicated by experience. Similarly, the flow conception of the economic process, fundamental to Social Credit theory, remains elusive to large numbers of people; but it is still stigmatised officially not only as unorthodox, but as incorrect. Yet its correctness is vindicated by the development of the present universal economic crisis, long predicted by Douglas, as was also the catastrophic political crisis—largely and deliberately economic in origin, though catalysed by subversion and corruption—which now engulfs us.

Although these interlinked crises are quite undoubtedly due to deliberate and malignant persistence in a demonstrably mathematically defective financial system, it seems useful to make available once again this succinct and conclusive demonstration of the actual operation of the financial system, ignored for more than forty years despite depressions, wars, inflation, and the relentless advance towards Finance-Communist slavery to a point where only the exposure, isolation, and, hopefully, punishment of the Finance-Conspirators can save Western Civilisation from obliteration. For, as Douglas wrote (*Programme For the Third World War*): "If you can control economics, you can keep the business of getting a living the dominant factor of life, and so keep your control of politics—just that long, and no longer". The control of economics rests on the ignorance of Party politicians of the realities of the economic process.

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