The Truth About Social Credit

By

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Social Credit stands for the supremacy of individuals over all institutions, financial, industrial or political.

Social Credit is opposed to monopoly in any shape or form.

Social Credit has nothing to do with the nationalisation of industry.

Social Credit alone can provide the individual with security AND liberty.

PRICE, 1/-

INTRODUCTION.

During the Parliamentary Debates on the Federal Labor Government's 1945 Banking Legislation, Mr. T. W. White, Liberal M.H.R., said:

"We have heard the theories of the advocates of the Douglas Credit system, who now masquerade under a number of other titles. If the Minister for Post-War Reconstruction (Mr. Dedman) had happened to be one of the disciples of Major Douglas, he could not have presented a better case than he has for Social Credit. . . ." (Vide Federal "Hansard", March 22, 1945.)

The above statement is typical of the many loose statements made concerning the alleged connection between Social Credit and the Banking Bills introduced by the Federal Labor Government in 1945. In view of the fact that this banking legislation can be used to introduce an even more totalitarian state of affairs than we already suffer from in this country, it is essential that the Australian people clearly understand that social crediters advocate financial principles which are fundamentally opposed to those put forward by the Labor Party. Mr. Lazzarini stated during the Banking Bill debates that no one on his side of the House advocated Social Credit. Senator Grant, Labor Senator for New South Wales, put the matter even more clearly:

"The Bill and what it stands for are the exact antithesis of what the Douglas Credit propagandists advocate. . . . There is no connection between Douglas Credit and what is proposed under this measure." (Vide Federal "Hansard", June 27, 1945.)

While it is true that social crediters have for many years attacked the policy pursued by the international controllers of the Australian banking system, it does not follow that any so-called reform of that system should automatically have the enthusiastic support of social crediters. Social crediters have never tired of stating that no interference with the financial system is of any use unless it results in individual freedom and concrete benefits for an increasing number of INDIVIDUALS. Abstract talk about the "public interest" and "national welfare" is useless and dangerous.

Social crediters have directed attention to one of the fundamental faults of the present financial policy: **the creation of an ever-increasing mountain of private and public debt—the latter requiring more and more ruthless taxation in order to pay the interest.** No matter what Party is in office at Canberra, and no matter what its spokesmen say about easing the burden of taxation, there can be no real relief for the harassed taxpayer while the policy of increasing public debt is continued. Furthermore, all "social security" schemes are based on the proposition that Government bureaucrats should spend an increasing amount of the taxpayers' money for them. One of the basic financial ideas put forward by the social crediters is: THE PEOPLE SHOULD HAVE A FINANCIAL SYSTEM WHICH WILL ALLOW THEM TO PRODUCE AND CONSUME WHAT THEY DESIRE WITHOUT PILING UP FINANCIAL DEBTS IN SO DOING. Is there any evidence to suggest that the Labor Government's Banking Bills provide for any interference with debt-finance? None whatever. In fact, one Labor member, Senator Aylett, put the matter very frankly: "I hope that in the next 30 years Australia will go forward and provide for the defence and development of the country without imposing huge burdens of debt on succeeding generations. **This Bill does not make provision in that direction. . . .** (Vide Federal "Hansard", June 28, 1945.)

How can Labor apologists be enthusiastic about legislation which does nothing to alter the system which imposes "huge burdens of debt on succeeding generations"? If they will only examine the facts, they will see how their "leaders" have betrayed them. Mr. Menzies has said that there can be no reduction of taxation to pre-war levels. Mr. Chifley has said the same thing. The leaders of the Socialists, Communists, Laborites, of Country Party and Liberal Party, all advocate the same basic policy of heavy taxation. **They only argue about the best method of robbing the people of their purchasing power.** Social crediters advocate a progressive reduction of taxation and its eventual elimination. They claim that it is an obstacle to progress. They desire a system which will allow every individual to provide for his own security and to spend his own money as he sees fit.

It is ridiculous for electors to go on believing that they are enjoying democratic government when they are being cleverly encouraged to argue about the best methods of enslavement. The purpose of this booklet is to show electors how they are *being* enslaved, the real facts concerning the Federal Labor Government's Banking Bills, and how Social Credit is the exact opposite of the policies being pursued by all Parties.

WHAT IS SOCIAL CREDIT?

It is generally thought that Social Credit is merely a scheme of *monetary reform.* Nothing could be further from the truth. Mr. L. D. Byrne, Technical Adviser to the Social Credit Government of Alberta, Canada, has said:

"Social Credit is the belief inherent in society that its individual members in association can obtain the results they want."

It is true that social crediters have directed a considerable amount of attention to the financial system, simply because they believe that the controllers of that system have used it to prevent the people from *getting* what they want.

Major C. H. Douglas has said:

"In my opinion, it is a very superficial definition of Social Credit that it is merely a scheme of monetary reform. . ."

Social Credit is the policy of a philosophy. Let us examine this statement a little more closely. All action directed towards a conscious end — i.e., policy — is the result of a philosophy. Those people, and unfortunately there are many of them, who believe that institutions, and abstractions such as the "nation" or the "State", which would not exist without **individuals,** are greater than individuals, will automatically pursue policies, economic and otherwise, which ensure that man serves these institutions and abstractions. Such persons regard all systems — financial, industrial, governmental, etc. — as handy instruments to use for planning their fellows' lives for them. Although many of these people sincerely believe that their fellow man would be much happier if only he would submit to their planning, they are a deadly menace to civilisation. They are unconscious tools of groups who seek ultimate domination over all mankind. The Hitlers of this world are not so uncommon as some people think.

The social crediters' philosophy is based on the belief that all institutions exist to serve individuals. Naturally, their philosophy gives rise to policies very different from those pursued by men with the opposite philosophy. This point must be clearly grasped. This difference in philosophy is the core of the problems confronting civilisation. It is useless our discussing reforms to the financial system — or, for that matter, to any other system — unless we first discuss what is our objective in desiring to reform it. Hitler reformed the German financial system, but only in order that he and his financial backers could more

effectively impose their policies on the German people. Social crediters approach the reform of all systems, financial or otherwise, from the basic philosophical point of view. They ask: "WHAT BENEFITS IS THE INDIVIDUAL GOING TO OBTAIN AS A RESULT OF THE REFORM?" It is on this basis that we must judge the Australian Labor Government's 1945 Banking Legislation.

Dealing with the philosophy of Social Credit, Major Douglas has written:

"If any condition can be shown to be oppressive to the individual, no appeal to its desirability in the interests of external organisation can be considered in extenuation; and whilst co-operation is the note of the coming age, our premises require that it must be the co-operation of reasoned assent, not regimentation in the interests of any system, however superficially attractive."

"Systems were made for men and not men for systems, and the interest of men, which is self-development, is above all systems, whether theological, political or economic. Therefore, all forms, whether of government, industry or society, must exist contingently to the furtherance of these principles.

"If a State system can be shown to be inimical to them — it must go; if social customs hamper their continuous expansion — they must be modified; if unbridled industrialism checks their growth, then industrialism must be reined in. That is to say, we must build up from the individual, not down from the State."

Social crediters have never tired of stressing the fact that reforms which will benefit the individual can't be carried out in face of highly centralised Government. Social crediters desire that Government be decentralised to the stage where it can be effectively controlled by electors. They believe that Government has no other function than to serve electors. But people with the opposing philosophy see in Government, particularly if it can be highly centralised, another instrument for imposing their ideas on the people. The more centralised the Government becomes, the greater becomes the inevitable permanent bureaucracy which soon becomes the real Government. The lust for power feeds on power, and soon the bureaucracy reaches out for control over all kinds of economic activities. This is what has been happening in Australia for a long time. As we will see later, the economic planners dictating to all Governments have consistently imposed their policies on the people.

There are many naive people who argue that if the Federal Government takes control of financial policy and the banking system, beneficial results will automatically accrue to individual electors. But this argument presupposes (among other things) that the electors control the Federal Government and its policies. They do nothing of the kind, and social crediters have pointed out that giving greater powers to a centralised government is merely to invite the destruction of what little responsible government we still possess. In his book, "The Big Idea", Major Douglas says: **". . . to imagine that money alone . . . requires decentralisation is to court failure."**

The further government is centralised, the further it is taken away from the people. Social crediters are endeavouring to get electors to take effective steps to control their Governments and impose their will on them. **Unless they can first control their Governments, then they cannot control financial policy or any other policy.** So we come back to our fundamental proposition concerning the objectives of social crediters: to insist that people in association can get those results which they desire — providing, of course, that they are physically possible. All obstacles to the people's desires must be removed.

In a later chapter we will discuss the mechanism by which social crediters suggest that electors can attain their objectives.

WHO SHOULD CONTROL FINANCIAL POLICY?

It is not proposed that we should deal in this booklet with the functioning of the banking system in detail. We shall merely examine some basic FACTS.

There was considerable argument at one time concerning whether or not the banks created money in the form of what has been termed bank credit, but now only the misinformed deny that the banking system creates practically all money used in modern communities. Legal tender is only an infinitesimal proportion. The credit or cheque system is far more convenient than the use of notes and coins. During the debates on Labor's 1945 Banking Bills even Mr. Menzies spoke about the creation of credit. Finance writers for the daily papers now write glibly about the creation of credit. The necessities of war demonstrated to the Australian people that hundreds of millions of pounds of new money in the form of bank credit had to be made available in order that new production could take place.

In its issue of July, 1938, "Branch Banking", British bankers' official journal, put the question of credit creation beyond further argument: **"There is no more unprofitable subject under the sun than to argue any banking or credit points, since there are enough substantial quotations in existence to prove even to the uninitiated that banks do create credit. . . ."**

There is plenty of authoritative literature available to those who desire to study in detail the manner in which the banking system has been rapidly obtaining a lien on the assets of all communities by merely making available to the people their own financial credit under conditions which make it impossible for the people to do anything but go further into debt.

The real argument concerning the credit system is: Who should control its policy?

The major argument which the Social Crediters put forward concerning the banking system is not that the creation of the people's money in the form of bank credit is wrong, but that this system has been used as an **instrument of government** — to control the people by keeping them short of money, dictating the terms under which they obtain it, and dispossessing them of their assets.

It cannot be denied that our present civilisation would not have been made possible if it had not been for the flexibility of the credit system (what a wonderful convenience cheques are for doing the business of the community!), and Social Crediters contend that the system itself must be maintained if the best features of our civilisation are to be preserved and extended. Let us again state the real issue. It cannot be stated too often:

The basic argument concerning the banking system is not about the creation of credit — **administration** which is carried out very efficiently — **but about who should control the system and for what purpose.** Aeroplanes are a wonderful invention when used to give man greater transport facilities, but when they are used for bombing civilians it is perhaps natural that we should question whether they are a wonderful invention.

Has the banking system been used to impose unwanted policies on the people? There is overwhelming evidence that it has. It was no coincidence that in every country of the world in 1929 the people suddenly found that they had acute poverty amidst plenty because there was a drastic limitation of the amount of money. A deliberate policy of credit restriction was imposed, and it was imposed by an international

group. One piece of evidence in support of this statement will be sufficient here: Mr. Louis T. McFadden, ex-President of the Pennsylvania Bankers' Association, and for twelve years Chairman of the U.S.A. House of Representatives' Banking and Currency Committee, said on December 15, 1931:

"It (the depression) was not accidental. It was a carefully contrived occurrence — the international bankers sought to bring about a condition of despair here so that they could emerge as rulers of us all."

It is ridiculous for Socialists and others to talk about the 80,000 shareholders of the Australian trading banks being solely responsible for banking policy. They were not even consulted when it was decided during the depression to take orders from overseas. How can it be suggested now that if we all become theoretically "shareholders" in the banks — i.e., they are nationalised — we will then be able to control the policy of the banking system? Ownership is merely a nice sounding term unless there is effective CONTROL. And it is the control of the banking system that Social Crediters are concerned about. Their basic argument is as follows:

All real credit is produced by the people working in association and making use of the vast heritage of knowledge built up over centuries. Financial credit is merely a convenient representation of this real credit. Therefore, the people should in no way be hampered from making full use of their real credit by any alleged shortage of financial credit. Neither should controllers of the people's financial credit be permitted to direct how people shall use their real credit. As the people have produced the only basis for financial credit, this financial credit belongs to them and they should have direct control of general financial policy.

The first thing to understand about money of any description — it has taken many forms, from cowrie shells to the modern credit system — is that it is merely a claim to goods and services. It might be termed a ticket. Railway tickets are issued as a convenience for entitling people to seats in trains. There is no record of trains travelling half empty because insufficient tickets were created. Neither is there any record of the manufacturers of railway tickets only printing tickets for destinations decided upon by THEM. **The manufacturers of railway tickets don't control the policy of the railway systems.** The travelling public buy tickets to where THEY desire to go — **they control policy.** Money-"tickets" are, of course, much more flexible than railway or other tickets; they can be used for such a diversity of purposes; the owner of them has liberty of choice and action.

Accepting the above point of view concerning money, why should the manufacturers of money tickets have any more right to dictate people's economic policies than the manufacturers of railway tickets should have to decide the policies of the travelling public? Surely they should merely serve the people.

When money was first invented, the claim to wealth, the ticket issued, was issued by the producer of the wealth. **Economic sovereignty resided in the producer of wealth.** It is interesting to note that the word "pecuniary" is derived from the Latin word "pecus", which means cattle. The first form of currency was probably leather discs given by the owner of cattle to a buyer who did not desire immediately to remove his purchase. The discs were issued by the creator of wealth and were simply an acceptance of the fact that the buyer could at some future date demand a certain number of cattle. Under such conditions the **creator** of wealth had economic sovereignty. Later, however, as a result of various conditions, possibly war, various types of wealth were deposited with the goldsmiths, whose receipts, which were soon used as negotiable bills of exchange, were actually the forerunner of the modern bank note. **Economic sovereignty now passed**

to the goldsmiths, who were the first bankers. They soon discovered that they could issue more receipts than they had wealth, simply because they found from experience that very few of the depositors of real wealth withdrew their wealth at the same time. The ultimate development was, of course, the introduction of the credit and cheque system.

Banks issue financial credit through borrowers by merely writing new figures in bank ledgers (NOT by transferring figures of existing deposits). Borrowers write cheques and use them as money. Those who receive borrowers' cheques pay them into their banks, and deposits are thereby increased. (Of course, cheques are used by depositors, too, for merely transferring existing amounts.)

We can now make our main observation on this growth of the money system: **In the evolution of this system the fact has become obscured that the creator of wealth no longer has direct control over the issue of the claims to his wealth.** If the money system is to function as it should function, it is surely obvious that the individual must have restored to him control over his own money, or what we have termed financial credit. This does not mean that every household should have its own mint; the present banking system can administer the individual's financial credit for him much more efficiently and scientifically. What is basically necessary, however, is that it shall be administered under certain definite principles. We can outline these principles as follows:

(1) The banking system exists solely for the purpose of administering efficiently and scientifically the financial credit of the people.

(2) As are all other businesses entitled to a profit for their services, so banks must be paid a reasonable remuneration for their administration of financial credit on behalf of the people. The cost of manufacturing bank credit is merely the amount of manpower, pens, ink and paper used. Even the London "Economist" has suggested that a half per cent. interest would be a liberal profit for the banks to make for the creation and administration of the people's financial credit. If limited to a maximum of a half per cent. interest charges, and if certain other principles of financial policy, which we will examine shortly, were applied, the profits of the banks would be governed by their turnover of business. Everyone with a knowledge of banking knows that there is no real competition in banking today, that bank amalgamations in every country have ensured an increasing and complete monopoly, and that this monopoly can only be broken by making the banks directly responsible to the people as are other businesses. **People must be in the position where they can penalise a bank not giving them the service they require by taking their business elsewhere.** They must have an alternative. No bank will take another bank's business today. If there were only one bank, as the nationalisers desire, **and that subjected to control by the people now controlling the banking system, or similar people,** the people would be in an even more intolerable position than they are now. **There is no suggestion in the Labor Party's banking legislation that the people's credit be administered by the banking system for a maximum charge of a half per cent. interest.**

(3) The financing of all enterprises producing either goods or services for consumers should continue by the banking system issuing new financial credit against future production when goods are sold, to be repaid and cancelled as is done now. But all public works, such as roads, etc., must be paid for

with new credit issued not as a debit to be repaid, but as an asset and, of course, for the cost of creation and administration as pointed out above. It is economic insanity that the people using their own credit to produce assets should be taxed to pay excessive interest charges year after year to private or public institutions which issue the financial credit as a debt owing to themselves. This prevailing policy means that the more assets the people produce, the further into debt they go. The control of assets by the banks increases proportionately.

We mentioned how the power of the controllers of the banking system would be reduced if, in conjunction with "certain other principles of financial policy", they administered the people's financial credit for a maximum of a half per cent. interest. We can now examine the "certain other principles". Without arguing about how it happens, it is a fact that the present financial policy is responsible for the increase of debt faster than the people can reduce it. In fact, they do well if they can meet the never-ending interest charges. It is obvious that, before the war, the people were always struggling to pay the total price of goods produced and that producers, both primary and secondary, were thus reduced to desperate methods to try and sell their goods to obtain the money to meet their debts. Ironically enough, the war helped many producers by ensuring that consumers obtained increased purchasing power by the production of non-consumable goods. This shortage of money-tickets to pay the prices of the goods produced places the entire community at the mercy of the controllers of the banking system. If there is a sudden calling up of overdrafts or if the people's purchasing power is reduced by the refusal of the controllers of the banking system to make even debt-finance available for public works, producers are in a helpless position. They can then be dispossessed of their assets. But, if there were a financial policy which automatically ensured that the people had sufficient purchasing power to meet the total prices of goods produced, the danger of the banking system being used to control the people would be reduced.

Any Government's connection with financial policy should be to insist that the people have a financial system which will ensure that they can at all times have access to their own financial credit to produce what they desire and that at all times they have sufficient money tickets to pay the total prices of goods and services.

There is no need for the Government to take over the banking system in order to make the above arrangements. It may be said that the Government should act merely in a supervisory capacity, **but even then it is essential that the people control the Government.**

Social crediters have demonstrated that every improvement in productive and industrial methods results in less and less purchasing power reaching consumers. If the consumers do not have enough purchasing-power distributed to them by industry to buy what industry produces, it is obvious that something must be done to alleviate the situation. Before the war there was a desperate attempt to make the system work by getting increased purchasing power into circulation through production which did not produce goods for sale — i.e., through public works. But, as already pointed out, the people were only allowed to draw on their real credit to produce roads, etc., by going into financial debt. Even the debt-finance for public works was not sufficient to ensure that producers could sell their goods at a remunerative price and liquidate their debts. The result was the chasing all over the world for foreign markets to which to export goods unsold on the home market, the fact being overlooked that every country was pursuing the same policy, and that what is termed a "foreign market" is merely another country's home market.

Figures from the Commonwealth Year Book reveal that for the year ending June 30, 1939, Australian industry produced goods valued at £500,419,000, but only paid out wages and salaries totalling £106,743,000. If greater and greater efficiency in production is used (which means the production of increasing goods with the payment of less and less wages to individuals to buy the goods) the difference between total prices and total purchasing power must increase. As every improvement in productive capacity is the result of a scientific heritage which belongs to everyone, social crediters urge the creation of a Credit Authority to ensure that the people obtain new credits other than through industry producing goods for sale. This Credit Authority should merely compute what additional credits are necessary to enable consumers to buy all the goods produced. Now, during the war, the people's credit was drawn upon — i.e., monetised — to fight the war. Together with the fact that the production of consumable goods was limited, this new financial credit, admittedly created as a debt instead of an asset, helped to obscure the flaw in the economic system mentioned above. The controllers of the financial system are well aware of these facts, and there is little doubt that, rather than allow the people to obtain access to their own credit to consume what they desire, an attempt is to be made to continue restricting as far as possible the production of goods for consumers and, under the threat of work or starve, to compel them to use their credit on producing non-consumable goods such as big public works, some of them of very doubtful value. Social crediters advocate that, apart from paying for necessary Government services, the people's credit should be distributed to the people in the form of national dividends in order that they may decide for themselves how they desire to use it; and also used to lower prices, which would, of course, be the same as increasing the consumers' purchasing power. Lowering prices would also ensure that the dreaded inflation which economists and party political leaders are always warning about would not occur with an increase in the money supply. It is no use opponents of Social Credit saying that the idea of a subsidised price to benefit both producers and consumers is ridiculous: the necessities of war compelled the economic advisers in all British countries to apply partially what Major Douglas had advocated for years. No reference was made to the fact that it was Douglas's idea. Commenting on this fact, the English "Social Crediter" of June 23, 1945, states:

". . . Every official agency is at pains to hide the fact that circumstances have forced the 'Government' of Great Britain to adopt, with regard to several necessities of life, that price-compensating technique which Major Douglas has advocated in speech and writing since 1919. If the British housewife today can buy bread, flour, etc., at pre-war prices, it is owing to the fact that the Government creates certain sums which it pays to the producers of those necessities to enable them to sell their goods below cost, at prices the consumers can afford to pay. Although that is exactly what Major Douglas AND NO OTHER ECONOMIST has prescribed as one of the two essential remedies to cure our economic and political ills, no acknowledgment, no appreciation, has yet been forthcoming from any official source. . . . this attitude is at variance with all scientific etiquette. . . ."

The British official figures relating to war-time subsidies paid for food and other necessities in Britain are as follows:—1939, £20,000,000; 1940, £70,000,000; 1941, £140,000,000; and for 1944 the estimate was £225,000,000. In other words, in 1944, £225,000,000 of the British people's real credit was monetised in the form of financial credit and applied to lowering prices to the consumers while still allowing the producer to make a profit. The only flaw in this scheme was the fact that instead of the £225,000,000 coming into existence as the property of the people, who collectively produced the real credit (the backing for the financial credit), it was created as a debt against the people, who will now have to pay increased taxation to meet the interest on it.

Figures relating to war-time subsidies paid in Australia are:— Butter, £8,500,000; milk, £1,500,000; potatoes, £2,500,000; tea, £2,200,000; jute products, £2,500,000; and fertiliser, £2,500,000.

All that social crediters advocate in this connection is that the idea be extended to a greater range of consumable goods, the financial credit being created for the purpose as the property of the people. The people must obtain access to their own credit. And surely war production demonstrated how vast and almost inexhaustible is our real credit, the ability to produce everything in abundance.

Apart from endeavouring to use the financial system to ensure that the people cannot produce those things which they desire, particularly consumable goods, it is also obvious that the present vicious system of taxation is to be maintained for a similar purpose. Taxation has become a system of control. It should be obvious to even the meanest intelligence that taxation of any description — and what a multitude of methods are used today! — has the immediate effect of reducing the people's purchasing power and therefore their standard of living. Their effective demand on industry must be reduced and thus producers are unable to sell their goods and are kept in financial difficulties. And, as stated previously, producers in financial difficulties can soon be taken over by the banking system, irrespective of whether that system be nationalised or not. Government departments are spending more and more of the taxpayers' money; this helps to ensure that the taxpayer only obtains what the bureaucratic controllers of the system think fit.

The idea that essential public utilities can only be provided by the Government taking taxation off the people is ridiculous nonsense and will not stand investigation. In a primitive society, where every person and all resources were being used to provide the bare necessities of life, taxation could be justified if it were necessary to engage in production of non-consumable goods such as war equipment, because it would be necessary to transfer some of the productive effort of the people to the new production. A lowering of the standard of living would be inevitable. But such is not the case today. A decreasing number of people are needed to produce more than sufficient consumable goods for the whole population. The war provided us with a graphic example of what can be done. With 800,000 of the most able-bodied men out of production in the armed forces, and another large proportion of the population producing hundreds of millions of pounds of war equipment which we virtually GAVE to the Japanese, the remainder of the population, in spite of the bungling efforts of the bureaucracy, were able to produce sufficient to feed and clothe the entire population. And we were still able to export food. We would surely be justified in thinking that with the 800,000 men back in production, we could GIVE ourselves a proportion of the productive effort we gave the Japanese? But none of the leaders of the political parties favour that common-sense idea. They all agree that the effort which we were able to make for the war effort should be written up as a permanent DEBT against us, and that the men who fought, and their children, and children's children, should be called upon to pay taxation to meet the interest bill for all time, without ever reducing the debt by one penny. It is utter hypocrisy for Labor politicians to talk about their wonderful financial "reforms" when they support this infamy.

We can now summarise our findings on financial policy as follows:

(1) The Government should ensure that the people have a banking system which will serve their needs on a reasonable basis. It could insist that all those engaged in banking have a licence to do so from the Government, and that the licence be subject to cancellation by the Government if any bank were found

guilty of breaking the conditions under which it agreed to operate. **NO GOVERNMENT OR GOVERNMENT DEPARTMENT SHOULD HAVE ANY DIRECTION OR CONTROL OVER FINANCIAL POLICY, WHICH WOULD BE IN THE HANDS OF THE PEOPLE.**

(2) The Government should establish a Credit Authority to estimate regularly the amount of additional financial credit, over and above wages, etc., to be distributed to the people in national dividends and in lowering prices by subsidies to producers. Possibly the taxation departments could be switched over to this work, although it might be a little strange for some of the taxation bureaucrats to get used to the idea of computing how much they were to distribute to the people instead of how much to take off them! **This Credit Authority should not be subject to political direction, but should automatically compute the people's production, wages paid, and dividends to be distributed.** The Authority would be like a barometer, automatically indicating the efforts of the people. The people would have control.

Under the above conditions the people would produce and consume whatever they desired. Control of policy would be DECENTRALISED BACK TO THE PEOPLE. THEY WOULD HAVE REAL INDEPENDENCE. They would not be subject to any form of economic ransom because of not being able to liquidate their debts. There would always be equation between prices and purchasing power.

Does the Labor Party's 1945 Banking Legislation make any provision for the people getting out of debt, obtaining freedom from taxation, or freedom to obtain an increasing standard of living by complete and unfettered access to their own credit? **It does not.** There is no mention of the necessity of an economy which will allow the people to get out of debt. In fact, there is every indication that, as is done now, the economic advisers of the Canberra Government visualise the use of the people's indebtedness to strip them of control of their assets even faster than they have been stripped in the past. What is termed a "planned economy" is visualised. The planners aim to make use of the banking system, the taxation system, the legal system, and every other system, which will enable them to plan just what the people shall produce and consume.

SOCIAL CREDIT OPPOSED TO NATIONALISATION.

Many years ago Major Douglas predicted that the controllers of the international banking system (very different people from our local and courteous bank managers) would attempt to maintain their control by centralising banking as far as possible and then allowing it to be nationalised, thus appeasing public opinion while at the same time instituting an even more rigid control through the creation of a specially trained bureaucracy. What Douglas predicted is taking place in Australia and other countries today.

Let us quote two of Douglas's statements on bank nationalisation which will indicate beyond all argument that neither Douglas nor those who advocate his ideas have supported what the Socialists are advocating, i.e., nationalised banking:

"I think it would be absolutely suicidal to nationalise the existing financial system. If it were incorporated in the governmental system without change, I see no earthly power which could reform it successfully without a military revolution."

"It is much better that the present defective system should be allowed to discredit its upholders, than that an alternative, of which the effects are not sufficiently beneficial as to place it at once in an impregnable position, should be substituted for it."

The English "Social Crediter" further analysed the issue under discussion as follows:

"So far from 'the restoration of the money system to the State' being desirable, it has become increasingly clear . . . that the whole future of mankind, if a money system is to remain part of that future, depends on wresting any control whatever over the money system either by issue or taxation, from the State. It is quite extraordinary how the people of this country, to go no further afield, have allowed the basic principles of Parliamentary Government, of which the primary, and probably most important, was the ad hoc grant of money to the king, to be systematically perverted. As we have stated many times, the fundamental nature of money is simply that of a token carrying the agreement to deliver over, on demand, the article to which the token refers. **To place the power of issuing or compulsorily collecting tokens in the hands of the State is simply to establish the omnipotent State, which, more than anything else, is at the root of the situation which we find it convenient to call 'Hitlerism', rarely National Socialism. . . .**"

Hitler and his associates realised all too well what they could do with the money system once they obtained control of it. Big German bankers such as Schroeder helped Hitler to obtain control. Why? Because they wanted their system to have the official backing of the State, thus making personal responsibility impossible. The German State was, of course, Hitler and his hordes of National Socialist bureaucrats. And we know just how much chance the German people had of making any impression on the bureaucracy. Surely we are not so mesmerised as to believe that we are going to obtain economic democracy if we allow the money system in Australia to be controlled as it was in National Socialist Germany?

The Canberra bureaucracy, which has been specially trained for the task of taking more and more control of all our economic activities, has continued to grow in numbers and influence — no matter what Party has been in office at Canberra. Let us, to take only one example, consider the case of Professor Copland, who played a big part in the Canberra bureaucracy during the war years.

Professor Copland has vigorously attacked Social Credit many times. He played a most important part in imposing the infamous Premiers' Plan on the Australian people. (This was a result of the visit to this country by those two great "Britishers", Niemeyer and Guggenheimer.)

When Labor members were the Opposition at Canberra, they tickled the ears of their supporters by attacking Professor Copland and other economists; but, when the same Labor members became the Government, they retained these economists as advisers!

The late Mr. Curtin even went so far as to make a vigorous speech in defence of Professor Copland and his work in advising the Labor Government. Prior to the 1944 Referendum, which was designed to give the Canberra bureaucrats even greater power, Professor Copland expressed the view that the banks and certain other industries should be nationalised. Now, isn't that strange!

When Governor of the Bank of "England", Montagu Norman said that he would welcome nationalisation. And when the Attlee Labour Government announced that it would be nationalising the Bank of "England", Montagu Norman sat in the public gallery in the House of Commons. He said afterwards that the plan to nationalise the Bank of "England" could have "been much worse". No doubt! **Labour spokesmen made it clear that the Bank of "England" would continue to pursue the same policy as it had always pursued.** Lord Catto, present Governor of the Bank of "England", supported the Nationalisation Bill in the House of Lords!

In 1944, Mr. James Warburg, of Kuhn, Loeb and Co., Wall Street, New York, one of the most influential international banking groups in the world, published his book, "Foreign Policy Begins at Home". Significantly enough, Mr. Warburg also believes in nationalisation. "Certain monopolies must exist under Government control, or even under Government ownership."

It is perfectly obvious that the controllers of the international banking system have realised for some time that it was only a matter of time before the people forced better results from a partly decentralised banking system. All over the world growing resentment against banking policy has been cleverly directed against the system itself and the idea encouraged that the system should be further centralised and eventually nationalised. The world-wide chain of Central Banks created after World War I was a major step in the centralising of control. Government has also been progressively centralised, and bureaucracy has been entrenched. The Second World War was used to try and enthrone the bureaucracies permanently, thus attempting to destroy responsible Government. The creation of an International Organisation and the Bretton Woods Monetary Scheme was designed to strengthen the position of the controllers of the international financial system by making all Governments responsible for the continuance of orthodox financial policy dictated by an international group.

There is no doubt that the "key" men in the bureaucracies in practically every country have been specially trained for their work. The London School of Economics appears to be the special training centre for preparing "suitable" planners for the English-speaking countries. This institution was started by the English Fabian Socialists and endowed by the German Jewish financier, Cassel. Professor J. H. Morgan, K.C., writing in "The Quarterly Review" of January, 1929, stated:

"When I once asked Lord Haldane why he persuaded his friend, Sir Ernest Cassel, to settle by his will large sums on the London School of Economics, he replied: 'One object is to make this institution a place to raise and train the bureaucracy of the future Socialist State'."

Lord Haldane said Germany was his spiritual home! The London School of Economics has been staffed almost exclusively by German-Jews, Socialists and Communists. Professor Harold Laski, close friend of Dr. Evatt, opponent of the British Crown, and advocate of revolution, has been closely associated with the London School of Economics. Dr. Coombs is one of the "old school" men controlling the bureaucracy in this country. Needless to say, he is in favour of the nationalisation of banking.

Nationalisation of banking means the further centralisation of credit policy away from the people. Admittedly the Labor Government's Banking Bills are not actual nationalisation, but they are a step in the general direction of complete Government control. They make the central control of credit policy even more rigid than it has been in the past. Much of the "opposition" to the Banking Bills came from the local bankers, who merely provided the Socialist centralisers with arguments for continuing with their plans. It is significant that at no time before or after the Banking Legislation did bank shares drop in value. This would appear to indicate that there was no real concern in banking circles.

Anyone who closely reads the Parliamentary "debates" on the legislation must be impressed by the fact that both Mr. Menzies and Mr. Fadden agreed with the basic proposition put forward by the Labor Government: namely, that there must be a strong central bank — the Commonwealth Bank — to direct credit policy.

Most of the so-called debates were about the best method of administering this central bank, Mr. Menzies argued that control by

the Commonwealth Bank Board should continue. It is interesting to recall that both Dr. Coombs and Mr. Taylor, Labor's appointees on the Bank Board, never once disagreed with the decisions of that Board.

The Labor Party's legislation abolished the Bank Board and replaced it with what is known as the Commonwealth Bank Advisory Council. An examination of the personnel of this Council reveals just what a sham the banking "debates" were. The "key" man is undoubtedly Dr. Coombs, whom we have already mentioned. Mr. L. G. Melville was formerly an adviser to one of the private trading banks and has been for some time economic adviser to the Commonwealth Bank. He also "represented" Australia in America when the Bretton Woods Monetary Plan was devised. Mr. G. Shain is now Deputy-Governor of the Commonwealth Bank. He formerly held a high position with the Commonwealth Bank and is reputed to have personal contact with the Federal Reserve Bank in New York. Mr. S. G. McFarlane is Secretary to the Treasury. His work with the Treasury in the past reveals him as a man who can be relied upon to help to ensure that there is no change in financial policy which will benefit individual Australians.

In view of the above facts, it is perfectly obvious that the banking "debates" were basically an argument as to the best method of controlling the Australian people: through the Commonwealth Bank Board or through the Commonwealth Bank Advisory Council.

Social Crediters are not interested in sham fights to decide the best method of having Australians controlled from overseas through Canberra; but Social Crediters are concerned with showing Australians how they, in voluntary association, should be free to decide all their own policies, free to produce and consume what they desire and in what priority. Social Crediters want a financial system to serve the people's policies and not those of Dr. Coombs and his friends the international planners. They don't want a nationalised system controlled by bureaucrats, men who accept no responsibility for their actions. No system can really serve the people unless individuals can be held responsible for the results of that system. Social Crediters urge electors to judge by results.

LABOR'S WAR-TIME FINANCIAL POLICY.

During the debates on the Banking Bills, Labor members tried to argue that the control of the banking system under the National Security Regulations had been a good thing and that this control should be maintained permanently. Their contention was that the Banking Bills would enable them to do this. Let us take these Labor members at their word and judge them by their war-time financial policy. What difference was there between this policy and the policy pursued before the National Security Regulations were used to "control" the banks? None whatever. **Debt and taxation were increasing before the "controls" were introduced; debt and taxation continued to increase AFTER the "controls" had been applied.** Taxation was more than doubled during the war years, and there can be no worthwhile reduction while the present financial policy is pursued. A brief examination of a few figures leaves no doubt on this point. **The National Debt increased by over £1,500,000,000 during the war years.** The Australian Labor Party is obviously not concerned with the fact that while there is an increasing National Debt, every individual in the community must have his economic security further and further reduced in order to pay taxation to meet the interest on the debt. During the war years the interest bill increased from £51,000,000 to over £85,000,000. Not one word about these figures did our Labor "reformers" mention during the debates on the Banking Bills. What hypocrisy for them to speak in general terms about the "public interest" when the individuals comprising the public are offered nothing but the prospect of struggling all their lives to pay interest on a debt they can never reduce while the policy of debt-finance continues.

During the war years the Australian people were able to make a far greater use of their resources than previously, simply because there was no "shortage of funds" as there had been in the years of peace. As even many Labor members know, the war necessitated the creation of additional new money — financial credit. Although it is difficult to quote exact figures, hundreds of millions of pounds of new financial credit were created by the Commonwealth Bank. Social crediters do not object to new money being made available in order that people may carry out new production; but they do object to the policy which brings such new money into being as a perpetual interest-bearing debt. They stress the insanity of a financial policy which forces the people into increased debt when they produce increased assets.

In spite of the war-time "controls" the private banks were able to increase their holdings of Government Securities. At the end of the war they held well over £150,000,000 worth of Government and Municipal Securities. An examination of banking figures reveals all too clearly that the controllers of the private banks were in no way concerned about "controls" imposed under National Security Regulations. And yet Labor members ask us to believe that the continuance of these controls will in some strange way bring benefits to the individual Australian in the future. Judged by its war-time financial policy Labor's banking "reforms" are nothing but a mockery.

Possibly the best and most convincing comment on Labor's war-time financial policy has been made by Mr. R. G. Menzies:

"The Prime Minister said rather hopefully just now: 'This must be a pretty good Budget'. Well, no one can take exception to the statements of financial theory made by my friend the Treasurer (Mr. Chifley). I find them impeccable. I have gone back over some of the previous Budget debates. I have found a statement by him on finance, and one by myself, and almost instinctively I found myself getting out of my chair to go round the corridor and embrace him, and call him 'Brother'." (Vide Federal "Hansard", September 13, 1944.)

Fancy Labor members asking the people to believe that a financial policy enthusiastically supported by Mr. Menzies is one to be continued for all time!

COMPLETE FINANCIAL DICTATORSHIP THREATENED.

Before examining the most important aspects of the Labor Government's two Banking Bills, it is essential to know who was responsible for the drafting of this legislation.

There is no doubt that many Labor members had little idea of the real objectives of the legislation they so enthusiastically supported. One of them, Mr. Martens, related at Canberra on June 26, 1945, how he answered electors who asked him what the legislation meant:

"I stated I was not in a position at that stage to inform them as to the nature and object of the proposed legislation. . . ."

Apparently the economic planners had not taken Mr. Martens into their confidence regarding their objectives!

It is interesting to recall that Mr. Calwell, who back in 1942 was talking about shooting the Government's economic advisers, was three years later supporting the very legislation these same advisers prepared!

We have already dealt with some of these economic advisers, but a few more facts concerning them will not be out of place here. The following extracts from Mr. J. T. Lang's newspaper, "Century", of July 21, 1944, are very pertinent:

"It was Copland who told the Scullin Government that it had to reduce wages, pensions, and social services. It was Copland's committee that formulated the policy of credit deflation. . . .

"Treasurer J. B. Chifley was a Premeirs' Plan Minister in the Scullin Government. He took Copland's advice in 1931. He is swallowing it hook, line and sinker today. . . .

"Professors Mills, Giblin and Melville all signed the Wallace Bruce Report [which called for greater sacrifices by the people] . . . Today Professor Mills is also a member of the Curtin Government's Advisory Committee on Financial and Economic Policy. . . . [Professor Mills is now the Federal Government's Director-General of Education. He is also a London School of Economics' man.]

"Professor Giblin is chairman of the Curtin Government's Advisory Committee on Financial and Economic Policy. As a Premiers' Plan Professor, he, too, is today in a position to determine the Curtin Government's financial policy. . . .

"Another Premiers' Planner was Professor Brigden, also representing the Curtin Government in Washington and at the International Monetary Conference." (And we must not overlook Dr. Roland Wilson, Commonwealth Statistician, Economic Adviser to the Treasury, and member of the Commonwealth Housing Trust. Was part educated at Chicago and has attacked Social Credit.)

Mr. Barnard, Labor M.H.R., speaking on the Banking Bill on June 27, 1945, said: "The honourable member for Fawkner (Mr. Holt) used some extravagant language when forecasting amendments to this clause. He said, loosely, that professors play around with economics in this country as men play with a football. The honourable member implied that the drafting of the measure (the Banking Bill) and this vital clause was not done with honesty of purpose. . . . Nevertheless, the Opposition should at least give to the Government and its advisers credit for honesty of purpose in the drafting of the measure."

How considerate of Mr. Barnard to defend the economic planners. No doubt their brand of "honesty of purpose" was similar to the brand they displayed during the depression years. How can we have any faith in men who betrayed us to the international financiers in the past? Are we expected to believe that they will help us in the future?

On June 7, 1945, Mr. Chifley said that Dr. Evatt also had a hand in the drafting of the Banking Bills. This is an interesting admission, because Dr. Evatt has had close association with the international planners who want to use the financial system to help impose their ideas on the peoples of the world. On his visits abroad during the war Dr. Evatt was accompanied by Mr. W. S. Robinson, international financier, who was given permission to make alterations to the value of £1,300 to his Canberra mansion while returned soldiers were being fined for attempting to build their own homes. The excuse was made by Labor members that Mr. Robinson had to entertain diplomats from overseas! It is to be hoped that those electors who put their blind faith in the Labor Party will investigate the identity and interests of the men who advise the Labor Government and all other Governments.

Just what kind of a "new order" do the economic planners desire to impose on the Australian people? Let us examine some of their own words, in order that we shall have no doubt about their intentions. Let us first hear Professor Giblin's ideas on post-war reconstruction:

"Supposing there is a factory starting up or expanding which requires 1,000 men, but there are only 500 men who have volunteered for employment there. What kind of pressure is going to be brought to bear to take employment? You must try persuasion and inducement

first, but at a certain point there must come a time when somebody must decide what is a suitable job for a man to do, and he must do it. That is going to be politically very difficult. So in the last resort, we shall require a power to direct labour to certain things with the penalty of being unemployed without receiving unemployment benefits on refusal."

Who are the "we" who "shall require a power to direct labor"? Obviously, the Canberra bureaucrats.

At the 1944 referendum Dr. Evatt and the economic planners asked for the power to direct labor, but the people refused to give it. However, this didn't dismay the planners, because at the very time Dr. Evatt and Labor members were loud in their protestations that they were against industrial conscription, they had already introduced the Unemployment and Sickness Benefits Act, which gives the Canberra bureaucrats the very powers to direct labor which Professor Giblin advocated. Under the Unemployment and Sickness Benefits Scheme the Director-General of that scheme, or anyone to whom he may delegate power, may direct any unemployed person to work which the official thinks that person can or should do. If the unemployed person refuses to do this, he will be disqualified from obtaining even the few miserable shillings that the scheme allows. Here we see Professor Giblin's ideas introduced into Parliamentary legislation. Significantly enough, neither Mr. Menzies nor his followers at Canberra seriously challenged the above scheme. After all, the U.A.P. and Country Party were responsible for introducing a very similar scheme, the notorious National Insurance Scheme of the Lyons Government, which was never made operative because the supporters of the Labor Party united with other sections of the community in protesting to members of Parliament about it. But now Labor supporters servilely accept an even worse scheme from the Labor Party. What a wonderful racket the Party System is for governing the people!

Dr. Lloyd Ross, at one time openly associated with the Communists, is also one of the economic advisers at Canberra. Prior to the 1944 Referendum he said at Canberra that "anyone who joins in the general attack on controls is an enemy of Australia . . ." Also: "But we need also the recognition of the need for more State control, State guidance, and State ownership." In other words, Dr. Lloyd Ross wants us to have every detail of our lives controlled permanently by him and other planners. The "State" is simply the bureaucracy. The more "State control", the bigger the bureaucracy.

Speaking at Canberra on February 11, 1944, Dr. Evatt said: ". . . full employment cannot possibly be achieved unless some authority is empowered to exercise wide powers to determine how employment is to be expanded." Let us have no doubts about who the "some authority" will be.

Dr. Coombs has given his views on the "new order" as follows: **"What I said was that in the post-war world more decisions would be made by public authorities as to the allocation of resources than has been the case in the past, even though these resources remained under the control of private enterprise."**

We may summarise the basic policy of the economic planners as follows: **They believe that they and their bureaucratic departments at Canberra should plan for the people just what resources they may develop and use, and that the people should not be allowed to please themselves. Instead of the economic system being automatically regulated in accordance with the requirements of consumers, the planners want to make it fit in with what they think the people should have.**

The first step was to get direct control of man power. But the Referendum failed. However, Dr. Evatt has since worked to by-pass the people's decision by making the Australian Federal Government a

party to an international agreement on unemployment, thereby hoping that he can use this agreement to over-ride the State Governments.

The planners realise, however, that they need more than manpower control. They also need control of financial policy in order to ensure that finance is only made available to maintain or develop those industries and resources which they select. For the time being, of course, private enterprise will, as Dr. Coombs says, be permitted to do most of the work, although there is little doubt that the Big Idea is to crush the small man and encourage the monopolies. Perhaps that was why Mr. Coles, M.H.R., of Coles' Chain Stores fame, was able to say on June 6, 1945: "I, **generally, support the principle behind these (banking) Bills. . . .**" What strange allies the Socialists have!

There is nothing new about the idea of using a centrally controlled banking system to plan the entire economic life of a whole nation. The Germans and the Russians have done it. The Bank of "England" and the Political and Economic Planners have advanced the same policy in Britain. In America the policy has been pursued by the Federal Reserve Banks and the Socialist planners of the New Deal. The "Sydney Morning Herald" of February 21, 1945, reported that Sydney bankers pointed out that the Labor Government's Banking Legislation was being "modelled upon some of the methods employed by the Federal Reserve Board in the United States. . . ."

There is not the slightest doubt that in this country there has been a conscious plot by the economic planners to further centralise control of the banking system on behalf of the international planners. Don't forget the periodical visits of Professor Copland to America and other countries, where he has met the real controllers of international banking policy.

The plan to "reform" the Australian banking system in order that the economic planners can put into operation their basic policy was undoubtedly in being long before the Referendum of 1944. Professor Copland outlined the idea at the Australian Institute of Political Science Summer School early in 1944. Let us examine his exact words:

"To promote mobility of resources, it will be necessary to ensure that credit supplies are available where and when they are needed, IN ACCORDANCE WITH THE GENERAL POLICY OF DEVELOPMENT DECIDED UPON, and the judgment of the central banking authorities as to the demands of equilibrium in the economic structure. FOR THIS PURPOSE A STRONG CENTRAL BANK, SUPPORTING IN ITS FINANCIAL POLICY THE ECONOMIC POLICY OF THE GOVERNMENT, will be required as the directing force of banking policy." (Writer's emphasis.)

The Socialist planners will decide "the general policy of development"; the people will merely develop what they are told.

Is there any evidence that the policy of Professor Copland and his fellow economists was considered in the drafting of the Banking Bills? There certainly is. Clause 27 of the Banking Bill states:

"(1) Where the Commonwealth Bank is satisfied that it is necessary or expedient to do so in the public interest, the Commonwealth Bank may determine the policy in relation to banks to be followed by banks and each bank shall follow the policy so determined.

"(2) Without limiting the generality of the last preceding subsection the Commonwealth Bank may give directions AS TO THE CLASSES OF PURPOSES FOR WHICH ADVANCES MAY OR MAY NOT BE MADE BY BANKS AND EACH BANK SHALL COMPLY WITH ANY DIRECTION GIVEN." (Writer's emphasis.)

Clause 27 bears all the marks of the economists. If the planners decide that a policy of public works should take precedence over

production of food, then no bank will be allowed to advance money for food production. Remember National Socialist Germany: guns before butter! Speaking on the Banking Bills, Mr. Dedman said that the Government proposed to draw up plans to cover public and private investments. Other Labor members spoke along similar lines and asserted quite clearly that someone had to spend the people's money for them. What an outlook!

Clause 40 of the Banking Bill provides that all banks must record in schedule form: statements of loans, advances, and industry in which borrowers are engaged. The drafters of the legislation are determined that no one shall work outside the plan they decide upon. **A penalty of £1,000 can be imposed for contravention of the above legislation.**

Although Labor politicians have said that there will be no more manpower direction as during the war, they have supported legislation which makes it possible for the economic planners to direct by financial control just what industries can carry on or develop. Obviously men will only be able to work in those industries; there will be no other work available, the Canberra bureaucracy will reign supreme!

But the matter goes much further. As pointed out in the previous chapter, the local Banking Legislation is merely designed to strengthen the control of the international planners. Mr. Crayton Burns, Canberra representative of the Melbourne "Argus", reported one of the most sinister aspects of the legislation as follows:

"Two relatively short statements by Mr. Curtin summed up the outlook very neatly. He intervened in the banking debate late on Thursday night just when the word had passed around that Mr. Ward, Transport Minister, had the call and the galleries were filling to see the fun. But there wasn't any.

"Mr. Curtin surprised most listeners by pointing out that there was an INTERNATIONAL ASPECT to this banking legislation WHICH MADE IT NECESSARY FOR THE GOVERNMENT TO CONTROL THE NATIONAL CREDIT AND MONETARY POLICY.

"Australia HAD NO CHOICE but to take part in international agreements not only of a military character, but agreements ABOUT TRADE, ECONOMIC PLANNING, AND MONETARY ARRANGEMENTS. SUCH AGREEMENTS COULD BE ENTERED INTO AND CARRIED ON ONLY BETWEEN GOVERNMENTS.

"TO PARTICIPATE IN SUCH ARRANGEMENTS AUSTRALIAN GOVERNMENTS OF THE FUTURE WOULD NEED TO PROVE TO OTHER POWERS THAT THEY HAD CONTROL OF THE INTERNAL ECONOMY AND MONETARY POLICY." (Melbourne "Argus," March 26, 1945.)

And thus Mr. Curtin unashamedly admitted that the banking legislation was on behalf of the very international groups who have kept Australians in economic servitude in the past. Financial credit was to be regulated more strictly than ever — by a strong central authority taking orders from overseas.

And a prominent member of the "Opposition", Mr. Holt, said at Canberra on June 6, 1945: **"I expressed earlier, belief in control of a central bank over the quantum or volume of credit available in the community."** Which proves beyond all doubt that the removal of the Labor Party in favour of the Liberal Party wouldn't affect the position one iota. Social creditors urge electors, irrespective of which Party they have supported in the past, to realise that the sham fights at Canberra, suitably presented in the daily press, have been used to allow the dictators over all Governments to increase their power. That power **must be destroyed.**

CREATING MONOPOLY IN INDUSTRY.

Many years ago, Alfred Mond, head of Imperial Chemical Industries, one of the biggest and most powerful monopolies in the world, put forward his arguments in favour of what he termed "rationalisation"; the grouping of industry into big trusts. Significantly enough, his ideas were accepted by many Socialists in Great Britain and elsewhere. Mond's policy was also supported by the Bank of "England", which had a special organisation created for the purpose of closing down certain industries and effecting mergers. This organisation crippled the British shipbuilding industry before World War II. Mond undoubtedly got his ideas from Germany, where a similar policy had been pursued before it was started in Great Britain. That there has been a conscious policy to pursue Mond's "rationalisation" policy in every country has been obvious for some time. In National Socialist Germany and Guild Socialist Italy there were special industrial departments of the banks which were used to ensure that industry conformed to the policy laid down by "the State" — i.e., the economic planners. Socialist Russia has a similar department of its State banking system. No group of individuals can get together in Russia and start a new industry.

Under the "New Deal" in America, special organisations were created for implementing the policy which Mond so frankly outlined. There can be no doubt that there has been a conscious long-range policy over many years to centralise industry under the control of the planners. Major C. H. Douglas wrote of this policy even before World War I had finished:

"This centralisation of the power of capital and credit is going on before our eyes, both directly in the form of money trusts and bank amalgamations, and indirectly in the conferation of the producing industries representing the capital power of machinery. It has its counterpart in every sphere of activity: the coalescing of small businesses into larger, of shops into huge stores, of villages into towns, of nations into leagues, and in every case is commended to the reason by the plea of economic necessity and efficiency. But behind this lies always the will-to-power, which operates equally through politics, finance or industry, and always towards centralisation. If this point of view be admitted, it seems perfectly clear that to the individual it will make little difference what name is given to centralisation. Nationalisation without decentralised control of policy will quite effectively instal the trust magnate of the next generation in the chair of the bureaucrat, with the added advantage to him that he will have no shareholders' meeting." (From "Economic Democracy".)

Recalling again the local "economic advisers" and their overseas connections, we are surely entitled to examine the 1945 Banking Bills with the expectation of possibly finding provisions made to implement the industrial policy of Soviet Russia and that which is already in process of being implemented in Great Britain and America. And, significantly enough, our expectations are realised! The Banking Legislation makes provision for the establishment of an **Industrial Finance Department** of the Commonwealth Bank. This department may be used to:

"(a) lend money; and

"(b) purchase or otherwise acquire shares and sell or otherwise dispose of shares and securities so purchased or acquired."

The significance of the above is obvious. By their use of the banking system the controllers can at will take over any industry by purchasing shares in it. They can close any industry they desire. As the economic planners believe in the closing down of small businesses in the name of "efficiency", as do the Communists, they can bring about that very

"rationalisation" — monopoly — which Mond and other powerful international planners have advocated.

The manner in which the Industrial Finance Section could be used to **"otherwise acquire shares or securities"** is worthy of a little speculation. This provision was not made for nothing. Can it be possible that the drafters of this legislation had in mind the acquiring of securities by the very method the private banks have used: the curtailment of credit advances, a period of deflation, and the calling up of overdrafts of any industry in difficulties? The banks have acquired untold quantities of securities by the simple process of foreclosing on industries in financial difficulties. **The drafters of the Banking Legislation have made careful provisions for the continuance of that policy.** The Banking Bill, clause 27, sub-clause 3a, states that **nothing shall "affect the validity of any transaction entered into in relation to an advance or affect the right of a bank to recover any advance or enforce any security given in respect of an advance".**

It would appear that the Industrial Finance Department of the Commonwealth Bank has been designed to carry on the work which the "Capital Issues Board" started during the war years. This Board, dominated by the economic planners, blocked the development of small industries in Australia. Many small industries were wiped out during the war years, and nothing is more certain than that a continuation of this policy is desired for the future. Monopoly is being introduced and will continue to be introduced if the planners have the power to do what they like with industry.

Needless to say, the chief executives of "Big Business" will continue to work in close collaboration with the economic planners, as they did throughout the war years. Even if the existing monopolies become Government monopolies, as Professor Copland and his fellow planners visualised, the present executives will continue — possibly with larger income! Speaking at the annual A.L.P. Conference late in 1945, Senator Cameron said that Big Business had come out of the war stronger than ever! What a recommendation for a Labor Government!

SOCIAL CREDIT AND PRIVATE ENTERPRISE.

Social crediters advocate genuine private enterprise.

"Public ownership" is a meaningless term unless there is such a thing as effective control by the individuals who comprise the public. The Post Office is "publicly owned", but the public don't appear to be able to do much to prevent the Post Office from making extortionate profits as a result of outrageous prices for postal services.

In order to have economic democracy, CONSUMERS must be able to decide what policies of production shall be followed. After all, the economic system should merely exist to serve consumers. Money is the voting system by which consumers can control production policies. A person who walks into a retailer's shop and purchases a certain type of shoe for £1, thereby casts a money-vote in favour of a definite policy in preference to other policies. The number of money-votes cast for various articles is a definite indication, to producers and manufacturers, of what to produce. If no money-votes are cast for a certain article, then that article simply goes off the market. The consumers have voted against it and the producers and manufacturers take note. The consumers' control is simple but effective. The fact that consumers have not had full control over the policies of production has not been the fault of much-abused private enterprise; it has been the result of consumers not having sufficient money-votes to make their policies fully effective. Private enterprise has been able and willing to give service, but it cannot function properly in the absence of adequate money-votes. The inevitable result has been destruction of genuine private enterprise and the growth of monopolies. These monopo-

lies provide the totalitarian planners with excuses for making Government monopolies. But all monopoly disfranchises the consumers. **Economic democracy can only exist when the consumers have genuine alternatives to any article placed before them. Monopoly, particularly Government monopoly, is opposed to consumers having alternatives. If consumers have alternatives, they can get service and efficiency. Standards of comparison can be established. But the monopolists ensure that there are no alternatives and can therefore neglect service.** In many parts of Australia road transport is not allowed to compete directly against the State railways. When the Federal Labor Government introduced its Airlines Legislation, it provided for a fine of £500 if any private airline operator competed on the same route as Government planes. In Soviet Russia the consumers can only buy what the "State" allows to be produced.

If private enterprise is to be saved and developed in Australia, those in favour of it have got to learn something about financial policy. They have got to learn why consumers are short of an adequate number of money votes to obtain what private enterprise can supply. Social crediters will give them the answer when they make up their minds that they must do something worthwhile to meet the growing Socialist threat. Social crediters have the only answer to Socialism or any other form of totalitarianism. That is why the Socialists and Communists join with the controllers of the financial system in denouncing Social Credit.

"Public ownership" is a clever racket to disfranchise the consumers completely. If private enterprise is eliminated, consumers will only be able to obtain what "the State" — i.e., the bureaucracy — says may be produced. They will not even be able to cast an inadequate supply of money-votes for their own policies. As previously mentioned, the Labor Government's Banking Legislation was designed to implement this very policy of disfranchisement.

Another fundamental point on which Social Crediters disagree with the Socialists is the "profit motive". The world has been deluged with nonsense concerning the alleged fundamental wickedness of the profit motive. Social Crediters believe that the best work in this world is done by men who are suitably rewarded in some way for doing it. There are two ways of obtaining human activity — inducement and compulsion. Social Crediters believe that people stimulated to action by inducement grow and develop in mental stature. Profit is inducement. Any person in this world who does something without some expectation of reward, even if only mental satisfaction, is a certifiable lunatic. Profit is the result which accrues to men when they make the proper associations. When they plant a seed in fertile soil, and there is sufficient sun and water, the unseen forces of Nature operate and a tree results — e.g., a fruit tree from which a harvest can be taken every year. One seed of wheat may produce a thousand grains. The difference between the cost of man's efforts and the ultimate result is what we term "profit". There could be no life without profit.

Most of the confusion concerning profit arises from the fact that exploitation is often confused with profit. Exploitation can only take place where there is monopoly, where the people have no alternatives. They can be then held to ransom.

The Social Credit financial proposals would allow genuine private enterprise, based on the desire to give service to the community in return for a reasonable financial reward, to develop and eliminate monopoly. People only buy mass-produced suits at big department stores because they have insufficient money-votes to obtain that personal attention, consideration and quality which only an independent tailor can give. Thousands of similar examples could be given.

It is sometimes argued that **"the profit motive must be replaced by the service motive".** But this is a fallacious idea, because it presupposes

that there is an irreconcilable antagonism between profit and service. Nothing could be further from the truth. No service can be given unless a profit is made. It is only when a farmer has gathered his profit in the form of his grains of wheat or other products that he can give service to the community.

There is, too, that service which brings no material rewards, but which brings such things as affection and loyalty to the giver of the service. Christ spoke of it when He said: "He who would be the greatest among ye, be the servant of all." He also said: "The servant is worthy of his hire."

Most of the power-lusters who desire to plan the lives of other people reveal their hypocrisy when they talk about profit being evil and the necessity of service. They themselves have not the slightest intention of giving any service. Their sole desire is to serve their own lust for still more power. They desire to centralise all power in their hands; but Social Crediters want power decentralised back to the individual, who, stimulated to action by inducement — profit — will render maximum service to his fellows.

LEISURE VERSUS THE WORK STATE.

We have mentioned that Social Crediters have continually emphasised that a financial system should be merely a "ticket system" for distributing goods and services. They have demonstrated that the cultural heritage, the science built up over thousands of years, belongs to everyone, and that, as science is the major factor in an age of power production, the displacement of men by machinery should not be regarded as a curse, but as a blessing. Social crediters say that every person in the community should receive some money in the form of a "national dividend". This dividend belongs to every individual as a right, a right conferred on him by his forefathers. It is ridiculous to talk about "something for nothing"; **the whole of our civilisation is something we have obtained for nothing. We cannot take any credit for the efforts of our forefathers.**

Like their "opponents", Labour spokesmen declare that the financial system should be used, **not to distribute the results of the people's heritage to them, but to put them to work.** Are they afraid that the workers, if obtaining a regular dividend, would be free men deciding when and where they would work, without worrying about Union Bosses?

One shrewd wit has stated that many so-called reformers are more interested in representing poverty than in abolishing it. So long as labor leaders join with the "capitalists" in insisting that "full employment" is the sole objective of society, they are offering those whom they represent nothing but perpetual wage-slavery. Can it be that the labor leaders are more concerned with representing labor and organising it into bigger and more highly centralised groups than with acceptance of the fact that science, if allowed full play, would make labor as we understand it a rapidly diminishing factor in production?

Social Crediters have pointed out that if production were regarded as a means to an end, not an end in itself, those who engaged in production would be those most competent to do so. But what of the rest of the community? Are they merely to draw dividends, sit around and do nothing? They will certainly draw dividends, and as improvements in production methods take place, their dividends will increase, but, so far from doing nothing, there is nothing more certain than that they will do far more than ever. **They will be self-employed. They will be doing all those things they have always longed to do.**

But both the Socialists and their "opponents" assure us that it would be the ruination of us all if we had paid leisure, that we must

all be kept hard at work, even if only digging holes and filling them in again. When giving evidence before the Federal Parliamentary Committee on Social Security in 1942, Professor Giblin actually said that unemployed men should be paid to shovel sand from one side of the road to the other, rather than let them obtain any money without working for it! The different Party Leaders merely differ about the best methods of reaching the "full-employment" objective, which they all advocate. **There are different roads to slavery, but the roads all have the same ending.** In a real democracy the electors would choose their own policy, their own destination; they would not be tricked into arguments about various methods of reaching an objective chosen for them by someone else.

It is time the electors started to ask a few simple questions concerning this "full employment" policy. We have been taught that we must demand work. But surely work is merely a method of obtaining what we want? If work is an end in itself, as so many of our "leaders" state, then the human race has been very foolish for thousands of years. Men have been constantly endeavouring to reduce the amount of labor required to produce the necessities of life. **The idea was to obtain freedom from compulsory work, work imposed by nature, in order that more and more effort could be devoted to what we might term cultural pursuits, a development of the spiritual as well as the material.**

Take from the human race all the knowledge which has been accumulated and passed on from generation to generation over thousands of years, and we would be as the lowest barbarians. We would have to start laboriously all over again to learn, for example, the use of wheels and levers. This knowledge of how to do things, termed "the cultural heritage" by Social Crediters, obviously belongs to everyone in the community. It is not suggested that the "capitalists" or someone else should have the benefit of this cultural heritage to the detriment of the community — nor that there is any necessity to dispossess those people who still enjoy a reasonable standard of living, in order to try and improve the conditions of the rest of the community. The fact is that the controllers of the financial system, now being assisted by the bureaucracies, have attempted to sabotage this heritage by preventing the people from obtaining the fruits of it. But they could not completely sabotage it, the result being the "embarrassing" **poverty amidst plenty** before 1939 — and even then production was being throttled down. But the new strategy is to ensure that there is no plenty. The plenty is being prevented by the bureaucrats, who are determined that the people shall only work to produce those things which the bureaucrats consider necessary.

"Full employment" can only be maintained by economic conscription and sabotage of the cultural heritage. Hitler achieved "full employment" by putting millions of Germans to work on non-consumable goods: war production. Professor Coombs visualises big public works to keep everyone a wage slave.

Every sensible person must agree that the sole purpose of an economic system is to provide goods, when and where required, with the minimum of human effort. As greater and greater efficiency in production is obtained, it is obvious that less and less labor is required. There are more "unemployed". But then the great cry goes up that these people must be got back to work before they can have money to buy goods which machines have produced without their efforts! Commenting on this insanity, a Social Credit member in the Canadian Federal Parliament stated:

"I have yet to hear any individual, either on the Government side or on the Opposition benches, indicate what he means by full employment. . . . Why do we have an economic system? Judging from most of

the speeches I hear both in and out of the House, the complete purpose of an economic system is to keep people at work. . . . I wish to dissent completely from that point of view. . . . I assert that the purpose of the economic system never was, is not, and never will be, that of providing jobs. . . . The only sound, sane, sensible, logical and legitimate purpose of an economic system is to provide the maximum amount of goods with the minimum of work and trouble . . . it is not 'work' that anyone objects to much; it is being compelled to work either by Government or by Nature. . . . When a Government, whether it be this Government or any other, seeks to compel the people of a nation to work, whether it be on public works or work of any other kind, then that Government is imposing a condition of slavery on the people. The Work State is nothing less than a Slave State. I wish to say with respect to private enterprise that I do not consider it the duty or obligation of private enterprise anywhere to provide jobs. . . . There is a lot of criticism of private enterprise being made today. The only thing I see wrong in private enterprise is the abuse of it. . . . When the Socialists contend that the way to deal with the abuses of the private enterprise system is for the nation to take it over, that is equivalent to saying that we ought to abolish freedom lest it be abused."

The case for the "national dividends" idea has been outlined in detail in Social Credit literature. Both the Socialists and the "Capitalists" have attacked the idea. Both object to the human race entering into its heritage. They are both frantically trying to pursue an insane economic policy in the face of increasing scientific progress. The war speeded up the application of science to production a thousand-fold. Here are a few facts given by a Labor member in the British House of Commons, a Labor man who has seen through the insanity of "full employment" in the twentieth century. Speaking on June 22, 1944, Mr. Maxton said:

". . . Do not start at the end of trying to find employment for our people. To see, now, that the persons concerned get their full share of the wealth that is produced, that is the major problem, rather than the problem of seeing that everybody takes a full share in the work of the world.

"The world's shipbuilding capacity today . . . is sufficient to build, in one year, a mercantile marine of as great a tonnage as the whole mercantile marine of the whole world of pre-war days. One year can produce that 65,000,000 tons of shipping. . . . What do the shipbuilders of the world do, when in one year, they put on the seas sufficient ships to keep the world going for 25 years?

"Suppose we have all the ships we need for 25 years produced in one year. What do the shipbuilders, the steel workers behind them, the local shopkeepers in the localities and the food and clothing producers, do for the other 24 years while waiting for the ships to go down?

"Here is a little cutting . . . which I have shown a hundred times to my friends: 'Speaking in Vancouver, Sir Robert Fairey, Director-General of the British Aircraft Commission, . . . added: 'Britain could turn out enough planes in three days to last all the world's commercial airlines for five years.'

"This tremendously increased capacity for producing goods can be paralleled in every branch of industry where machine power plays a primary part."

The reader is urged to investigate facts such as Mr. Maxton mentioned, and then to ask himself what all this cry for "full employment" means. It may be true that here in Australia we could absorb a considerable amount of manpower on roads, etc., for a short period, although anyone familiar with the use of machinery during the war

for laying down new military roads and aerodromes knows that very few men would be required if full use were made of machinery. **And we only want public works which will benefit the individual people. We don't want public works just for the sake of making work — which is, of course, what the economic planners want.** The controllers of the Egyptian slaves kept them busy building pyramids!

The burden of work is being shifted from the backs of men by the use of solar energy in the form of electricity and steam. And now scientists tell us of the almost-unbelievable power which can be made available in the form of atomic energy!

Is the human race to be prevented from using Nature's energy to bring freedom to an increasing number of individuals, simply because men like Hitler tell us that we must not accept Nature's gifts, that they would not be good for us? Social crediters challenge this idea.

WHAT OF NEW ZEALAND?

Some Australian Labor members assert that the New Zealand Labor Government has achieved beneficial results for the New Zealand people since it introduced very similar banking legislation to that introduced by the Australian Labor Party. Let us briefly examine some of the facts. **We can only judge by results.**

It is interesting to recall that, prior to the 1935 New Zealand elections, a powerful Social Credit movement had made the subject of financial reform the major political issue in New Zealand. As in every part of the world, the controllers of the Labor Party obviously decided that they must sabotage the Social Crediters. They arranged for the Labor Party to come out with an election policy of "monetary reform". Social Credit phrases and ideas were freely used. The result was an overwhelming victory for the Labor Party. After the elections, while the electors were waiting for some practical results to eventuate, the new Government rushed its Industrial Efficiency Act through, thus paving the way for the Slave State. There was much sound and confusion when the Government brought down its first Banking Legislation, but, after the shouting died away, what results were produced? **Debt and taxation continued to increase more rapidly than ever. New Zealanders are today among the most heavily taxed people in the world.**

When the Australian Labor Party was introducing its Banking Legislation, Mr. Calwell boasted that New Zealand "had used considerably more than £25,000,000 of national credit, at 1¼ per cent. interest, in the building of homes." (Vide Federal "Hansard", June 27, 1945.)

It is true that the New Zealand Labor Government has used millions of pounds of national credit for building Government housing settlements, the conduct of the war, and other bureaucratically controlled activities. But Mr. Calwell and other Labor apologists do not stress the fact that this national credit — the PEOPLE'S credit — is written up against the people as a permanent debt, requiring more taxation to meet the interest charges. Social Crediters have protested for years against the people's credit being appropriated, controlled and monopolised by the private banks; but they are just as much opposed to a Government monopoly doing the same thing; they desire the people to have control of and spend their own credit. In New Zealand, as in Australia, the centralisation of control of financial policy has increased the power of the bureaucracy over the people. The bureaucracy, as in Australia, has been specially trained for the task of fitting New Zealand into the plans laid down by the international planners.

It is important that Australian electors realise that rural populations in particular have always been regarded with the greatest apprehension by the international planners. Rural populations have been noted for their sturdy independence. It is significant that in Great Britain the so-called "Conservative" Party, although in office for many

years, was unable to prevent the primary producers and land owners generally from being taxed almost to the point of confiscation (which indicates that all party governments are controlled by the planners). It is safe to say that the banks in both Australia and New Zealand have obtained control of at least 80 per cent. of agricultural and pastoral lands. Now, no less a person than Dr. Evatt, speaking in favour of the World Food and Agriculture Organisation, said that Australians **might have to submit to some interference with their "traditionally domestic affairs."** The same applies, of course, to New Zealand and other countries which passed Bills ratifying the Food and Agriculture Organisation of the United Nations. This Organisation has the power to interfere with a nation's domestic policy in regard to **"the processing, marketing, and distribution of food and agricultural products", "agricultural credit" and "agricultural commodity arrangements".** In other words, agricultural countries such as New Zealand and Australia are intended to be at the mercy of this international organisation, which will be dominated by the same individuals who control all similar international organisations, including banking. If the international planners say that New Zealand and Australia must follow a certain rural policy, it will be a very simple matter to use the centrally controlled banking system to deny credit to primary producers and dispossess them. We might make mention here of the Mortgage Bank Department of the Commonwealth Bank, created by the Labor Party to "assist" farmers!

Make no mistake, the international planners want to control agriculture as it is in Russia: by State collectivised farming. The mechanism has been created for the task. It will be used at the opportune time.

The following extracts from a review of the New Zealand Labor Government's performances will indicate that Government controlled banking has produced results which give the lie to what Labor speakers tell us in Australia:

"The Sales Tax, described as 'iniquitous' in 1935 when only 5 per cent., is now generally at 20 per cent.

"Wages Tax, at 1/- in the £ in 1935, now 2/6.

"Social Security" levy 5/- per quarter for males and 5/- per year for females, including children of 16 years of age. The main "benefits" appear to be free consultation with empanelled doctors, who have to deal with their patients on mass-production lines to keep up with it.

"State housing schemes have failed hopelessly to meet the demands and the waiting list runs into thousands. [Will someone please tell Mr. Calwell!]

"State tenants, while thankful for a home while so many are homeless, have to tolerate irksome restrictions as to the size of their family and what pets or poultry they may keep, and official supervision generally which would be unendurable if privately owned homes were available. Private builders are unable to meet the demands for homes because materials and permits are controlled. Small builders are thus forced out of business. [The same procedure is, of course, being followed in Australia.]

"Staple foods have been progressively forced under the control of the Internal Marketing Board, in every case resulting in increased prices and smaller quantities available . . ."

New Zealand's economic arrangements are controlled by the same type of economic advisers that we have in Australia. Their objective is to make impossible any revolt against the policy of debt-finance. Hence the use of food controls, and other controls, in conjunction with financial domination.

WHAT OF ALBERTA?

There is no need to go into details here concerning the remarkable results achieved by the Social Credit Government in Alberta, Canada; results achieved in spite of the fact that the Albertan Government has been prevented by the Federal Government of Canada from implementing its major policy. **BUT IT HAS PROGRESSIVELY REDUCED DEBT AND TAXATION**, a reform which is not laid down in the Labor Party's Banking Legislation in this country. The Social Credit Government in Alberta is the only Government in the world reducing debt and taxation. No wonder the Social Crediters have now held office in Alberta for over ten years with practically no opposition in the Provincial Parliament. The Albertans are getting results. Those who desire to know the inspiring story of the Albertans' fight for real freedom should read a booklet on the subject, advertised at the back of this booklet.

During the Canberra debates on the 1945 Banking Legislation it is true that one Labor Member, Mr. Langtry, did mention the outstanding results achieved by the Social Credit Government in Alberta. He suggested an official inquiry. But, having made this excellent suggestion, he then indulged in that hypocrisy which is far too common at Canberra. He said that under no circumstances would the Liberal Party or the Country Party instigate such an inquiry — neglecting to mention that the same was true of his own Party! In Canada the Socialists have joined with their so-called opponents in a desperate attempt to thwart the growth of Social Credit. A most significant development! In order to try to defeat the Social Crediters in Alberta at the 1940 provincial elections, members of all Parties sank their Party identity and stood as "Independent" candidates.

Mr. Norman Jaques, Social Credit Member in the Canadian Federal House, writing to a friend in Australia on December 30, 1942, said: "With two Social Credit friends, my wife and I attended a mass meeting of these Independents. Two thousand of the faithful had gathered from far and wide, and were addressed by the provincial Conservative Leader, and by former Liberal and C.C.F. (Socialist) Members of Parliament. As the Socialist put it, while the three speakers stood, arm in arm, on the platform: **'In the past we have had difference of opinion, but when we consider the threat of Social Credit Government to our fair province, to our women and children, our differences sink into insignificance'.**"

The story of Social Credit in Canada reveals all too clearly that the Socialists and others who advocate a nationalised banking system are just as much opposed to the policy of the Social Crediters as are the financiers. No doubt the controllers of the Labor and Socialist Parties everywhere have taken to heart the advice given by the Socialist economist, Mr. G. D. H. Cole:

"Before a Labor Government nationalises any other productive industry, it should nationalise the banks . . . With the banks in our hands, we can take over the other industries at our leisure."

Don't forget the Industrial Finance Department of the Commonwealth Bank!

ELECTORS MUST DEMAND RESULTS.

I have already stressed the fact that electors can expect no beneficial results simply because the Federal Government takes control of the money system. **WHO CONTROLS THE FEDERAL GOVERNMENT?** It is obvious that the electors don't, because they have changed the Parties at Canberra several times and have obtained no beneficial results. Social Crediters have stressed the fact that electors cannot obtain any beneficial results from the financial system or any other system unless they first obtain control of their individual Members of Parliament and insist that Members represent the people's policy and

not that of the controllers of all Parties. Unless we can all agree and act upon the following points, all talk of political and economic democracy in Australia is futile:

(1) The parliamentary system of government exists in order that electors may get those results which they want.

(2) All policies should be framed by the people. (This does **not** mean that they should enter into arguments and divide themselves into hostile political groups concerning the administrative **methods** of obtaining what they want.)

(3) Members of Parliament should faithfully represent the policies of the people and be directly controlled by them. They should take steps to insist that the people get what they want.

Bearing in mind the above points, can we truthfully say that we have real political democracy in Australia today? We have not. Members of Parliament give their first allegiance to their Party, and the real policy of any Party is controlled by the advisers to all Governments. This state of affairs only continues because of the political apathy of the people. Social Crediters are not endeavouring to tell John Citizen what they can do for him; they are not forming another Party and seeking power over the people. In this connection the Social Credit objective is to show the people how — if they stop being divided by the Party system and unite in demanding those results which they all desire, and give no support to any candidate who will not represent their policies — they can **govern themselves.**

Have the people ever been asked to frame their own policies? No. They have been encouraged to argue among themselves. **And most of their arguments are concerning methods of reaching an objective decided for them by someone else.** Take taxation as one vital issue. What difference is there between any of the Parties on this matter? None whatever. There is merely argument about whether this group or that group should be taxed more heavily. (Indirect taxation is ultimately passed on in consequently higher prices of goods and services, and, as we are all consumers, we all pay it.) Social Crediters say that the electors should frame their own policy on taxation. Do they all want taxation drastically reduced and eventually wiped out? Can employer and employee agree on this? Surely they can. Such a policy would benefit both of them. The employer could reduce the price of goods, and the employee would have greater purchasing power.

Social Crediters urge electors to unite in demanding drastically reduced taxation. Electors should tell their parliamentary representatives — by letter, personally, or any other means — that they insist that he carries out their policy, and that, if he does not, they will use their votes to remove him at the next elections. It is **not** the job of the electors to put forward methods by which taxation can be drastically reduced and eventually abolished, although in this booklet some indication is given of how it can be done. It is the job of the Government and its well-paid economic advisers to devise methods by which the people's policy can be put into effect. If economic advisers cannot get results, the Government should replace them with men who can. Electors should **judge by results.**

In order that there can be no doubt about the result (in this case, reduction of taxation) electors should, as a start, demand a **specific reduction** — say 50 per cent., which is easily possible.

Taxation is only one of the many issues on which electors can unite. There is grave concern in Australia concerning the encroachment of the Canberra bureaucracy on the functioning of responsible Government. If Australians are opposed to the appalling results which these bureaucrats and their food boards and other creations have produced, they

should unite in informing their individual Members of Parliament that they hold them personally responsible for a drastic reduction in the number of bureaucrats. We must have responsible Government. But before we can get responsible Government we must become responsible citizens who recognize the fact that we must frame our own policies, those results which we all desire, and demand them in whatever priority we think fit. If we will not do this, but merely vote apathetically for candidates who tell us what they or their Party bosses think is "good" for us, we might as well admit that we are virtually disfranchised; that we are not casting our votes for our policy, but, in all probability, are casting them for policies opposed to our own. Members of Parliament are primarily concerned about how much voting strength they have behind them. At present they do what their Party orders (although in many cases they know it is against the best interests of their electors) simply because they know that defiance of the Party would mean the use of the Party machine to take the block Party vote away from them at the next election. The electors must break the control of Party machines in politics and restore control of Members of Parliament back to the electorate.

It is interesting to recall briefly the inspiring example of political action which the people of Alberta have given. For many years prior to the 1935 Albertan provincial elections, hundreds of Social Credit groups were formed all over Alberta. Tremendous public opinion was directed against the Government, then comprised of members of the United Farmers Party, on the question of financial reform. The electors demanded certain basic results: the reduction of taxation, a lower cost of living, a reduction of debt and the payment of a monthly national dividend of twenty-five dollars. Although the Government actually yielded to public opinion to the extent of appointing Major Douglas as the provincial economic adviser not long before the elections, it was apparent to the electors that the Government was not going to implement the people's policy. At the election the people used their votes to discipline their servants by voting them out of Parliament and replacing them with men who were pledged to carry out the people's policy. 56 Social Crediters were appointed by the electors, out of a total of 63 seats. Now it is instructive to note that the people of Alberta didn't say how the results they required were to be obtained; they were content to judge by results. During the first eighteen months the Government formed under the late William Aberhart made no progress at all towards getting the people the results demanded. Major Douglas's advice was rejected and Aberhart made the mistake of thinking that it was his responsibility to work out technical methods for achieving results. Major Douglas did not even bother going out to Alberta from England to advise the new Government, but resigned his position. Grave discontent grew among the electors when they found they were not getting results, and organised pressure from the electorates was brought to bear on individual Members demanding that they fulfill their election pledges.

Electors must never lose sight of the fact that they must at all times insist that Members honour their pre-election promises. Many promises are made in the knowledge that the electors will not maintain sufficient political pressure once the election is over. One could give dozens of examples of this, but one will suffice: The following is portion of a resolution passed in the Perth Town Hall in 1932: **"That the monetary system must provide for the progressive displacement of men by machines, by allowing the increased leisure made possible by such displacement to accrue to mankind as a whole."**

The mover of the resolution was Mr. John Curtin! Mr. Curtin no doubt found that he couldn't "get on" by continuing to advocate the above policy; he yielded to pressure. **But it wasn't pressure from electors.**

Let us now continue with our story of Alberta. After the Alberta electors had brought pressure to bear on their individual Members, mainly by written instructions, action was taken to implement the people's policy. Competent technical advisers were called in by the Government to devise **methods** by which the people's policy could be implemented. These advisers were sent out to Alberta by Major C. H. Douglas. One of them, Mr. L. D. Byrne, is still economic adviser to the Albertan Government.

All legislation to give effect to the advisers' initial advice was effectively checked by the Canadian Federal Government, thus demonstrating once again the menace of centralised Government. The advisers then had to devise the now-famous Treasury Branches to give effect to the people's policy.

It may be argued here that these Treasury Branches are State owned and that this is contrary to what we have previously stated about nationalisation. But these Branches are merely institutions for providing the people with services denied them by the local banks, which cannot be controlled by the provincial government. The Treasury Branches cannot be used in any way by the Government to impose policy on the people; the people control the Treasury Branches. The greater use that the people make of the Branches, the more direct benefits they receive, as will be appreciated by any one who studies the scheme. The main danger of nationalisation occurs with centralised Government which the people naturally find it hard to control effectively. Social Crediters are strong advocates of local Government which the electors can control. Such a Government is the Albertan Government, where there was no danger of a Government institution being used against the people **because the Government was effectively controlled by the electors right from the start.** Government on the spot is the most democratic Government; Government by remote control can never be democratic. Social Crediters urge electors to take far more interest in their State Parliaments. What the people of Alberta have accomplished can be accomplished by the people of any one State in Australia. Although the powers of the State Governments have been progressively whittled away by the central Government, the Australian State Governments still have far more powers than have the Canadian provincial Governments. If the people of any State took the same steps as the Albertan people did to control their Government, there appears to be no reason why the Government of that State could not use its constitutional powers concerning State banking to give the people a system which would allow them to make use of their own credit as they desire.

During the Dean Case Inquiry in 1944, Mr. Justice Reed stated that, because there is no Act of Parliament making the creation of credit legal, it does not follow that this credit is illegal. This argument must therefore apply to banks set up by authority of State Governments. In Section 51, sub-section XIII, the Federal Government, "subject to the Constitution," has power to make laws with respect to "Banking, **other than State Banking . . .**" There is nothing in the Constitution which limits in any way the phrase, "other than State Banking." There appears to be no reason to doubt that banks established by the authority of the State Governments have the same powers of credit creation as the other banks.

The most convincing evidence of the powers of banks established by authority of the State Governments has been supplied by one of Australia's leading banking authorities, Sir Alfred Davidson, formerly General Manager of the Bank of New South Wales. During the Royal Commission on Monetary and Banking Systems in 1936, Sir Alfred was asked a series of questions on banking. Both questions and answers were published in booklet form by the Bank of New South Wales. After dealing with the general subject of central banking, Sir Alfred

answered the question, "Do you think it desirable that the Commonwealth Bank should acquire any, and if so, what, additional powers in this direction?" (of playing a more important role in the Australian banking system). He said: **"I would suggest that the only additional powers that the Commonwealth Bank may need are: . . . (2) Powers to control banking institutions set up by State Governments. THIS WOULD REQUIRE AN AMENDMENT TO THE CONSTITUTION."** (My emphasis.) Surely this is clear enough. Banking institutions set up by State Governments are not subject to control by Federal authority.

In answer to a further question, Sir Alfred said: **"It is essential that the Central Bank should be able to enforce its policy on the community. Its present powers appear to be ample enough to enable it to do this with regard to Australian institutions, EXCEPT IN THE REALM OF STATE BANKING."** (My emphasis.) The Banking Legislation passed by the Federal Labor Government was designed to put into practice Sir Alfred's totalitarian idea that the "Central Bank should be able to enforce its policy on the nation." But note: Any State Government possessing the determination and the knowledge could resist this policy, as reluctantly admitted by Sir Alfred. But electors must first act as already suggested.

Nothing is more certain than that, unless electors take action to bring all Governments under their effective control, control will be further and further centralised in the hands of the central Government at Canberra, and then the International Organisations, which will be able to implement their policies everywhere without fear of challenge from the people.

The fundamental issue is clear: **Either control of Government is to be brought closer to the people, in order that they can control it, or it will be removed further away from the people.**

The choice is with the people. They must become alert and interested in looking after their own welfare. They must start demanding results and keep on demanding them until they get them. Social Credit is the belief that people in association can get what they want.

CONCLUSION.

We can now summarise the conclusions we have reached in this booklet:

The economic advisers to all Parties at Canberra are determined to make the Australian banking system an integral part of a world-wide system of banking controlled by one international group.

Social Crediters advocate a financial policy which will be directly controlled by the Australian people.

The economic planners, taking advice from the international planners, desire to use the financial system to plan what they think the Australian people should produce.

Social Crediters say that the financial system exists to serve consumers, who should be completely free to indicate by money-votes just what they desire produced.

The economic planners and all Parties are determined to pursue a financial policy of increasing debt, and consequently of increasing taxation to pay interest on the debt.

Social Crediters advocate a financial policy which will ensure that production of assets (whether they be public utilities such as roads, etc., or capital goods) or consumable goods and services, does not leave a burden of unpayable debt. Social Crediters advocate a financial policy which will ensure that the people have at all times sufficient total purchasing power to meet total prices of all goods and services.

The economic planners believe in taking increasing taxation from the people and only allowing the people to get some of their own money back under certain conditions. The conditions are framed by the planners and their bureaucratic staffs, who are paid liberally out of the taxpayers' money.

Social Crediters advocate the complete elimination of taxation. They believe in the people spending their own money. Under a Social Credit policy they would have adequate money-votes to purchase all that they produced. Legitimate private enterprise would be able to fulfill its proper function and not be destroyed by monopoly.

The economic planners and all Parties believe that the economic system should provide "full employment." They are not in favour of that individual liberty which a regular monetary dividend, a dividend made possible by the efforts of our forefathers and the increment of association, would give every individual in the community.

Social Crediters believe that the aim of an economic system should be to provide consumers with the goods and services they require. Work should only be incidental, and available to those desirous of doing it and who show that they have the qualifications. As greater efficiency in production is developed, which means increasing production with less men, the monetary dividend would increase. People could self-employ themselves and the arts and crafts would no doubt come into their own again. Man is naturally creative.

The economic planners want the banking system to be centralised even more than it is now. They want to continue making it an instrument for imposing on the people the will of a few men.

Social Crediters desire to break down all monopoly and have a banking system which will operate on the same basis as other businesses in the community. Social Crediters want a banking policy which the electors can directly control and which will automatically provide them with access to their own financial credit in order that they make and carry out their own policies in production.

The economic planners, who dictate to all Parties, keep the people divided by the Party System. In this manner the people are tricked into arguing about diffrent **methods** of achieving the same result — the result desired by the economic planners and their international masters.

The Social Crediters point out that Party Politics make real Democracy impossible. They are endeavouring to show electors how they can unite in order of priority on those specific results they want, as did the people of Alberta, and insist that their individual Members of Parliament are solely responsible to them. They urge electors to cease arguing about which road to take to serfdom and to unite in demanding the fuller life we all know to be possible.

Nothing is more certain than the fact that the Australian Labor Party's 1945 Banking Legislation is one of the roads to slavery which electors should refuse to take.

The monopoly of the people's credit cannot be broken by monopolising it still further!

(THE END.)