

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



# THE NEW TIMES SURVEY

THE AUSTRALIAN

LEAGUE OF RIGHTS

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## 68<sup>th</sup> New Times Dinner and Seminar Issue

On Friday 3rd October the League celebrated its 68<sup>th</sup> New Times Dinner with the Annual Seminar the following day featuring Major Bernard Gaynor and Dr Oliver Heydorn, our special guests for this year.

All activities for the weekend were held in the delightful setting of Hazel McKenzie Hall, Grants Gully Road, Clarendon.

The theme of the seminar was *'The Wholeness of Life'*.

Major Gaynor proposed the Toast to the Queen which follows elsewhere in this issue of New Times Survey. The Toast to The New Times was proposed by veteran Social Creditor from Queensland, Charles Pinwill, in his usual amiable style.

In responding to the Toast, National Director, Louis Cook, stressed the importance of the National Weekend which cannot be 'over-valued' because it is where Social Crediters rededicate themselves with a pledge to The New Times and to associate with common purpose for the betterment of themselves, their families and the Nation.

***"We fight not for glory nor for wealth nor for honours, but only and alone for freedom, for which no good man surrenders but with his life".***

Those present were introduced to Dr. Oliver Heydorn Ph. D., author of *'Social Credit Economics'* and were treated to some real 'social credit' scholarship with *"What Brought Me to Social Credit"*, an introduction to the substance for the seminar next day.

Congratulatory messages from friends near and far were received and read.

Likewise, Chairmen, Ken Grundy's typical Aussie jokes at the New Times Dinner were well received.

It was gratifying to stop and listen to the animated conversations around the dinner tables. It is obvious the folk around the tables shared a common bond of kindred spirits. There were no awkward silences as is often the case when strangers meet!

The first session of the Saturday Seminar featured Dr Heydorn speaking on "Social Credit (Economics)".

The second session featured Major Bernard Gaynor who told of his experiences and what can only be described as 'persecution' for defending his Christian Beliefs in the Defence Forces.

Dr. Heydorn continued the last afternoon session with "Social Credit (Politics)".

The day finished on a very enjoyable note, the "Frank Bawden Memorial Dinner", with Chris Ashton and Ken Grundy sharing delightful memories of Frank Bawden.

Sunday morning started with a Divine Service led by Father Peter Coote and followed by the National Director's presentation of 'Actionist Training', where experiences and ideas were shared.

The final session for the weekend was another presentation by Dr. Heydorn, *"Social Credit (Philosophy)"* thus the three basic branches of Social Credit were covered in a limited way, Economics, Politics and Philosophy.

Each presentation was videoed and will be available on DVD for viewing to a wider audience later in the year.

Louis Cook

National Director

# New Times Dinner Discourse

By M. Oliver Heydorn Ph.D.

**Thank you very much. It is a great honour and privilege to have this opportunity to address you. Tonight I am going to speak about how I first came across Social Credit, what led me to research it as thoroughly as I have, and why I decided to write a number of articles and two books (so far) on this most interesting of subjects.**

## I

I should begin by explaining that, from a relatively early age, I always had the impression that economic problems were very odd sorts of problems. In the first place, everyone always seemed to be talking about them: if it wasn't a recession, or the current unemployment or inflation rates, then people could be relied on to complain (and quite rightly) about high levels of taxation. In the second place, I had the intuition that most economic problems were artificial in character. Why is there never enough money to do things that can be done and that need to be done? Why is there a constant struggle on the part of many individuals, families, and institutions to make ends meet? Considering our enormous raw and human resources alongside the constant advancement in technology, there did not seem to be a good reason that could justify any of it. In other words, it seemed that there must be some flaw or flaws in the conventional economic system that was ultimately responsible. How else could the pervasiveness and tenacity of these problems be explained? If, as some people claim, all of these difficulties were simply the unavoidable result of nature or human nature, then there was nothing that we could do about them and hence very little point in discussing them. The fact that the news media and people in general would obsess about the economy and what should be done about it was evidence that, whether there was a solution or not, there was at least a strong desire for an alternative.

Speaking of solutions, it was also clear to me that socialism or socialist measures of dealing with these problems did not solve them in any definitive manner. Socialism may have attenuated the struggle for economic survival for some people, but others often ended up feeling a lot more constrained in their day-to-day activities, with less economic and indeed less political freedom. For some strange reason, my family and I always seemed to end up in the latter of the two categories. Whoever it was that was benefiting the most from government intervention it certainly wasn't us; indeed in many ways we were only being burdened.

So I realized that neither the status quo (capitalism, so-called), nor the usually recommended remedy (socialism) were satisfactory and I felt, once again quite instinctively, that there must be a more rational option when it comes to organizing economic life.

## II

One day in early 2002 when I was home from school (I was doing my doctoral studies in Liechtenstein at the time), we received in the mail an offprint of the Michael Journal. In Canada we have a Catholic group based in the province of Québec called Les Pèlerins de Saint-Michel – the Pilgrims of Saint Michael –. The PSM is a Social Credit organization that was founded many decades ago by a French immigrant, Louis Even. From time to time, the Pilgrims used to do mass-mailings across the country and, as a matter of fact, January or February 2002 was not the first time that we had received something from them, but it was the first time that I decided to sit down and to carefully read and re-read what they had to say. The article on the front page was written by Alain Pilote and it was entitled: "It is urgent to put an end to the scandal of

poverty in the world" – you can find that article on-line – and it contained quotes from various Popes and a brief introduction to the Social Credit ideas of Major C.H. Douglas. So I read that article and the other articles very carefully and while I can't say that I had a perfect understanding of Social Credit after having studied them, there were enough to convince me that the core of the economic problem is financial in nature. All of the artificiality and irrationality of economics that had struck me had to do with the financial system. I was also convinced that the Social Credit proposals, especially the dividend, would make it possible for the economy to do what it is supposed to do, which is to serve the well-being of the people by giving them easy access to the goods and services that they require to survive and indeed flourish.

I should also explain that my interest in Social Credit was not a merely theoretical curiosity, it was quite practical, or as a philosopher I might say 'existential'. One of the reasons that I was so open to the Social Credit message had to do with the fact that, as I mentioned I was a student at the time, and so I had first hand experience of having a lot of things that I needed to do or wanted to do, but never having enough money with which to do these things – and I am not talking about anything extravagant, just expenses associated with day-to-day living. I had first-hand experience of being subjected to severe financial constraints on my ability to consume and produce.

So I was quite motivated to look for solutions. When I returned to school for the spring semester of 2002, I wrote a paper that dealt with the moral question of usury and with Social Credit and I presented it to what we called "the common seminar" – that was a weekly meeting involving all of the students and all of the professors of the Academy. I naively thought that many people would be shocked to learn that, through the fractional reserve system of banking, private banks actually create out of nothing the money that they lend and that they do not, in fact, lend the money of their depositors. I thought that once this secret was revealed my listeners would object to paying the huge sums of interest on student loans, mortgages, and credit cards. Well, some people were sympathetic and a few even supportive, but many others either thought I was making it all up – they could not accept the claim that the banks create money ex nihilo – or else they accepted that claim as true but defended the existing system on the grounds that at least the banks were not as bad as the loan sharks.

In order to buttress my arguments and to convince the sceptical that I wasn't crazy, I arranged in the fall of 2002 to have Frances Hutchinson, current head of the Social Credit Secretariat, to come to my school in Liechtenstein in order to give two talks on Social Credit. What she had to say was quite interesting. I am not sure that we made any more converts, but her lectures made me realize that Social Credit was more complex than I had originally thought and that there were so many other aspects – just in terms of the economics of Social Credit - that it was going to take a long time and much study if I was to arrive at a more complete picture.

*(Continued on page 3)*

### III

Beginning in 2003, I started in earnest to read everything I could get my hands on that was Social Credit related. Francis had provided me with some copies of her books and articles and so I began with those. Beyond that, the internet was a good source for information on a movement which was relatively unknown. One of the websites that was particularly helpful to me was the on-line library of the Australian League of Rights. Your website provided and still provides a larger number of articles and books that C.H Douglas had written but are out-of-print. So Thank you for that. By making such information available you just never know what seeds you may be planting and how many people you may be helping – even if it may seem, at times, that the writings of Douglas and other Social Crediters are not having the impact that they deserve.

The league's website and other Social Credit websites also gave me access to the writings of Douglas' chief collaborators: people like Geoffrey Dobbs, Bryan Monahan, Tudor Jones, and, of course, Eric Butler. Each one helped me to broaden and deepen my understanding further.

However, being a very scientifically minded person and also a perfectionist, I still had questions after reading all of this material.... not so much about the underlying philosophy or policy of Social Credit which made a great deal of sense to me, but about the more technical side. For example, how was the dividend to be financed? What would happen to private banks in a Social Credit economy? And what was the A+B theorem really all about?

For answers to these questions I turned to the various Social Credit discussion groups on the web. Many people, many correspondents, helped to throw light on the more technical aspects, but there were two people in particular, who seemed to me to be making a great deal of sense. One of these individuals was my friend Wally Klinck from Edmonton, Alberta. The other person who I thought was making a lot of sense was Victor Bridger, who I believe was from Queensland. I read and re-read as many of their contributions to the various discussion groups that I could find and slowly but surely the various pieces of the puzzle started to fit together.

### IV

At this stage, I realized that, apart from the novelty of Social Credit, one of the problems in communicating Social Credit

ideas had to do with the fact that Douglas never managed to present a complete compilation or synopsis of his thinking. His various analyses, insightful observations, and remedial proposals are distributed piecemeal throughout his many books, speeches, and articles. So I thought that it would be an interesting intellectual challenge and also a way of consolidating my own understanding of Social Credit to try to put down on paper as clearly, as systematically, and as comprehensively as possible the Social Credit worldview. This has been an ongoing project. I started working on it in May of 2008. In August of 2008 and again in April of 2013 I was able to visit Wally Klinck in Alberta so that I could go through some of his archival material (not all – because there is an enormous amount of it). I was also able to visit the provincial legislative library, the provincial archives, and the university of Alberta library. Each of these institutions possesses extensive collections of Social Credit documents. So far I have published two books, "Social Credit Economics" and "The Economics of Social Credit and Catholic Social Teaching" and I hope to publish a few more. As many of you know, C.H. Douglas held many important and original views on many other subjects beyond economics, such as philosophy, politics, and history. I would like to present in the same sort of style and format explorations of these dimensions of his thought.

Allow me to re-emphasize in conclusion the very great relevance of Social Credit for our contemporary society. Although it may sound like an exaggeration, I have become convinced that the Social Credit ideas of Major Douglas are still, after so many decades, the single most important set of ideas if we are to salvage civilization and especially western or European civilization... There isn't a single social problem, not a single symptom of societal decline, that is not in some way connected with what Douglas discovered and yet how many people living today know anything at all about C.H. Douglas? I don't know what it's like in Australia, but I can tell you that in Canada the number of people who are conversant with his ideas constitute a small minority. It is my hope and prayer that through the individual and collective efforts of Social Crediters, in combination with the tremendous opportunities provided by the internet, this will soon change. If we can raise the general level of awareness I think that the overarching problem that we face will be half-solved – to the greater satisfaction and happiness of just about everyone.

Thank you very much; you have been an attentive audience.

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## Messages for the New Times Dinner October 2014

To the Australian League of Rights' National Weekend 2014. So sorry that we can't be there with you this year for the National Weekend and New Times Dinner.

Just found economical travel arrangements too hard to arrange. But what a wonderful consolation to have Lou Cook along with Professor Oliver Heydorn in Tasmania for the weekend of September 26 - 28. I found Oliver's explanation of Social Credit very understandable, probably even for beginners.

It was also an honour for Christine and I to host Lou and Oliver

over this weekend and a great opportunity for some personal conversations.

Really very sorry to be missing Major Bernard Gaynor's presentation. It is absolutely disgusting that our armed forces have sunk to such a low morality.

In closing, may I wish all League people a wonderful weekend and may God bless the work of the League.

-- Kind regards, Rod Linger Tasmania

## A Message to the New Times Dinner from Nigel Jackson

I send my warm wishes to all those attending this dinner and the national weekend. The Australian League of Rights continues to do good work in the defence of sacred tradition and political liberty and I am proud to be associated with it.

We live in what Chinese tradition calls 'interesting times' and

thus face many challenges. The ability of the League to maintain its witness to truth and justice provides hope in an unstable and often corrupt world. Onward and ever onward, you noble band of patriots!

-- Nigel Jackson in Melbourne

## THE LOYAL TOAST By Major Bernard Gaynor

It is my great honour to give the loyal toast tonight and to speak a little before hand. When we toast our monarch, Her Majesty Queen Elizabeth II, we are toasting the person who holds the power that all other regulations and laws and conventions which govern our society are derived.

It is really an amazing thing to consider. And it a great responsibility for her to hold. So when we toast her, we acknowledge that power which the Queen holds. We also wish her the very best in the exercise of it. And we pledge her our support and loyalty. And that support and loyalty is returned by the wise and prudent exercise of that power for the common good.

Now power and the use of it in any society is always a contentious issue and a balancing act. It has been thus since time immemorial.

If those who legitimately hold power fail to exercise it, the result is anarchy. But if they become overbearing, we have tyranny. I believe that our ancestors developed a mechanism by which these two contrasts can be avoided. A path was found that allows us to navigate between anarchy and tyranny and that path is called a constitutional monarchy.

And it was designed for that very purpose. To provide the freeman, the commoner, with rights. To establish a parliament, in which the concerns of the commoner could be aired, along with an upper house, in which those members of society who held secondary positions of wealth and power (and the responsibilities that go with them) could also have a voice.

And the monarch respected the decisions of that parliament, while holding reserve powers, only to be exercised in times of great necessity. We have seen those powers exercised in Australia. The dismissal of the Whitlam government by Sir John Kerr was a great event in our nation's history, because it showed that our system of government does provide the mechanism by which a government incapable of performing its duties could be peacefully removed.

Unfortunately, it seems today that the checks and balances on the monarch's power have swung too far towards the executive government of the day. The voice by which the concerns of the common man, the parliament, could be exercised has become seemingly ineffective and the executive is in danger of heading off the path of our constitutional monarchy and moving towards tyranny. In effect, it is becoming a committee which now seeks to hold the unfettered power of the king prior to Magna Carta. Instead of being the protector of the common-man, our government is now the watcher of the common-man, ever seeking ways to increase its power monitor and regulate the tiniest details of his life. The Queen, although seemingly irrelevant today in terms of our government, is really our main defender against complete government control and the tyranny that follows.



Any move to replace a constitutional monarchy with a republic would remove that last defence that we have.

So tonight when we toast the monarch, let us toast her not just as our head of state, but as our defender against the tyranny of complete executive control. I'm sure our ancestors would find that somewhat amusing.

I would also like to quickly touch on the concept of a commission. It is the theme of this weekend: charging someone with a power to exercise in their name. It is derived from a sovereign authority. Our monarch is a sovereign authority she has the power to give commissions in a formal sense relating to the common good of our society. She does so particularly with regards to defence and protection of our commonwealth.

I was honoured to hold a commission granted on behalf of the Queen by the Governor General, Peter Hollingworth.

I held it from 10 December 2002 until 11 July this year, over 12 years. It authorised me to command Australian men and women who sign up to serve this nation in the Australian Defence Force. It is a great privilege to do so and it is also a great responsibility. I cannot think of much more in the public sphere of our national life that carries a greater weight of responsibility than to be entrusted with the defence of the nation and the very lives of the soldiers under your command.

The Queen, as the source of the commission, however is ultimately responsible for the defence of Australia and the Commonwealth. It is a great responsibility for her to hold. We do face uncertain times. The outlook is certainly not as peaceful as it seemed to be only a few years ago.

So let us also toast the Queen tonight, that she may exercise her powers to protect our nation diligently and well.

Ladies and gentlemen, I ask you to charge your glasses and to be upstanding.

Ladies and gentlemen, the Queen - and the people of Australia.

## A Message From Wallace Klinck of Canada

Please accept my greetings and best wishes for a successful and rewarding 68th New Times Dinner on October 3rd. I remember being your guest in 2004 and the experience brings fondest memories of the good fellowship demonstrated amongst these present. I hope and am sure that our "Emissary" from Canada this year, Dr Oliver Heydorn, will enrich the experience of all attending and that his extensive speaking itinerary, which the League has so generously arranged, will leave a lasting influence for future advancement

of the Social Credit cause.

I wish to extend my encouragement and gratitude to all of you in the League who so persistently devoted your efforts to spreading C. H. Douglas's wonderful message with the objective of making his advocacy a reality in the lives of mankind.

*With Best Wishes, Wallace (Wally) Klinck*  
Sherwood Park, Alberta, Canada

# The Wholeness of Social Credit Economics

By M. Oliver Heydorn Ph.D.

*The following is one of the papers presented by Dr. Heydorn during his Australian tour. Enjoy!*

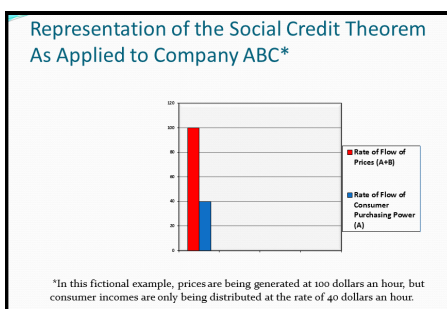
One of the difficulties that many people face in trying to understand Social Credit is the fact that the theory behind it comprises so many different elements – and some of these aspects can be quite intricate – that it is very easy to get lost in the details. It is very easy to get to the point where you cannot see the wood for the trees. Now, the details, of course, are extremely important, but there is also a time and a place for taking a step back and for attempting to grasp Social Credit as a complete whole. So what I am going to try to do over the course of the three lectures this weekend is to outline for you the fundamental and most general characteristics of the Social Credit approach to questions economics, politics, and philosophy.

When it comes to Social Credit economics and to Social Credit political theory, perhaps the easiest way of understanding Douglas' ideas is through the use of an analogy. Just as computers rely on hardware and software in order to function, in order to fulfil their tasks, economic and political associations also rely on the raw material of their respective associations (that is to say, their physical and human resources) in conjunction with an operating system, an economic or political system, in order to fulfil their tasks. If we look at the hardware, so-to-speak, of any Western country and of many non-Western countries besides, it is evident that the raw potential of these countries to provide their citizens with a high level of security, with access to an abundance of high quality goods and services, with increasing leisure, with economic and political independence, and with freedom, amongst other social goods, is not actualized to the extent that it could be or needs to be. Instead of providing all of the individual members with highly satisfactory results, all of these countries fail to deliver the best possible outcomes and, further, often deliver outcomes that are not desirable at all; outcomes that are, in fact, the opposite of what people seek from their economic and political associations. How are these curious states of affairs to be explained? Douglas' central claim is that it is not so much society's hardware that is a problem as it is society's software. In other words, Social Credit maintains that the operational systems which govern economic and political association are faulty; they are not designed properly in view of the true purposes of economic and political activity.

As far as the economic system is concerned, if there is a key word for understanding the economics of Social Credit, a word that goes right to the heart of the matter, I think that word would be 'balance' ... more specifically, I am thinking of the balance between consumer prices and consumer incomes.

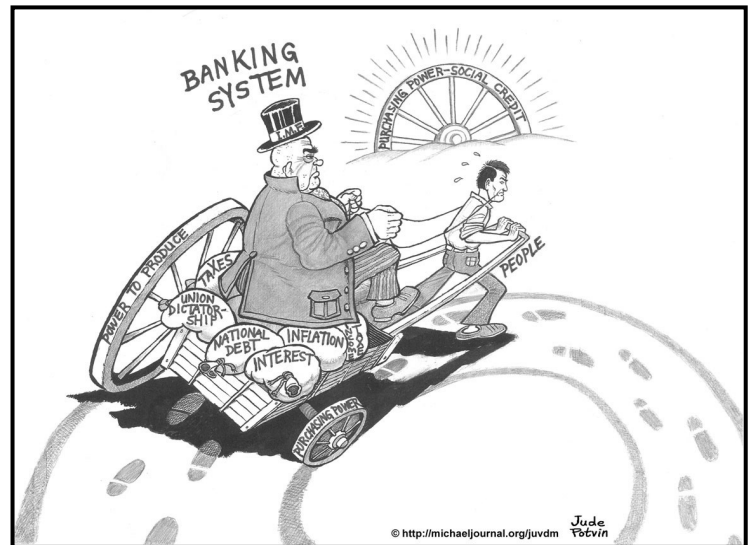
The problem with the existing financial system in a nutshell is that there is an inherent lack of balance between consumer prices and consumer incomes (between these two elements). In the process of production, costs and hence prices are always being built up at a faster rate than disposable incomes are simultaneously being liberated.

So the basic idea is that if you were at any given moment to take a cross-section of the rate at which prices are being generated and the rate at which incomes are being distributed by the same productive process, it would look something like this: - graph.



Another way of depicting this state of affairs is the following cartoon that was created some time ago by one of the Pilgrims of Saint Michael:

## 'Le Chariot Boiteux' or the 'Wobbly Chariot':



You'll notice that one of the wheels, representing prices, is much larger than the other wheel representing the purchasing power (in the form of the corresponding incomes) that is simultaneously being released. The lack of proportion between the two wheels must result in a very uncomfortable trip, I'm sure. Either that or the chariot goes nowhere except in circles.

The founder of Social Credit, C.H. Douglas cited five main causes for this deficiency of consumer purchasing power in his booklet 'The New and the Old Economics'. They were: profits, savings, the re-investment of savings, deflationary policies on the part of banks, and the difference in circuit velocity between cost creation and price liquidation.

This last cause, which is the main cause, is also known as the A+B theorem. Basically, the idea is that modern industrial production involves overhead costs and these overhead costs (because of the way in which real capital – machines and equipment - is financed and its costs accounted for) build up costs without distributing an equivalent volume of income (in the form of salaries, wages, and dividends).

Apart from any question of theory, the claim that there is a gap between consumer prices and consumer incomes is one that can be (easily) verified by consulting the economic statistics of any developed country. Take a look, for example, at these statistics from the Canadian and American economies in 2008. In 2008, the GDP in the US was a little over 14 trillion, while total incomes that were earned (wages, dividends, and salaries) were a little over 8 trillion dollars. This means that there was a gap of 5.9 trillion. In Canada, in 2008, the GDP was 1.2 trillion, while the total incomes were 770 billion. Thus there was a gap of 436 billion. So we see that in these two countries there was a disparity between consumer prices and consumer incomes and it was significant, it was not small. Now, just a word of caution, I don't believe that these statistics tell the whole story; I think the situation is more complex. So don't take these figures as revealing the exact nature and size of the gap because that would be somewhat misleading. The important thing is that, whatever its various causes, a significant gap exists.

So, there is an imbalance that lies at the root of the modern economy and this imbalance must be consistently overcome or compensated for to some substantial degree because, if it isn't, the economy would enter into a downward recessionary spiral and

(Continued on page 6)

would eventually collapse. If additional purchasing is not drawn on from some source to equate the prices of existing consumer goods with available incomes, businesses will scale down production, more people will be unemployed, and this will decrease available incomes even further thus intensifying the original problem. Additional effective purchasing power that is not derived from existing production must be provided from some source. There are essentially two ways of providing the additional purchasing power. There are the conventional methods, the palliative measures that are employed by economies the world over. And then, there are the Social Credit methods.

The conventional methods rely mostly on the creation of new money in the form of debt to fill the gap. Incomes derived from new production, especially capital production and production for export, and incomes or purchasing power derived from additional government expenditure, and purchasing power derived from consumer loans (credit cards, lines of credit, car loans, mortgages, etc.) help to offset the consumer prices that are currently on the market, but only at the cost of increasing public, corporate, and consumer debt.

The problem with relying on debt-money to fill the gap is that it does not liquidate the outstanding consumer costs; it merely transfers the obligation to pay them to a future point in time. But that future point in time will also have its own gap costs to meet. Since consumer incomes in the future will be eroded by the additional debt servicing charges, they will be even less adequate to meet the recurring gap. The increased lack of liquidity translates into an even greater need to borrow in order to meet the needs of the moment. So what ends up happening is this: debts are paid off at slower rate than new debts are contracted. This leads to an ever increasing mountain of debt which is, in the aggregate, unpayable.

Under the current system, the richer a country becomes the more indebted it must be; it is penalized for making use of its real credit with a millstone of debt. The United States, constituting as it does the richest country in the world in real terms, is also the most indebted. The total debt outstanding in the United States (public, corporate, and personal) is somewhere in the neighbourhood of 61.6 trillion dollars or roughly 193,000 dollars per citizen and is steadily increasing. The U.S. National Debt alone is around 17.7 trillion or 55,000 USD per citizen and is likewise increasing (this figure represented a federal debt to GDP ratio of 105%). The money supply, on the other hand, is only about 11.4 trillion (M2). Indeed, if all of the money in circulation were used to pay off as many of these debts as possible at any one point in time, the US would have no money supply whatsoever and yet massive quantities of debt would still remain. A good source for these kinds of statistics is the USdebtclock website:

[www.usdebtclock.org](http://www.usdebtclock.org). The information it provides is enough to boggle the mind. The financial situation in the United States is not different in kind from that of any other country.

Furthermore, the pressure of debt repayments, because it erodes consumer incomes, leads to demands for wage and salary increases to keep up with cost of living. This helps to decrease the size of the outstanding debts relative to incomes, but it also leads to continual inflation – wage and salary increases, unless they come out of profits, will register as increased costs that business must recover in prices. This process helps to explain why the American dollar, for example, has lost 95% of its value over the last one hundred years.

All of these things, continual inflation, expanding debt, economic instability in the form of the business cycle are symptoms of the underlying imbalance. To that list we can add taxation. According to the Canadian Fraser institute the average Canadian family in 2014 earned enough money to pay all of the various taxes imposed by the three levels of government by June 9th of this year. That's

almost half of the family's yearly salaries going to taxes. Almost half the year working for the government.

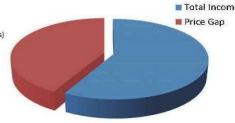
### US Economy 2008

US Population:	302,705,873
US GDP:	\$14,093,330,000,000
GDP Per-capita:	\$46,557
US Total Income:	\$8,162,265,015,572
US Per-capita Income:	\$26,964
Gap (computed):	\$5,930,994,541,688
Per-capita gap:	\$19,983
Per-household gap:	\$78,372

(Source: US Bureau of Labor Statistics)

How do you buy the \$14T GDP pie with only \$8T in your jeans without borrowing it?

GDP = Total Income + Gap



### Canadian Economy 2008

Can Population:	27,151,000
Can GDP:	\$1,207,411,000,000
GDP Per-capita:	\$44,470
Can Total Income:	\$710,971,359,600
Can Per-capita Income:	\$26,399
Gap (computed):	\$496,439,640,400
Per-capita gap:	\$18,214
Per-household gap:	\$64,298

(Source: Statistics Canada)

How do you buy the \$1.2T GDP pie with only \$770B in your jeans without borrowing it?

GDP = Total Income + Gap



Other symptoms of economic failure that stem from the gap or the way in which it is conventionally filled include: poverty and servility. If every modern, industrialized nation can easily produce in brute physical terms everything that is needed to feed, clothe, house, educate people and look after their health and well-being, how is it that, in every industrialized country, there are still people, in 2014, who do not have

easy access to all of the goods and services they need to survive and flourish? In 2012, for example, 15% of the American population or 46.5 million (which is greater than the population of Australia, or Canada) were living in poverty as were 21.8% of all children under the age of 18. The explanation has to do not with a lack of goods and services but with a lack of purchasing power. Similarly, as technology advances and we are able to produce more and/or better goods and services with less and less human labour there should be a reduction in the need to work. In other words, we should be enjoying more leisure time alongside the progress of the industrial arts, and yet it seems that many people are having to work longer and longer hours in order to make ends meet. Consider, for example, the testimony of this American lady during the 2004 presidential election campaign:

<https://www.youtube.com/watch?v=kJjo-dWE1Jg>.

By way of contrast, it is reported by reputable historians that in Merrie England, in 1493, the average peasant only had to work 15 weeks of the year to provide for his family and also enjoyed 150 official holidays each and every year.

Again, according to SC, all of these economic problems have nothing to do with physical scarcity or with technical problems with production, or with free enterprise (private property, the profit-motive, individual initiative, free markets), or with defects in human nature, or with inexorable economic laws, but with this gap between consumer prices and incomes.

I won't be able to go into it in any great detail, but I should also point out that imbalance in the financial system, which then leads to dysfunction in the economic order, also induces imbalance and dysfunction in other spheres, such as the social and environmental spheres.

At this point, one may ask: if the conventional methods of bridging the gap lead to so much economic dysfunction (so many economic troubles), why are they persisted with? Well, the simplest answer to that is that the existing banking system holds a monopoly on the money supply. Most of the money in any modern country exists in the form of bank credit, not bills and coins, and most of that is created as the counter to a loan or a loan equivalent. In other words, most of the money is created by the banks in the form of debt-money. So we fill the gap with debt-money because we have no other choice under existing conventions.

But there is no reason why these conventions could not be suitably altered or changed. There is an alternative. If we want to make the additional purchasing power that is needed to bridge the gap fully

(Continued on page 7)

effective, it is clear that this money should be created without debt and freely distributed to the consuming public as an increased income and as lowered prices in whatever amounts are sufficient to fully effect the distribution of goods and services. Of course, such an adjustment implies that the monopoly of the banks can and will be broken. The power of credit, while managed by private banks, would have to be treated as a public utility and made responsible to the public interest. Only then could credit be created without creating a cost and be able to make up the deficiency.

This is, in fact, the Social Credit solution in a nutshell. Instead of filling the gap, as the present system does, with debt-money, Social Credit proposes to fill it with debt-free money. Automatically balancing the flow of consumer prices with the flow of consumer incomes by simply creating, debt-free, sufficient money to affect this equation would allow for the distribution of all of the surplus goods without creating an unrepayable mountain of public, corporate, and private debt. Social Credit also promises to eliminate, by getting to the root of the problem, all of the other symptoms of economic dysfunction that I had previously mentioned. We can reasonably expect poverty, servility, the business cycle, inflation, heavy taxation, etc., to go by the wayside.

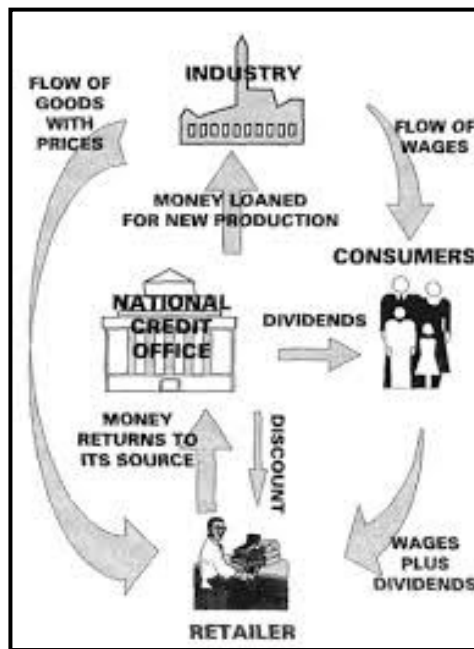
The flow of compensatory debt-free money would be used to increase the flow of consumer incomes on the one hand and to simultaneously decrease the flow of consumer prices on the other in order to equate incomes with prices.

The first method of increasing consumer incomes which Douglas envisaged is, of course, **the National Dividend**. This would be a sum of money given to each individual citizen on a regular basis, whether he is employed or not.

It is ethically justified by the fact that the primary factor in modern production is what Douglas called the cultural heritage: all of those inventions, discoveries, patterns of organization, etc. which were developed by past scientists, engineers, etc. are primarily responsible for the enormous productivity of the industrial economy, belong as a legacy to each member of society and so it is entirely appropriate for each member to benefit from their employment.

It is pragmatically justified by the fact that with the increasing tendency of technology to replace human labour in the productive process it is simply not possible for everyone to be employed. A policy of full employment makes absolutely no sense when machines are doing more and more of the work. In the limit we can conceive of a society where all production is carried out by computers, robots, androids etc. and at the stage it would be sheer lunacy to insist that every human being must work if he is to have access to goods and services; there would be no meaningful work for anybody to do at that point. A recent article in the St. Louis Dispatch has claimed that within 20 years 50% of the jobs in the United States could be automated on account of artificial intelligence. [http://www.stltoday.com/business/local/artificial-intelligence-could-automate-half-of-u-s-jobs-in/article\\_6c95ae3-f56d-5c58-b168-6f1f7208309d.html](http://www.stltoday.com/business/local/artificial-intelligence-could-automate-half-of-u-s-jobs-in/article_6c95ae3-f56d-5c58-b168-6f1f7208309d.html).

As technology advances and more and more people are thrown out of meaningful work more or less permanently, there must be a way of providing those people whose labour is no longer needed by the formal economy access to the goods and services that they



need to survive and flourish. The alternative would be to tell them to dig holes and fill them up again in order for them to get their meal tickets – not a very satisfactory or sensible option. (Economic security). In fact, as machines continue to replace labour, we would expect salaries, wages, to become less important and for the National Dividend to cover more and more of the monetary cost of living in a SC society. (- the real cost being already paid by the machines.)

The second method of decreasing consumer prices has to do with what Douglas referred to as **the compensated price**. This would involve reducing prices in keeping with the consumption/production ratio. Because of the way in which real capital is financed, the financial prices associated with production exceed the prices of all of the raw materials that

were consumed in the process of production. One of the key Social Credit axioms is that **the true cost of production is consumption**, so we should not charge the public more than what was actually consumed in the process of production. The compensated price would therefore reduce the retail prices that would be charged to consumers while simultaneously providing sufficient debt-free money to producers so that they can cover the rest of their financial costs. The idea is that retail prices would be discounted by a certain percentage and the difference would be made up to the seller. So, if the average c/p ratio in a given period were 70%, then there would be a 30% discount on all consumer items. A car priced at 10,000 for example would sell for 7,000 and 3,000 dollars would be granted to the seller so that he could cover all of his costs.

The dividend and the compensated price would require the establishment of a National Credit Office which would be an independent entity, an organ of the state that is free of political interference and that would simply create and issue sufficient debt-free money in accordance with the relevant economic statistics.

### Misconceptions to avoid

There are two common misunderstandings with regard to Douglas' remedial proposals that I should mention (although I'm sure that most of you are already keenly aware of them): firstly, Social Credit is not a form of socialism. The dividend, for example, is not financed by redistributive taxation. There is also no question, in a Social Credit economy, of nationalizing the means of production or of a centrally planned economy. The difference between capitalism and Social Credit is that, under Social Credit, each and every individual is regarded as an owner in the productive capital and receives a dividend on the operation of that capital... so under Social Credit we would all be capitalists. The other misunderstanding is the claim that Social Credit is utopian; it's pie in the sky, and I think it is important to understand that Social Credit does not aim at a mathematically perfect society but rather at a healthy society. And a healthy society requires a healthy financial system, one that is balanced rather than unbalanced.

**Why should health or well-being be objectionable? One of the key Social Credit axioms is that 'what is physically possible should be financially possible.' If we can live much better under a financial system that accurately reflected reality, why should we not introduce such a system?**

## The Tree of 40 Fruit

Source: — epicurious

In trying to find different varieties of stone fruit to create the Tree of 40 Fruit, I realized that for various reasons, including industrialization and the creation of enormous monocultures, we are losing diversity in food production and that heirloom, antique, and native varieties that were less commercially viable were disappearing. I saw this as an opportunity to, in some way, preserve these varieties. In addition to maintaining these varieties in my nursery, I graft them to the Tree of 40 Fruit.

Additionally, when I place a Tree of 40 Fruit, I go to local farmers and growers to collect stone fruit varieties and graft them to the trees. In this way they become an archive of the agricultural history of where they are located as well as a means to preserve antique and native varieties.

I've been told by people that have [a tree] at their home that it provides the perfect amount and perfect variety of fruit. So rather than having one variety that produces more than you know what to do with, it provides good amounts of each of the 40 varieties. Since all of these fruit ripen at different times, from July through October, you also aren't inundated.

Personally, I give away most of the fruit that comes from my trees. For people who aren't aware of farming and growing, the diversity of these varieties and their characteristic tastes are surprising and they ultimately begin to question why there are only a few types of plums, one type of apricot, and a handful of peach varieties at their local market.

I would like to continue to place these trees throughout the country preserving these heirloom, antique, and native fruit varieties. Wherever I place them there is a sense of wonderment that they create through their blossoms, the different fruit, and the process by which they are created.

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## Dr M. Oliver Heydorn Ph. D.



We had been well blessed to host Oliver Heydorn for the New Times Dinner and National Seminar. Our Readers are well advised to obtain copies of his books, *Social Credit Economics* 2<sup>nd</sup> edition 2014. **\$35.00 Posted** and *'The Economics of Social Credit and Catholic Social Teaching'*, **\$14.00 Posted.**

**Both books are highly recommended!**

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- To promote financial policies, which will reduce taxation, eliminate debt, and make possible material security for all with greater leisure time for cultural activities.
- To oppose all forms of monopoly, either described as public or private.
- To encourage all electors always to record a responsible vote in all elections.
- To support all policies genuinely concerned with conserving and protecting natural resources, including the soil and environment reflecting natural (God's) laws, against policies of rape and waste.
- To oppose all policies eroding national sovereignty, and to promote a closer relationship between the peoples of the Crown Commonwealth and those of the United States of America, who share a common heritage.

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