

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



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CONTENTS

An Address by Neil Pigot to the Anzac Day Gathering at Numurkah 2018	1
The Reality Behind The ANZAC Legend by Eric D. Butler	3
What Is Truth? By Arnis Luks	4
Douglas Social Credit as a Negative Feedback Loop By M. Oliver Heydorn Ph.D.	5

ANTHEMS AND ANZAC from *Weekend Australian*, 18,19/5/1996

"Your Editorial of 26/4. **Howard Sets His Position On The Flag** stated that Malcolm Fraser gave us *Advance Australia Fair* as our national anthem in 1977. That is not correct. Along with the Labor Party, you cast a reflection on the Prime Minister for associating his announcement about the flag with ANZAC Day. That is not fair. "Gough Whitlam declared *Advance Australia Fair* to be our national anthem. He stressed that his decision related only to the music: the words were not regarded as part of the official anthem. There was no national poll; just a survey conducted by the Bureau of Statistics. He did it by prime ministerial pronouncement, and he did it on April 18, 1974, just before ANZAC Day.

"Malcolm Fraser reinstated *God Save The Queen* as our national anthem. On May 21, 1977, he held a national poll to select a national tune, and the people voted for *Advance Australia Fair*: It still had no official words; it was not a song to be sung but a tune to be played, principally at sporting occasions.

"Bob Hawke declared *Advance Australia Fair* to be our national anthem. He censored and de-sexed the original words (the media's description, not mine) to render them politically correct. There was no consultation with the people at all. He did it by vice-regal proclamation; and he did it on April 19 1984, just before ANZAC Day. "So you see, there is nothing unusual about using Anzac Day to announce decisions relating to our national symbols. What is unusual is consulting the people first, as Malcolm Fraser did and as John Howard has proposed."

Sir David Smith. Mawson. A.C.T.

AN ADDRESS BY NEIL PIGOT to the ANZAC Day Gathering at Numurkah 2018

Veterans, Families of the Fallen, Distinguished Guests, Ladies and Gentlemen, Boys and Girls, Today marks the 103rd (2018-ed) anniversary of a day that is unlike any other on our calendar. It is not like our national day where we enjoy some time up the river or at a backyard BBQ, often grateful it seems, only for the long weekend. On ANZAC day we often stand in the cold and the rain to remember. But what is it exactly that we are gathered here to pay tribute to. Some will say that at these ceremonies we celebrate the fact that on this day in 1915 at a place called Gallipoli a wellspring was tapped, a wellspring from which flowed our national identity. The poet Banjo Patterson certainly believed it. Of Gallipoli he wrote;

*The mettle that a race can show , Is proved with shot and steel,
And now we know what nations know , And feel what nations feel*



Charles Bean, Australia's war correspondent and celebrated historian was another who saw Gallipoli as the birthplace of a modern independent Australia and let us not forget New Zealand because despite the fact they struggle to say fish and chips, there would be no ANZAC without the NZ in the middle.

What Bean saw over those costly months in 1915 was an attitude, a set of qualities he felt lay latent in us as a people that were drawn together and succinctly expressed by soldiers under incredible duress.

"Reckless Valor in a good cause , Resourcefulness , Enterprise , Fidelity , Endurance Comradeship". And he called these qualities The ANZAC spirit.

Now whilst Gallipoli may have been the wellspring, it was by adhering to those six values on the battlefields of the Western Front that the ANZAC legend grew, stood tall and announced a new people to the world. And when we look back at the character of the ANZAC today, the 103rd anniversary of the Gallipoli landing, this same day that 100 years ago saw Australians engaged in hand-to-hand fighting in the streets of Villers-Bretonneux (V-B). It's fair to think that Charles Bean should have added *humour, self-deprecation, human decency and a sense of duty beyond the call* to his list.

It was on a march in France not long before that battle at V-B, dissatisfied with their treatment at the hands of one officer that a man called out, Sir can you hear me? to which the officer replied yes. Can you see me? No. Do you know who it is? No, why? 'Cause I just wanted to tell you to get stuffed.

After Albert Jacka had single handedly retaken a trench at Courtney's Post on Gallipoli that had threatened to allow the Turks to break the Australian lines he was asked by an officer what prompted his action. Jacka replied, "I think I just lost my nut." Jacka was awarded Australia's first Victoria Cross of the Great War there on Gallipoli as a corporal. Incidentally that same Albert Jacka was wounded 100 years ago during the second battle of V-B leading his men as a Captain.

During a German counter-attack at Pozieres on the Western Front, Percy Cherry closed in on a German soldier who was mortally wounded. As he approached, the German reached out and handed Percy some letters he had written for home saying simply "so it ends". Cherry posted the letters.

It is easy to find other examples of the ANZAC Spirit in the deeds at ANZAC Cove or on the Western Front, but it would be wrong not to acknowledge that the ethos of the original ANZAC has remained the template for Australian servicemen and women for more than a hundred years.

And across that century over 100,000 have given their lives for our country and its values. So, whilst ANZAC Day may be cause to celebrate the birth of a nation, most importantly today we remember those 100,000 and remember too that a great many of those 100,000 were volunteers. **Ordinary, decent Australians like you and me, who gave their lives not for a career, not for fame, not for a bigger house or a better car but for a cause and a set of values.**

And when you look today, or perhaps next week or even next month at a memorial or a war grave it's important to realize that you are looking at more than the name of a soldier who died often tragically young. You are reading the name a man or a woman who had a laugh, who lost their nut, who posted some letters, men and women who felt a duty, people who believed in something so implicitly that they gave their lives.

And you also are seeing the tragic loss of the things we take for granted. Like the dreams of youth, of marriage, the joys of parenthood, the pleasures of old age. These simple things we sometimes forget are part of the gift they have given us.

I was recently filming in Villers-Bretonneux in Northern France, a place that has a deep resonance for Australians and also a strong connection to this town of Numurkah. A young woman approached me and asked if I was English. When I said that I was an Australian she grabbed my hand, nearly crushed it and said "*n'oublions jamais l'australie*" **Let us never forget Australia.**

Above every blackboard in the primary school in V-B, are those words. ***Let us never forget Australia.*** That school on *Rue Victoria, Villers-Bretonneux*, was built after the Great War with money raised on train platforms and tram stops around this state over a number of years by primary school children, penny by penny. What those young Victorian children did in the years after the war is part of what we are celebrating here today. Part of how the example and unselfish sacrifice of the ANZAC shaped us as people.

The ANZAC Spirit lives in V-B as it does in the Dardanelles, in the olive groves of Crete, the deserts of North Africa, in the Jungles of South East Asia where many men from, and later those who came, to live in this district served, in the skies and on the seas of the world. In Kapyong in Korea where the Kiwi's again stood with us, in Vietnam, Timor, Iraq, Afghanistan and the many other countries where Australians have served as peacekeepers or in humanitarian capacities.

Many of those 100,000 Australians lay in these places and as a result, as I have found out, we too live in the heart of these places and their people. That is also part of the ANZAC's gift to us.

Brig General Pompey Elliot, born in Charlton led the Australian 15th Brigade during the first Battle of Villers-Bretonneux in 1917. He wrote:

"When anyone speaks to you of the glory of war picture to yourself a narrow line of trenches two or three deep with bodies mangled and torn beyond description.

Live amongst this for days.

This is war, and such is glory".

Wars continue, and the glory continues to elude us.

By coming here this morning, we are saying that we have not forgotten those 100,000 and that their sacrifice means something to us.

It would be ridiculous to say that they were all saints. They were human, just like you and me. But when push came to shove they did not fall back on their vices, instead they reached for their values. And at a time when the world is experiencing such turmoil, when we can feel overwhelmed by the complexity of life in this world, I would like to think that ANZAC day could become more than just a day of celebration and remembrance. Perhaps it can be a day when we actively pay tribute to our fallen by believing, as they did, that an individual can make a difference and by renewing our commitment to those values they aspired to.

And their most passionately held ideal, what they strove and selflessly died for, was the simple notion that everyone in this world deserves the right to fulfill their promise and to live with freedom and in peace. And for that we honour every one of them.

Lest We Forget

THE REALITY BEHIND THE ANZAC LEGEND by Eric D. Butler

Self-sustaining legends like Anzac reflect a reality, which is akin to the very soul of the nation. The constant re-assessment of the meaning and significance of Anzac Day has served to increase interest in the legend. The controversy concerning whether children should be permitted to march has not been negative, but has helped to focus attention on the question of the future of Anzac Day. As RSL leader Bruce Ruxton observes, if the Anzac Day March is to continue to be a major feature of the celebration of Anzac Day, then eventually the children of today will be required to march.

But for both practical and emotional reasons, the majority of ex-servicemen do not at present wish children to participate.

Men who have faced death together develop a special sense of comradeship, which they find it difficult to share even with their wives or children.

In contemplating how Anzac Day may develop into the future, it is appropriate to recall that the new Federation of Australian States had not long been born when the First World War provided the first opportunity for troops from the separate States to come together in military conflict. One of the driving forces, which helped to create the Federation, was the fear of military invasion. In one sense, Gallipoli was the bloody baptism of a new nation.

The majority of Australians saw themselves as part of the British Empire. The Republican movements of late last century, mainly based in Sydney, started to fade away under the impact of Federation.

Further events associated with Gallipoli, as they became known, had played a major part in shaping a new Australian nationalism. Support for the Monarchy was strong and there was wild excitement when King George V sent a cable congratulating the first Anzacs for their "magnificent achievement".

No great battles were won at Gallipoli. But the event had all the elements, which grew into a legend. Here were free men demonstrating both courage and resourcefulness as they attempted to storm cliffs that appeared insurmountable.

Epic events associated with military achievements are remembered in different ways, even among those with a common background.

British troops were also involved in a campaign, which British strategists hoped will help to shorten the First World War by defeating one of Germany's major allies, Turkey. The bravery of the British troops was typical of British people everywhere. But the efforts of the British troops never had the same impact upon the British public, as did that of the Australians at Gallipoli. There was a widespread perception in Britain that Gallipoli was a disastrous military failure, one which had a damaging effect on the reputation of Winston Churchill.

No great military victories were achieved at Gallipoli, such as that in which the famous Australian Light Horse so effectively participated as Turkey was brought to its knees.

It is encouraging that a growing number of young Australians are now attending the annual Dawn Services, at Gallipoli and throughout Australia. They are seeking to discover their roots, and the significance of an event, which more than any other in the nation's short history, has taken firm root in the Australian psyche.

The future of Australia requires that Anzac Day is seen, not merely as another public holiday, but a day consecrated to maintain and strengthen those values, which Gallipoli helped to symbolise. But what are those values? The ability to perform courageous acts; to demonstrate comradeship in time of major disasters?

These and other values were all demonstrated at Gallipoli. But is there something else? Perhaps it was the achievements of the stretcher-bearer known as Private John Simpson with his Donkey, which provides a reflection of the deeper spiritual reality, and unlimited source of inspiration for carrying the Anzac legend into the future.

John Simpson Kilpatrick was a product of Northern England - a "Geordie" - who came to Australia as a ship's stoker in 1907, when he deserted his ship and dropped his name Kilpatrick as a form of disguise. He worked all around Australia, participating in a variety of activities - from cane cutting to gold fossicking.

He was an early volunteer for the A.I.F. Because of his great strength he was assigned to ambulance work and immediately was carrying wounded men from the front lines to the relative safety of the beaches. Faced with the difficulty of carrying wounded men on his back over the treacherous terrain, he hit on the concept of using a little donkey, which he had commandeered. Over the next few weeks Simpson and his donkey made up to 20 trips a day, up and down the treacherous gullies, risking his life on practically every trip. On his return trips he took water back to the men in the front lines.

Both Australian and Turkish troops were amazed as Simpson and his Donkey survived until he was cut down in a Turkish counter offensive on 19th May. Legend has it that a deep hush fell over both Australian and Turkish troops. Simpson's rare type of courage was not that of a V.C. winner who generally displays his courage in one short flash of bravery, but one of calmly walking through the shadow of death day after day for several weeks.

But what really motivated Simpson? Correspondence provided by his sister revealed him as a political radical, a non-Christian believer. He was no "God, King and Country" young man, a revelation which so upset well known Melbourne churchman the Rev. Irving Benson that for a period he refused to hand back the Simpson

correspondence to Simpson's sister. Perhaps Benson was making the same mistake as those who criticised Christ for associating with prostitutes and similar people?

An American woman visitor to the Melbourne Shrine of Remembrance penetrated closer to the truth about Simpson when, after contemplating the statuette of Simpson and his Donkey at the Melbourne Shrine of Remembrance, wrote a poem in which she referred to the "Christ like chivalry" of Simpson.

While Simpson would probably have rejected this description, in a realistic sense he was practising the famous Christian law of love: *greater love hath no man than this that he would lay down his life for his own friends.*

WHAT IS TRUTH? By Arnis Luks

Looking at classical education as a method for learning, has taught me the 'trivium' is fundamental to know and understand accurately the purpose of anything.

Grammar - *the whole system and structure of a language, consisting of syntax and morphology (including inflections) and phonology and semantics.*

A spoken word should place a consistent thought in my mind. I use the word 'gay' to conjure up thoughts of happiness, light-heartedness, a pleasant experience, and other thoughts along this theme. In other usage it also has the potential to conjure up entirely different thoughts or themes. So the understanding of the meaning of words is vital if my usage is to be understood in the light of what my purpose is.

Logic - *reasoning conducted or assessed according to strict principles of validity.*

Rhetoric - *the art of effective or persuasive speaking or other compositional techniques - debate.*

'Social' - *friend or companion*

'Credit' - *belief or trust*

Social Credit is how 'companions get on in an environment of belief and trust' - faithful dealings. The use of the term "Chinese Social Credit" appears to be inconsistent with its grammatical-meaning to its real purpose. This causes an opportunity to consider why? We need to look at 'what is', and 'what is not', and to also look at its purpose and the opposite to its purpose. This should give us a reasonable understanding of why the Chinese totalitarian government uses this term for its technocracy - police state.

'Friends and companions getting on' usually achieve the increment of association. Playing cricket by yourself can achieve certain results, but playing cricket with someone else can usually achieve more. Taking it in turn to bat or bowl causes each person's skills to improve in batting, fielding and bowling, generally resulting in an increase in the 'social credit' - getting on.

This now brings us to attempt to re-define the meaning of "Chinese Social Credit". We see the outworking of its purpose in the use of facial recognition, attributing

During his few short weeks at Gallipoli, the 23-year-old Englishman born as John Simpson Kilpatrick, created a legend which might well be the central theme of all Anzac ceremonies, these concerned primarily with discovering the very soul of the nation. As symbolism can be used as a powerful servant of Truth and Reality, it might be pointed out that the unborn Christ child was carried into history on the back of a donkey.

It has been said that God sometimes speaks to Man in strange and mysterious ways. Does the story of Simpson and his Donkey have a special spiritual message for today's Australians as they face the most critical period in their history?

a personal score towards conformance to government edicts, surveillance and monitoring at every opportunity. This would induce fear and distrust in case of being reported and then punished - rewards and punishment. The current use of medical face-masks also builds distrust, especially if you are in agreement with the germ-theory point of view. Both acts will cause a loss of social credit. Why then use the term "social credit" as the title of a surveillance and assessing police-state?

In order to understand we need to define the psychological term 'cognitive dissonance' and its opposite 'cognitive-consonance'.

'Cognitive-dissonance': *the state of having inconsistent thoughts, beliefs, or attitudes, especially as relating to behavioural decisions and attitude change.*

'Cognitive consonance': *the state of harmony and internal consistency arising from compatibility among a person's attitudes, behaviour, beliefs, and/or knowledge.*

The psychological tool - 'cognitive-dissonance' - causes confusion of thought, a state of disharmony and inconsistency that cannot readily be resolved. A lot of theoretical economic discussion also falls into this area - poverty amidst plenty. Chinese-Technocracy is the opposite to social credit.

Cognitive-Dissonance, once recognised as a tool for confusion, the use of other word combinations such as safe-sex, safe-schools, gay-marriage, women's-rights all take on an entirely new level of understanding.

Cognitive-dissonance in policy

The expert (technocrat) has recommended a complete lock-down (home detention) for everyone, rather than the historical work practice of isolating individuals who may cause spreading of an illness.

The WHO and the Therapeutic Goods Association in Australia, having a vested interest in centralised medical services, are both recommending a vaccine record (or passport) for everyone, rather than isolation and treatment of affected individuals. A vaccine service-fee of between \$60-\$240, administered to 7,000 millions, equates to roughly between 0.5 to \$1 trillion return on

investment, with no scientifically demonstrable efficacy and being automatically granted legal-immunity from liability in case of harm caused by the vaccine.

I've recently been reading about "germ-theory" and find it is not 'settled science' at all. There are many arguments against this way of thinking, including vested interests in maintaining the existing narrative. So in this situation, (like climate-science), medical-science can also be placed under a cloud because of demonstrable vested interests. Bill Gates is promoting a vaccine solution to the current medical threat, with the opportunity of up to a \$1 trillion return on investment. Is it any wonder these psychological tools are used to achieve other purposes?

Immunity will not be achieved until exposed to the disease, let alone while locked in homes. It is an illogical and spurious argument, difficult to 'comprehend the thinking' due to inconsistencies - cognitive-dissonance. Once the general population is allowed to leave 'forced confinement', any fresh outbreak will again escalate into another perceived medical emergency. The purpose now becomes a little clearer, to find no permanent solution to a medical situation.

Can You See It Yet?

The whole world has virtually stopped the economy due to a perceived medical situation amidst a confusion of thinking. While this is happening other phenomena are also occurring.

1. Governments are transferring massive debt-liabilities from private corporations and banks onto the public at unprecedented rates. Generational debt is openly discussed, even in the main stream media.
2. Our Australian Federal Government is going to private institutions to release financial credit to the community in order for the community to continue to function, historical governments having already relinquished to private institutions their Constitutional responsibilities, and current governments refusing to take up this vital constitutional duty. Not a word, lest the truth be known! This new credit (in the form of debt), could just as readily been issued debt-free. Read CC Faulkner's - *The Commonwealth Bank of Australia* available online.

'Banking' and **'Weights and Measures'** are really of the same substance. Inflation/deflation inflicts a changing measure-of-value against the currency.

3. With reduced wages, salaries and dividends (A) going out into the community, the spending power of the community has almost stalled.

4. The other part of financial costs which may be called fixed costs, would include utilities, depreciation of fixed assets and equipment, rents, service costs, and interest and principle on loans, (B) still require servicing.

5. A significant proportion of wages, salaries and dividends (A) and fixed costs (B) will be returned to the banking system for cancellation of debt (prematurely taken out of circulation), from individuals, industry, and from the taxpayer via the government.

6. (A) + (B) are the costs to production for which they need to recover in prices. If this shortfall of spending power against prices (A+B) were made up from debt-free credits instead of loans, as was by our historical Commonwealth Bank of Australia around the war years 1912-1923, communities could still function without incurring further debt towards future generations.

Banks are also confiscating the very-real assets of the community at an increasing rate before our very eyes. This confiscation is based on a false belief, that banks are doing something productive with a very-real asset (money), instead of recognising money as an abstraction representing a measurement of value. Banks are only providing a service of measurement similar to an accountant, except it is based on the fraud of creating money as computer key strokes.

Businesses are going backwards, equity in home ownership is reducing and is further exacerbated by the falling value of homes, and the interest component from government debt (bonds liable to the taxpayer) is growing greater and greater.

It is timely to re-read the *Quarterly Report 2014* from the Bank of England. A similar document from the *Deutsche Bundesbank* of Germany, highlighting credit creation, is also available in our online Library.

Banks, in this instance are both confiscatory and predatory, in that they are (through foreclosure and outstanding debts), seizing the very-real assets of the community while simultaneously refusing to re-finance existing loans without a government guarantee, ensuring further foreclosures of which to pounce upon.

Building Social Credit - Finance as the Abstraction

In Order to Understand - What then is the Opposite? Removal of this power of 'money creation' from the central banks and vested in the National Credit Authority, places this 'debt-free money' at the disposal of the 'individuals in community' in the form of a dividend, issued equally to all. Like a political vote, except this becomes a financial vote causing 'economic democracy', an increase to the social credit. This facilitates the cultural inheritance, especially the fruit of the industrial arts, to be equitably distributed to all, while ensuring individual initiative is also rewarded in the form of 'liquidation of prices' - without incurring further debt to either, the producer and the consumer.

Debt becomes a thing of history.

We have moved from basic primitive-tools scratching in the ground, to industrialisation, and on to robots and advanced control without a reconsideration of the financial system as a method of measurement - the abstraction. The Douglas proposal towards the financial system, democratises money as an abstract representation of value. This proposal, unlike the Chinese Social Credit Totalitarian State, builds the social credit of community.

Douglas Social Credit means exactly what it says -
faithful dealings between friends. ***

DOUGLAS SOCIAL CREDIT AS A NEGATIVE FEEDBACK LOOP

By M. Oliver Heydorn PhD.

In biology, engineering, computers and in many other fields besides, we become familiar with the concept of a feedback loop. A feedback loop occurs whenever the output of a specific dynamic process becomes the input for future operations or cycles of that same process. This allows the overall system in question to regulate itself in one direction or another by monitoring its own output. That self-regulation can occur in one of two directions: the original output signal can be ramped up or amplified, as is the case with the hormones inducing childbirth in an ever-increasing cascade of intensity, or the original output signal can be diminished or neutralized as is the case when the body sweats in order to bring its temperature back down to a normal level (homeostasis). When the output signal is amplified, we are dealing with a 'positive' feedback loop, when it is diminished or neutralized, we are dealing with a 'negative' feedback loop.

If we examine the financial system in terms of one of its chief products, i.e., debt, we can easily come to understand the essence of the Social Credit analysis and remedial proposals. In sum, the problem with the existing financial system from a Douglas Social Credit point of view is that it functions after the pattern of a positive feedback loop, amplifying debt, whereas it should, in the interests of stability, functionality, and therefore human satisfaction, function after the pattern of a negative feedback loop, dynamically liquidating excess or surplus debt in the chain of production with debt-free credits. The Social Credit remedial proposals were designed to change the financial dynamic from a positive feedback loop to a negative feedback loop.

The problem, its effects, and the correct solution can be adumbrated as follows:

1. The financial system we live under at present is a debt-money system, meaning that all money is created and/or injected into the economy alongside an accompanying debt or debt-equivalent. In essence, every dollar that is created and injected by an issuer has to be repaid to that issuer at some future point in time. No money is injected without the expectation that it will return in one form or another to the issuer. There is no 'free gift' of money to the economy. N.B., this is a human convention, not an inherent feature of the universe, and so, it can be changed or adapted to suit whatever policy objective we wish.

2. When we then apply this type of debt-money system to a production system that is costed on the basis of the current accountancy conventions what we find is this: the rate at which costs are generated – and these costs might plausibly be conceived as debts owing to the production system and directly or indirectly to the banking system which creates and injects the money

supply in the first place – exceeds the rate at which incomes are simultaneously being issued to consumers via their wages, salaries, and dividends that have been obtained through the same production process. This means that the price system is inherently unbalanced, with there always being an insufficient flow of consumer income distributed via production to liquidate once and for all the costs/prices of that production.

The fact of the imbalance is important to producers and to the economy as a whole because only the consumer can liquidate or put a final end to all production costs. Only the consumer has the power to obliterate a historical production cost forever, instead of passing it on as a cost from one party to another, which is what businesses and other productive agencies do whenever they spend money. When consumers are not properly enfranchised with real consumer purchasing power, i.e., income, producers are not able to sell all their production or meet all their costs. The result is loss and eventually bankruptcy.

The situation is likewise important to the consumer because unless he is properly and sufficiently enfranchised with purchasing power or income, he cannot obtain in full the goods and services which his labour, natural resources, and/or cultural inheritance (in the form of technology and its associated know-how) make so amply available. Any consumer production that cannot be distributed on account of the missing income would be wasted ... and there is not much point in producing something that won't or can't be consumed.

3. This mismatch in rates between the flows of costs/prices and incomes occurs because some of the money that is used as production credits to initiate or carry on production make a full monetary circuit and go back to their point of origin (whether a bank or a business revenue account) without ever being transformed into consumer income. This is because businesses and indeed any modern productive organization have many other costs besides labour costs and many of these costs either do not distribute consumer income at all in being paid or only do so later on at a lower and slower rate than the rate at which they need to be collected. Money is created and destroyed or issued and received in a way that adds to the final costs of the production which must be met by the consumer, but which does not distribute any income to the consumer in the same period of time.

4. Since all money is created and introduced as a debt or a debt equivalent (i.e., it has to be repaid to its issuer), the only way of making up for the underlying lack of consumer buying power in the form of income under the current financial system is to borrow more money into existence as consumer loans, or to borrow

more money to initiate more production, especially capital production, government production, and production for export (as these provide the greatest time lags between when the capital is produced and the much needed additional incomes are distributed on the one hand, and when the associated debts will have to be paid on the other).

5. But relying on the 'debt-only' system to fill the gap actually creates a positive feedback loop, where attempting to liquidate production costs by creating and injecting more and more debt-money leads to an overall build-up of more and more debt, which increases exponentially, until the stability of the system is shaken and a financial crisis occurs ... this is the only way of allowing for a re-set, so that the system can be taken back to a previous stage and allowed to amplify again until the crisis point recurs. As the saying goes, you cannot successfully borrow yourself out of debt ... you only create a deeper and deeper debt hole over time. Eventually, the debt burdens become so great that they cannot be adequately serviced and neither lenders nor borrowers are then inclined to continue with the money creation and/or lending process. Therefore, periodic financial crises and economic recessions are inherent consequences of our debt-finance system.

6. Running the financial system on a positive feedback loop has many other negative consequences besides exponentially increasing an unrepayable debt and its associated periodic financial crises.

For example, it is also heavily implicated as the main cause of inflation in the form of cost-push inflation. As the debt burden increases, servicing charges increase. As servicing charges increase, the buying power of consumer incomes is diminished (directly or indirectly). As the buying power of consumer incomes is diminished, consumers require and hence demand increased wages/salaries to 'maintain the standard of level' or the level of consumption to which they were accustomed in the previous economic period. As wages and salaries go up, costs/prices will eventually go up as businesses will need to borrow or otherwise acquire more money to pay the higher wage and salary bills. The time lag between the wage increases and the corresponding price increases offers the consumer a bit of relief, but the end result is the steady devaluing of each unit of currency as each unit buys less and less of what it did before. As this phenomenon has repeated itself over time, we can easily understand why it is that each major unit of currency only purchases a small percentage of what it could purchase say 100 years ago.

Other negative phenomena heavily implicated by a positive feedback loop where debt is concerned include: i) the paradox of poverty in the midst of plenty, or the fact that poverty continues to plague the world even though there is no physical shortage, in real or at least in potential terms, to answer to basic needs; ii) the

paradox of servility in place of freedom, or the fact that people have to work harder and longer under precarious conditions than what the physical facts of economic life actually require; iii) economic instability, or the fact that sometimes not enough money is borrowed to fill the gap, resulting in economic stagnation, recessions or worse, while, at other times, too much money is borrowed to fill the gap leading to irrational exuberance and an overheating market; iv) unnecessary conflict, or the fact that consumers, workers, and producers must fight amongst themselves and against each other over a scarce flow of consumer buying power; v) forced economic growth and economic inefficiency, waste, and sabotage or the fact that the economy must grow, whether there is a genuine need for additional consumer or capital goods and services or not, because it distributes much needed additional income to consumers (The result is a tremendous waste of time, effort, and resources); and vi) social problems, mass migration, and the environment or the facts that: there is not a single societal issue, such as abortion, drug addiction, or delinquency, that does not have a financial component and could not be alleviated or prevented by a liberation from artificial financial stringency. In a similar vein, lack of production in developing countries and the need for constant growth in developed countries act as the north and south poles of a magnet drawing ever-greater floods of migrants from the third world to the first, with all the cultural dislocation and conflict which that provokes. Finally, the impetus to constant growth also leads to excessive resource consumption, to the destruction of non-renewable resources and of habitats and ecosystems, while the artificial lack of consumer incomes makes it all the more difficult for consumers to afford and hence for companies to control pollution and to offer more environmentally friendly products.

7. What Douglas proposed with his Social Credit overhaul of the financial system was to re-engineer the system after the pattern of a negative feedback loop. Whenever costs and hence prices in the process of production exceed, as they do, the incomes simultaneously being distributed to consumers, the financial system would fill the gap by having an organ of the state, the National Credit Authority, create and issue free of debt sufficient income directly to consumers (in the form of a National Dividend) or to retailers on behalf of consumers (in the form of the Compensated Price Discount) so that the excess costs could be liquidated with money specifically earmarked to them or for them and that would have, therefore, no other debt-claim in connection with it. This would, by dynamically and in real-time ensuring the liquidation of all production debts, dramatically lower the debt-load at any given moment in the economy, preventing debts from piling up exponentially, and returning the financial system to a position of balance, of homeostasis. The background

debt-load would be kept relatively low and only increase in direct proportion as the economy increased in size. Naturally, to avoid demand inflation, this injection of a reverse flow of debt-free credit would take place in lieu of all of the other methods currently relied on to fill the gap; i.e., both consumer loans and excess production loans involving the creation of new debt-money (whether for domestic use or export) would have to be eliminated.

Once the financial system and hence the economy have been put on an operating system that seeks to maintain homeostasis, we can legitimately expect that all of the other 'symptoms' associated with the destabilizing positive feedback loop for debt (and that were mentioned in the last section) will be eliminated or at least greatly attenuated. The economy will become more stable as it more effectively and efficiently serves or fulfills its true purpose: the delivery of goods and services, as, when, and where required, with the least amount of labour and resource consumption. With finance out of the way as an artificially constraining or restraining factor the only inherent limit to the economy's functioning would be the interplay between what can be done with the available economic resources (machines, software, know-how, labour, and natural resources) and the desire of consumers for meaningful goods and services to sustain and enrich their lives. ***

1. I am not the first Social Credit author to draw a parallel between biological homeostasis and the Social Credit proposals. As Arindam Basu has pointed out recently in private communication, the following interesting comment was made by Gorham Munson in his book *Aladdin's Lamp: The Wealth of the American People*:

"There was a monetary cause for the social numbness, and a distinguished scientist, Walter B. Cannon, in his book, *The Wisdom of the Body*', puts us on the track of it. How often it happens that there is more economic wisdom in a side-glance by a scientist at economics than there is in the prolonged stare of the professional economist at phenomena that are not obeying the theory he studied for his doctorate!"

"Marvelling at the remarkable stability of the human body, which he traces to the preservation of the uniformity of the fluid matrix (blood and lymph), Professor Cannon inquires if there are not general principles of stabilization and speculates on the usefulness of examining economic organization in the light of the body's organization. Pursuing his thought, he decides that money, specifically including credit in that term, is an integral part of the fluid matrix of society. Furthermore, he says, 'the strategic control would appear to reside in the devices for distributing goods, in commerce and the flow of money rather than in manufacturing and production.' Professor Cannon's digression into general principles of stabilization is

extremely suggestive: it suggests that just as even a small degree of lapsing of the homeostasis of the fluid matrix in our bodies brings on coma or convulsion, so a certain degree of lapsing of social homeostasis will bring about a comatose or a convulsive society in danger of death. Indeed, if we say that the first principle of social homeostasis is the maintenance at unity of the ratio of production to consumption in the societal fluid matrix, we have an explanation both of the decline of hope among democrats and of the disposition to tantrums of the fascists which marked the pre-Second World War years - since in those years there was no maintenance at unity of the ratio of production to consumption. The end has been a global convulsion." Gorham, Munson. *Aladdin's Lamp: The Wealth of the American People* (New York: Creative Age Press, 1945), 188-189.

2. With the expression 'debt-equivalent', I am referring to monies that are, strictly speaking, created without debt, but which must eventually be repaid to the issuer by the receiver after they have been injected into the economy. To take one example, bills and coins may be created free of debt by the central government authority, but as they are typically injected into the economy by being purchased by banks at face value and those banks then charge the consuming public to recover the equivalent of those expenditures, bills and coins cannot be considered as a free gift to the economy and may therefore be regarded as a 'debt-equivalent', something that has to be repaid to the issuer.

3. Arindam Basu has commented on this last sentence as follows: "Strictly speaking, I'd argue the other methods would automatically be eliminated, as the increased flow of debt-free credit would reduce the need for individuals, firms and governments to borrow, since they would see their incomes, revenues and tax receipts rise. However, to be on the safe side, the use of statutory liquidity requirements (i.e. the amount of reserves commercial banks must have as a proportion of total lending - effectively a limitation on commercial lending by banks) can be used to restrict the supply of debt money, if required."

Private communication with Arindam Basu 03/04/2020.

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