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America 1971*

The politics of dollars and sense

By GARY ALLEN

(Continued)

One thing that was particularly fishy about the early May crisis was that it coincided with the "peace" assault on Washington, D.C. It may be happenstance, but newspapers in Western Europe made it look as if Washington were under siege, even quoting a statement from Attorney General John Mitchell which made the situation appear far worse than it really was. Maybe European editors were just trying to sell newspapers, but their reports appear at least to have augmented the panic.

How serious is the danger of economic collapse? Serious enough that steps have been taken to keep all but the *Insiders* from protecting themselves in the conventional manner without providing full details to the federal government. Murray Borowitz writes in *Banking Journal* for February 1971:

In October of 1970 President Nixon signed a law requiring every citizen of the United States to report each transfer over \$5,000 in or out of the United States.

Also, all foreign bank accounts of U.S. citizens will have to be reported under oath on the April 1971 Income Tax form.

Certainly some pretty big fish are already panicking. The *Holland Telegraph* of April 1, 1971, reported:

Paris—William Taub, lawyer and co-worker of President Nixon, was found recently in serious condition on a country road in France near the Swiss border after being robbed of two credit letters of an amount of ten million guilders.

This is the equivalent of \$2.5 million. *Myers Finance Review* speculates about what it might mean:

Obviously Nixon's sidekick was carrying money into Switzerland. The "country road" suggests a car, and possibly anonymity. Does William Taub have \$2.5 million of his own, or was he carrying this money for an exceedingly important client?

Despite the amount of money involved and the compelling mystery of it all, the mass media in America treated that robbery with a silence which is NOT the natural order of things.

Then there is the report which appeared recently in the *International Harry Shultz Letter* indicating that former President Lyndon Johnson is now selling out, having unloaded three or four ranches and a bank. Apparently John Maynard Nixon frightens him too. Mr. Johnson is reportedly telling his friends to liquidate, that hard times are coming.

A number of the prominent financial letters have even claimed knowledge from a variety of sources that currency of a different color is being printed for the United States. Libertarian Oakley Bramble reports in his monetary letter that reliable friends tell him they have seen the new money. The rumor is that new dollars would be issued for old ones at a rate favorable to the *Insiders*. Another widely reported story is that there will be two currencies—greenbacks for international currency and rebacks for internal use. This would amount to instant exchange controls, giving the government absolute domination over you and your travels. When you control a man's purse, you control that man. Good morning, Mr. Orwell!

We can only guess at what the Big Boys are doing. In the short run, it appears the game is to play off hard currencies against soft ones, running them up, then down, and probably scalping quick profits both ways. It is a reasonably good bet that the Common Market countries will form a gold-backed Euro-currency which will be pitted against the paper dollar. Out of that clash the *Insiders* probably expect to create a World Currency through the International Monetary Fund. Those who control the world's money will control the world.

Typical of those pushing in this direction is A. W. Clausen, president of Bank of America, the world's largest bank. Clausen told a conference of the Pacific Basin Economic Council, made up of representatives from Pacific nations, that not only are there no national solutions to monetary and other global problems, but there are no "international" solutions in the sense of agreements between national governments alone. He added: "There are only 'multinational' solutions worked out among governmental, quasigovernmental, and private organizations and decision-making units from everywhere."

Interestingly, the Bank of America has recently merged its overseas operations with the Banque de Paris et Pays Bas, the major Rothschild bank in Paris.

Meanwhile, back in the United States, the tax slaves are working to support not only the banking *Insiders* but the vast army of bureaucrats and relievers. According to columnist Henry J. Taylor:

America is overwhelmingly the most productive country in the world. With only 6 percent of the world's population we account for 33 percent of the

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FROM WEEK TO WEEK

The obtaining of Parliament's 'approval' of the Government's plans to surrender British "local" sovereignty to what Professor Arnold Toynbee calls "the whole of contemporary society" was quite obviously the result of the application of *force majeure et sinistre*, otherwise referred to as arm-twisting. There are many definitions of "democracy", but we know of none which would cover this act of dictatorship.

It has never been made clear what actual advantages are expected to accrue to the British *as such* from this abrogation of sovereignty. Indeed, according to a report in the *Daily Telegraph*, Oct. 26, Mr. Heath's French television programme, 'an implied warning for over-enthusiastic British supporters of Europe was contained in his statement that 'the full benefits will perhaps not be felt in our lifetime, but only in that of our children and our children's children''. But of course the majority of the British who are not in doubt on the issue are against 'joining' Europe, so the "over-enthusiastic" must be a very small minority indeed, and perhaps Mr. Heath's warning was more widely directed.

But for most people who feel that there must be *some* advantage in 'joining', this seems to be some vague pie-in-the-sky expectation of an economic advantage, to be derived from greater trading opportunities. But the whole swindle is based on a carefully inculcated misconception of what trading really means.

Suppose, to simplify the situation, the world were divided into two equal "great trading blocs". What is the object of the trade? The answer always given is "to achieve a favourable trade surplus", which means, in orthodox terms, that income derived from external sales should exceed the expenditure on purchases from abroad. Now in the limit, the more successful bloc would end up with all the money, and no goods, while the 'loser' would have all the goods, but no purchasing-power—no money. Multiplying the number of 'blocs' does not alter, though it may obscure, this simple fact.

Every device of propaganda has been used for generations to conceal this quite fundamental fact—so successfully that 'political' commentators—such, for example, as Peregrine Worsthorne—disclaim any knowledge of economics, leaving

explanations in this field to certified economists: Economists of Repute, of whom Douglas wrote: "I feel sure they are all perfectly honest, and that they reach positions of comfort and authority, not by saying what they do not believe, but by being able to believe almost anything, even if all experience contradicts it, and to put their beliefs into such a form that the absurdity of them requires a little more analysis than most readers have the time and inclination to give them".

The real point about 'joining' Europe is that it is a step towards World Government. Now in the last resort, government is based on control over food, clothes and shelter. The effect of the industrialisation of the past two centuries is that the provision of these is not much more now than a matter of distribution—their production is very largely a matter of technology, itself becoming increasingly automated—a situation inimical to strong government. So the immediate objective is to maintain Full Employment by forcing the industrialised nations to subsidise the non-industrialised, and to accomplish this a Supra-national Authority is required.

Mr. Heath's treatment of the House of Commons is quite parallel to Hitler's treatment of the *Reichstag*, and parallel developments may be expected—the crushing, by one means or another, of opposition to overt Internationalism. And, as Peter Simple recently suggested in his column, it is not impossible that Red paratroops, based in Ireland, may yet descend on London.

Days Rather Than Weeks

Mr. Henry J. Taylor gives facts uncovered by the French General Staff's counter-intelligence section, the Service de Documentation Extérieur et de Contre-Espionage, in an article he calls "How Soviets May Plan World War III". (*Human Events*, Sept. 11, 1971.) The Kremlin staged massive exercises, called DVINA, over a territory the size of most of Western Europe, nearly twice the size of the 1967 predecessor, called DNEPR.

The latest exercise showed the Kremlin "totally committed to striking by surprise", and this heavy mixed attack draws the comment from the French Service, "As Adolf, so Ivan". The Kremlin has drawn up a time table and "sees no European war lasting more than ten days". They would open up with a missile barrage, and would be more likely to use chemical (nerve gas) warheads than nuclear. It has a huge supply of the gas developed by the Germans in the last war.

Moreover the Red Army has some 140 divisions to repeat the tactic of the battering ram, together with about a million and a quarter satellite troops in the Warsaw pact countries, together with a massive air force. The troops are trained under battle conditions that "show no regard for human life", and receive *political* training in the Lenin Room, part of each barracks [emphasis added].

In the same issue, Senator Barry Goldwater asks, "Why try to accommodate Russians", in the matter of banning underground nuclear tests for the Soviet Union "has learned all the technology there is to learn from that activity, and we have not". The Soviets have developed an anti-missile system, he holds, "in advance of our own Safeguard ABM".

Shortly before, Senator James Buckley wrote on "The Continuing Erosion of U.S. Military Strength" (*Human*

Events, July 24, 1971) and no reason has appeared to suggest any change. The Senator complains of the reduction of our Navy Carrier wings from 24 to 15, the number of our Air Force Squadrons from 119 to 104" and of the drastic cut in naval vessels. He fears that USA will soon no longer be in a position "where our deterrent capacity will be sufficiently plausible to cause the Soviet Union to back away from future confrontation". He mentions too the MIG-23 Foxbat which at the moment America cannot match, while "there are active attempts to scuttle the F-14 Tomcat".

The Kremlin may of course not use this massive air, land and sea force to strike, but they certainly are using it and will use it to have their will and, if unopposed, to dominate the world by force and subversion.

—H.S.

America 1971

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world's production. Accordingly, we should be a low-cost, low-taxed country. But we are a high-taxed, and, therefore, high-cost country. The taxes are the largest single item in our cost of living, although the Washington Robin Hoods of the Red Ink would as soon commit hara-kiri as admit this simple fact to our bamboozled public.

The Copley News Service reports that "The total per capita tax for every man, woman and child in America will hit an estimated \$1,175 in fiscal 1971—almost double the amount of 1960". This comes to \$4,700 in direct and hidden taxes for a typical family of four. Lord Keynes is certainly getting his revenge on the normal working people he hated so much. So serious is the problem that even President Nixon admitted in a recent speech that taxes are now taking thirty-five to thirty-seven percent of total income. He went on to add:

When a nation takes a substantially larger portion of its national income for taxes, that nation loses its character as a free, private enterprise economy and turns over and becomes primarily a state-controlled and oriented economy.

And that is exactly the point. Obviously we are well on our way to state control when one considers inflation as the *de facto* tax that it is. Mr. Nixon's mentor, John Maynard Keynes, knew what he was doing when he designed a system that would bring about perpetual inflation. He wrote:

There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

Which is the beauty of it . . . if your purpose is the "euthanasia of capitalism". And when such perpetual inflation is combined with a graduated income tax, you have yet another stranglehold on the taxpayer. Professor Robert Shaw described what happens in the *Wall Street Journal* as follows:

Perhaps it is still not generally realized that there is even a tax on inflation—yes, on the annual loss in the value of the dollar, which you pay and various governmental units collect.

If inflation goes on long enough, and steeply enough, the tax collectors will eventually claim substantially all of your income, without any necessity for Congress and legislatures ever to pass another law or raise the existing rates.

In brief, the more inflation, the better for the tax-collecting agencies . . .

First, the tax rates are sharply progressive as dollar income advances, but we do not recognize the wasting away of purchasing power . . .

If inflation continues between 1970 and 1973 at 5.6 percent, the actual rate for 1970, prices will advance 17.8 percent—5.6 percent compounded—and taxpayers will have to obtain equivalent increases in wages and salaries just to hold their own when it comes to paying rent, medical fees and grocery bills. But, sadly, most taxpayers in moderate income brackets will find that, while dollar income has advanced 17.8 percent, and its purchasing power has merely remained constant, federal income taxes will climb from 23 percent to 27 percent . . .

If inflation continues long enough we may all eventually be promoted into the 70 percent tax bracket—but without ever receiving any increase whatever in our real income. We would then be reduced to scrabbling desperately to obtain food and necessities, protected only by personal exemptions that might be reduced to \$50 or \$100 in current purchasing power. Meanwhile, by the tax device all discretionary buying power would have been transferred to public agencies.

Inflation is yet another type of tax—a tax not just on income, but on capital. Last year, "inflation" caused by deficit spending robbed Americans of \$60 billion worth of savings in pensions, savings accounts, and life insurance policies. This amounts to a capital tax of approximately \$300 per person, or \$1,200 for a family of four. It also means that the American people were not really paying thirty-five to thirty-seven percent of their incomes in taxes but well over forty percent! As Mr. Nixon's deficit paper hits the fan, the inflation tax will escalate dramatically and the graduated income tax will take an ever greater percentage of our incomes. If we don't put a stop to it, we shall face a point at which the government takes nearly everything we earn, returning only the packaged necessities of life in such a way as to dominate totally every feature of American life. If you are an extremist who has read his Marx, you might even call that a Communist takeover. Certainly the *Insiders* would be in control.

What is happening is, of course, being planned that way. Consider.

It takes a lot of bureaucrats to waste the enormous numbers of billions now being spent at all levels of government. In the ten-year period between 1960 and 1970, the number of government employees has risen by fifty-one percent. The number of civilian government workers at all levels has risen from one out of every eight employees in 1960, to one out of every six today. According to *U.S. News & World Report* for May 17, 1971:

The Joint Committee on Reduction of Federal Expenditures shows that civil employment in the executive branch of the Government jumped by more than

712,000 in the last decade, to a high point of 3,053,000 in April of 1970 . . . now Congress is proposing to authorize 4 billion dollars, to create 500,000 make-work or public-service jobs in the cities, funded by federal taxes.

Federal employees under Civil Service have received ten pay increases in the last ten years, amounting to an aggregate wage boost of sixty-four percent. Under Richard Nixon the federal payroll jumped from \$24.1 billion to \$29.2 billion in just two years. And *Time* magazine delivers the cheerful news that in the next decade government jobs will likely multiply another fifty-two percent.

As Henry Mencken, the fabled sage of Baltimore, once remarked: "The art of politics is taking money from people who earned it, and giving it to people who haven't." Accordingly, many of the one in six who are employed by the government are engrossed in giving money to people who don't work. While one American in six now works for the government and must be supported by the rest of us, one in eight is on Welfare.

Tom Anderson puts his finger on the problem this way:

According to a recent estimate, there are 27,931 ways of making a living in America without getting on Welfare. Millions of second and third generation leeches are unable to find a single one of those 27,931 ways to pay their own way.

I know my friend Tom won't mind the company if I add that Saint Paul advised the Thessalonians almost two millennia ago: "He that will not work, neither shall he eat."

During 1970 more than a quarter of a million people a month could not find one of the 27,931 ways of making a living and joined the Welfare rolls. The number of Welfare recipients increased by a staggering twenty-four percent in just one year according to the Associated Press of April 28, 1971. Last year alone, the equivalent of the population of the entire state of Louisiana was added to our Welfare rolls and the backs of our taxpayers.

The number of fatherless families getting Welfare aid has now jumped from two-thirds of the total national caseload to three-fourths. A task force of the state Social Welfare Board recently reported that fathers of eighty-five percent of the 900,000 California children on Welfare do not contribute to their upkeep. Just because these men fathered children doesn't mean they should work to support them. What it means, apparently, is that you and I must support them. And it gets mighty expensive!

There's more. In Fiscal 1970, the food stamp program covered 3.6 million persons. This year it covers 9.3 million, and during the next fiscal year 11 million Americans will, in essence, be supping at your table. And it goes on and on.

During the past eighteen years, while defense spending grew by forty-nine percent, Welfare spending increased by ninety-four percent. If money is the answer, why are 12 million Americans still on relief after such an incredible increase in spending? Welfare is not relief, it is a racket. In its issue for February 8, 1971, *U.S. News & World Report* provided some hard figures about what it all costs us:

. . . social-welfare spending of all kinds by all levels of government this year is likely to top \$160 billion—and by 1972 more than half of all the money American taxpayers contribute will be going for such purposes.

What is President Nixon's answer to this incredible nightmare? Why he offers a Family Assistance Plan which would provide a guaranteed annual income! The Administration admits that the Nixon Plan would double the number on the dole—so that we would then have in excess of 24 million Americans living off the taxpayers. If you figure those as bought votes, it amounts to a million more than the total number Franklin D. Roosevelt received in the landslide election of 1932! And it is one far cry from the Nixon campaign promise that: "We must make Welfare payments a temporary expedient, not a permanent way of life." Concerning just such a guaranteed annual income, Candidate Nixon had declared:

One of the reasons that I do not accept—and at the present time I do not see a reasonable prospect that I will recommend—a guaranteed annual income or a negative income tax is because of my conviction that doing so, first, would not end poverty, and second, while it might be a substitute for Welfare, it would have a very detrimental effect on the productive capacity of the American people.

Yet Mr. Nixon has now repeatedly said that he assigns top priority to his Family Assistance Plan. Richard Wilson, writing in the *Washington Evening Star*, recently asserted that Mr. Nixon is going "methodically about the business of expanding the welfare state . . . Combined with the Family Assistance Plan guaranteeing a minimum income for the poor who work or seek work, plus increases in old age benefits, the United States will begin to approach the 'cradle to the grave' security which was the primary aim of all old-fashioned Liberals".

According to economist Henry Hazlitt, President Nixon's scheme would spend \$10 billion the first year, costing the average family an additional \$275 in taxes. Hazlitt says the program could do nothing but explode to a cost of thirty or forty billions of dollars a year. It is far too obvious that when Mr. Nixon said he had embraced Keynes he wasn't kidding.

(To be continued)

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