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SIXPENCE WEEKLY

How to Increase Wages Without Increasing Prices

An Alternative Policy to the Inflation Menace

(Continued from Last Week)

We continue with extracts from a booklet to be published shortly by "The New Times":

How To Increase Wages

Apart from the exploitation of the wage-earner by the Communists and other political agitators, who have no genuine desire to improve the security and independence of the wage-earner, it must be admitted by all reasonable people that the basic cause of the demand of the wage-earner for increased purchasing power and reduced hours of work is based upon the belief that the modern production system can supply him with those results.

Increased Productive Capacity

It is foolish for some people to criticise the wage earner and say that he is becoming lazy. It is a well-known fact that wage earners who, over their weekends, are building their own homes or are working in various ways for themselves, work very hard indeed.

The reason is obvious; there is a direct and worthwhile inducement.

Inducement or Compulsion

The fact that a man who works very hard on some personal work over the week end will not make the same effort in a factory during the week simply demonstrates that he has no adequate inducement to do so. There are only two ways to get individuals to do things: by inducement or compulsion.

Although it is unfortunate that there is a growing tendency to regard compulsion of the individual essential—the Communists openly advocate compulsion by the "State"—we must preserve and extend our traditional British way of getting individuals to co-operate voluntarily for any purpose.

Genuine free enterprise must be based upon the voluntary association of in-

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dividuals stimulated by adequate inducement.

Feature of Modern Industry

Now, modern industry is essentially different from anything of previous times.

Its characteristic feature is the introduction of power-driven machinery deriving its energy on a large scale from coal, oil, and hydro-electricity principally.

In 1942 the rated horsepower of engines in use in Australian factories, plus the horsepower equivalent of central electricity stations, was over four million horsepower. As one horsepower is equivalent to approximately ten manpower it can be said **that the productive strength of Australia in 1942 could be rated at over forty million manpower.**

And, of course, it has increased considerably since 1942. During the war, with 800,000 of our most able-bodied men out of the production system and many tens of thousands engaged in the manufacture of munitions, Australians gained some idea of the tremendous productive capacity of this country.

U.S. Capacity

In America, where the horsepower rating in 1939 was approximately twice that of Australia, it was possible to have over 20,000,000 in the armed forces, produce a colossal stream of war equipment, **and at the same time increase the standard of living of the American people by approximately 40 percent.**

It is obvious that the vast potentialities of the modern production system have been taken into consideration by the Arbitration Court in reducing over a number of years the Australian working week from 48 to 40 hours.

Real Credit

A country's capacity to produce is what might be termed its real credit.

But before this real credit can be used, it is essential that adequate financial credit be made available.

The war proved how in Australia and

other countries an expansion of financial credit through the banking system permitted a much greater use of the real credit than ever before.

Previous unemployed resources and unemployed manpower were used to the maximum. It can be seen, therefore, that expanding production requires increased credit facilities. It is, of course, now generally understood how the bulk of our money supply is created in the form of bank credit, notes and coins being a very small part.

The Source of Wage Increases

Increased financial credit also has to be made available to finance wage increases when the Arbitration Court rules

(Continued on page 2)

OUR POLICY

1. The preservation of Australia's sovereignty as a part of the British Empire, and the exposure of all internal and external groups which attack that sovereignty.
2. The preservation and extension of genuine local government.
3. The preservation and strengthening of all Constitutional safeguards for the purpose of protecting fundamental individual rights.
4. The encouragement of all activities designed to bring Governments under more effective control by the electors.
5. The preservation and extension of genuine free, competitive enterprise and private ownership, and opposition to all Monopoly, whether it be "private" or State.
6. The support of a financial policy which will (a) permit free enterprise to make available to all individuals an increasing standard of living and greater leisure for cultural pursuits; (b) result in no further increase in the community's indebtedness and the sound business practice of gradually reducing existing debt.
7. Recognising that the basis of any sound economy is agriculture the encouragement of agricultural policies which will ensure the preservation and building up of soil fertility by organic farming and gardening; and the prevention of soil erosion and the protection of forests and watersheds.

Now, when our land to ruin's brink is verging,

In God's name, let us speak while there is time!

Now, when the padlocks for our lips are forging,

Silence is crime.

WHITTIER

that such increases are necessary. Not having the necessary financial reserves to meet an increased wage bill, industry obtains an advance of new credit from the banking system.

In other words, every increase in wages is financed by the banking system.

The new credit is paid out to wage-earners, collected from them through shops and service organisations and eventually is deposited in the banks with a resultant increase in total deposits, a fact which anyone can examine for himself by noting the manner in which bank deposits steadily increase.

The latest figures show that the deposits of the nine trading banks increased by approximately £50 million over the past twelve months.

There is no argument about the fact that the total amount of money in the community is increased by the banking system every time there is an increase in wages. But, as already pointed out, this merely creates still higher prices. **The basic problem, then, is to make the new money available to the wage earner in such a way that it will not increase production costs, and consequently prices.**

Suggested Policy

In the most general terms, the solution to the problem is to be sought along the lines of increasing the **purchasing power** of money in relation to increasing industrial productive capacity.

There are two possibilities: increasing incomes in relation to stable prices, and decreasing prices in relation to stable incomes.

It is true that attempts have been made to deal with the problem along both these lines over the past few years. **Price control** has attempted if not to prevent, at least to limit or retard, the steady increase in prices. What it has achieved is a demonstration of the impossibility of fixing prices at a given level without hampering production.

It has prevented the skyrocketing of prices, which might have occurred from the exploitation of the great expansion of credit by which the war was financed. **But it has not been able to prevent prices from rising.** It has only been tolerated by the public because of fear of runaway inflation. It operates by compulsion and is therefore a deterrent and not an incentive.

Price Subsidies

The second mechanism adopted during the war to deal with the problem of prices is price subsidies.

Price subsidies were introduced with comparative success in all English-speaking countries during the war.

The price-subsidy system is sound in principle.

This system was applied to certain commodities to prevent rising prices from upsetting the total "cost structure." Results prove that the system could easily be extended.

It is commonly said that price subsidies are merely taking money from the

people by taxation and giving it back to them by subsidising prices. This is not altogether correct, as the Government obtains the money for subsidies partly by taxation and, directly and indirectly, by the expansion of credit.

For example, some of the credit expanded to finance the war was taken by the Government in taxation. It can be seen, therefore, that subsidies have been, to a considerable extent, paid out of expanded credit in the same way as basic wage increases are paid out of expanded credit.

There is no argument about the fact that the stabilising of prices by the payment of subsidies has demonstrated the possibility of increasing purchasing power **outside** the present industrial costing system.

Further, the payment of a subsidy, particularly at an early stage in chain production may prevent the multiplication of a cost in subsequent stages.

The Key to the Problem

The key to the problem is how to use expanded financial credit—the basis for which is increased production—OUTSIDE the wage-cost structure.

The following are suggestions as to how this could be done:

Let all applications for wage increases and/or shorter working hours be heard by existing arbitration authorities and be determined on the strict basis of actually increased or of increased production potential in industry. Arrangements could then be made to use, say, 50 per cent of the new bank credit necessary to finance the award granted, for the payment direct to wage earners of what might be termed a National Production

Bonus—that is, a bonus in addition to the wages already being received. As the new money for this Bonus would not be paid through industry, there would be no increase in wage costs and consequently no increase in prices.

As the size of the increase of bonuses would be directly related to increased production or production potential in industry, wage earners would have a direct incentive to increase production, safe in the knowledge that they would share in the benefits of this production.

Our Heritage

The other 50 percent of the new credit necessary to finance the arbitration authority's award could be applied to the lowering of prices to every member of the community by an extension of the subsidy system. This would have the effect of increasing the purchasing power of every individual's money.

It must be realised that the modern productive capacity of a country is in the long run a community affair and that therefore the benefits of increased production should be distributed to every member of the community via **reduced prices.**

Supporters of free enterprise and private ownership must take every opportunity of pointing out that our real credit today, our capacity to produce, is largely a heritage passed down from past generations.

The knowledge of how to do things and the capital resources possessed today are real profits passed on by previous generations. If electors will not stir themselves to press for a financial policy which will permit them to use these profits in such a way that every member of the community has greater independence, they will find that that heritage will be taken from us.

(To Be Concluded.)

How the Cost-of-Living Has Gone Up and Up—and Up!

Here are a number of items comparing 1914-1948 costs in Sydney. (Sydney, then as now, was the dearest city to live in.) The items are not intended to represent a family budget or anything like that. I use them merely to work out roughly the buying power of the £1 in two eras.

	1914	1948	% Increase
Tram	1d.	3d.	200
Train	9d.	1/8	122
Lunch	8d.	1/4	100
Dinner (3 course) .. .	1/-	3/6	250
Cinema.....	6d.	5/6	1,000
Cigarettes	3d.	10d.	250
Tobacco	6d.	2/6	400
Beer (bottle)	6d.	1/7	225
Papers.....	1d.	2d.	100
'Phone .. .	1d.	2d.	100
Furniture (4 rooms) ..	£100	£500	400
Suit.....	£4	£16	300
Coat and Skirt	£1/1/-	£7	566
Shirt	7/6	£1/5/-	233
Eiderdown	17/11	£10	1,016

You would need to be no mathematician to understand that you would need 90/- today to buy what the £1 bought in 1914 and a **basic wage of £10/16/6 a week to keep you square with the 1914 basic wage of £2/8/-.**

The Proof Of Conspiracy

Writing in *London Tidings* of September 14, 1946, Douglas Reed observed: "Is there an organised power in the world which pursues some world-wide aim and is powerful enough to promote, manipulate, and prolong wars between nations and in the pursuit of this aim? Is there a super-national conspiracy directed against the freedom of *all* peoples, which uses such men as Hitler as its servants? The strongest evidence in favour of this theory seems to us to be that there is a powerful ban, in practice, on the very suggestion; the mention of the word conspiracy is taboo. Politicians and newspapers shun it. Yet we have had abundant recent proofs that conspiracy is a very real and living thing in the world. The essence of conspiracy is secrecy. To our mind, that is why all attempts to penetrate this secrecy are so severely repressed. But they are also the proof that powerful conspiracy exists; they would not otherwise be necessary."

"As Easy As A. B. C." (Atom Bomb Control)

Atomic Energy Commission: David E. Lilienthal (Jew), ex-chairman Tennessee Valley Authority (Chairman). Lewis E. Strauss (Jew). Robert F. Bacher (Jew). William W. Waymack (?). Sumner T. Pike (?).

—*The Social Crediter*, July 17.



Mr. HUXLEY

"Science, Liberty, and Peace"

By Aldous Huxley.

The central theme of this important book by a great writer and thinker, is to show how every increase in technological development has been exploited to concentrate increased power into the hands of a small minority of power lusters. Huxley clearly postulates the basic problem confronting modern industrial civilisation.

Price 5/8d., post free, from *New Times Ltd.*, Box 1226L., G.P.O., Melbourne.

COUNTRY LIVING

"The Family Farmer" 17/3

By F. D. Smith and Barbara Wilcox. In their foreword to this fascinating book the authors write: "The expert will tell you how to grow crops. The economist will tell you whether the small farm can pay. But only the family farmers themselves can tell you about the family farmers and how they live."

"Where Man Belongs" .. 15/9

By H. J. Massingham. In this book the great English writer on rural matters "sets out to show how such giants of literature as Shakespeare and Jane Austen drew inspiration from the rural craftsmen. Shakespeare, sprung from his native soil and haunted by his home throughout the whole range of his plays, he sees as the genius of the essential England."

"The Small Farmer" 10/6

Edited by H. J. Massingham. In this book six practical authorities give a comprehensive picture of the conditions, values, achievements, history, and general husbandry of the type of farmer who has been the foundation of the national life. Although dealing with English conditions, it should be read by all those concerned with fostering the growth of the small-scale mixed farming in Australia.

"A Country Living Book" . 3/4

Articles deal with Fruitgrowing on Two Acres, Why Not Houses of Earth? and other interesting subjects.

"More Country Living" . . 3/4

Articles include: Sir R. George Stapledon 011 Grass Management; H. J. Massingham on A Way to Help the Small-Farmer; G. H. Edwards on A New Industry in Geese.

All prices listed above include postage. Order from *New Times Ltd.*, Box 1226L., G.P.O., Melbourne.

"SOCIAL CREDIT AND CATHOLICISM"

By George-Henri Levesque, O.P., Professor of Economics, Laval and Montreal Universities, Dominican House of Studies, Ottawa.

Introduction by Eric D. Butler.

Price 1/1 (post free). Order now from: *New Times Ltd.*, Box 1226L., G.P.O., Melbourne.

The Homestead Economy

(Continued from page 10)

represent the springs of vital renewal. Nor can we, even if U.N.O. fulfils the wildest hopes, rely upon an international solution. In a hungry, nerve-racked world no nation can expect to live upon the resources of others, no matter how much it has to offer in exchange. That commonplace applies to us here in Britain with particular force. **Our chances of survival depend very much upon the use we make of our own natural assets within the next ten or twenty years. It is not "output per man" that matters now, but "wealth per acre."**

A Selected List Of Books On Organic Farming And Gardening

"Pay Dirt"24/9

By J. I. Rodale, leading American authority on organic farming and gardening. This book is one of our special recommendations.

"The Living Soil" 19/9

By Lady Balfour. This is a most exhaustive survey of the relationship of human and animal health to soil fertility. This excellent book is suitable for either the layman or the agricultural specialist.

"The Rape of the

Earth" 33/6

By Jacks and Whyte. This book is probably the most comprehensive world survey of soil erosion yet published. A real classic.

"The Land Now and

Tomorrow"20/-

By Sir R. George Stapledon. A famous English authority surveys the whole gigantic problem of land utilisation and reclamation, from the urban no less than the rural point of view. Contains a large number of beautiful plates.

"The Earth's Green

Carpet" 14/3

By Louise E. Howard. In part 1 of this important book the widow of the late Sir Albert Howard deals with the wheel of life, the growth of the plant, and the agricultural effort and its reward. In part 2 the application of the principles outlined in part 1 are studied. Part 3 outlines the new approach to the problem of health and disease.

"The Farming Ladder" 14/3

By George Henderson. Acclaimed by A. G. Street in the *English Farmers' Weekly* as "the most valuable book on farming published during the last hundred years." An intensely practical book for practical farmers. Henderson shows how he has been able to make over £3,000 per year off approximately 80 acres.

"Humus—And the

Farmer"£1

By Friend Sykes. The story of how a leading English farmer sold his property in the fertile Thames Valley and proved how soil worth only £4 per acre could be improved to give big yields. This practical writer answers convincingly the argument that organic farming can only be conducted on a small scale. Deals with large-scale compost making by suitable machinery. The prices listed above include postage. Order now from *New Times Ltd.*, Box 1226L., G.P.O., Melbourne.

HAPPY LIVING DEPENDS ON DIVERSITY

By ST. JOHN IRVINE (Reprinted from "World Digest," July, 1947)

A playwright, novelist, biographer, and critic, who is an outstanding individualist, praises tolerance and affirms that—

The art of living, like other arts, is strictly personal and dependent on the nature of the artist; and we should be no less stupid if we were to complain because Jack Jones does not live like Jack Robinson than we should be if we were to complain because Dickens did not write like Thackeray, or Michelangelo paint like Botticelli, or Bach compose the same sort of music as Brahms. **If we were no more than gramophone records each repeating the same tune there would be no point in our lives.** One record would do just as well as another, and its loss would be no great matter. I am not, therefore, laying down the law about life.

Art of Life

The art of life denotes that life is individual far more than it is communal, and that the things we do together are less important than the things we do by ourselves.

Our drains are communal: our souls are separate.

Another man may inspire us to make more of ourselves, but he will do us irreparable injury if we are persuaded to submerge our minds in his.

You remember (don't you?) the story of the fretful and shrill-voiced Cockney who said to her weeping son on a wet Bank Holiday, "Tired, are you? Got a headache, 'ave you? Want to go 'ome, do you? Well, I brought you out to enjoy yourself, and enjoy yourself you shall, you hagravatin' himp!"

Love of Uniformity

That woman might have been Hitler's mother, and I am afraid that her spirit is rampant in this island at this moment,

the spirit of "do what I do; how dare you differ from me!" There is a dull, pedantic, unimaginative ass who loves uniformity, and is seldom so pleased as when he thinks of everybody everywhere doing exactly the same thing at the same time. It is terrible to goose-step with your feet: it is disastrous to goose-step with your head.

I confess I sometimes fall into folly myself, and I have to guard against the sinful desire I frequently, feel that other people shall like what I like: a very wicked wish even if my likes were good.

There would be no music if all the musicians played or sang the same note again and again.

People who cannot sing become crooners and moan on one beat. Music is made by combining different, and even discordant, sounds in the same composition.

If I were asked to say what seems to me the essential law of life, and especially of art in life, I should answer that it is diversity, difference, that all happy living is dependent upon diversity, and that this happy living and diversity are impossible without tolerance.

Tolerance and Diversity

It would be convenient, no doubt, to bureaucrats and people of routine mind if all trees were of one kind but how diverse and dissimilar they are.

The fingerprints of one man differ from the fingerprints of all other men.

The legend that twins are identical in nature is false, nor do they always look alike.

Tailoring would be less troublesome if all men were the same size and shape.

How happy our hatters would be if heads were standardised!

But Nature abhors uniformity. The supreme law is diversity, and this law makes tolerance essential if we are to live at all.

—Condensed from *The Listener*

The Real Control

Mr. Reid (Box Hill) Legislative Assembly, 6th July: Although in theory the term "Governor in Council" may mean what it says, the fact must be faced that in practice the term means the responsible Minister for the time being, acting on the advice of some public official in the Department under his purview.

An Opportunity

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