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SIXPENCE WEEKLY

Mr. Menzies and Price - Subsidies

The Menzies Government continues to retreat before the Socialist advance. This is not surprising when it is considered that all Socialist economists and other important officials have been retained as "advisers" by the new Government. The statement made by Mr. Menzies concerning the Government's refusal to accept price-subsidies as a mechanism for reducing prices, sounded like one of Dr. Coombs' efforts. Mr. Menzies' statement was merely a re-hash of the arguments used by Mr. Chifley. Prices will not and cannot be reduced by any of the methods proposed.

As we do not desire to be accused of being wise after events, we want to state now, clearly and specifically, that, if the Menzies Government pursues the policies outlined by Mr. Menzies in his statement explaining why price-subsidies were not to be re-introduced, price increases will not only continue but will get progressively greater. Could there be anything more tragic than a Government, elected on a policy of "putting the shillings back into the pound," proposing to pursue a policy which will do exactly the opposite. And which, at the same time, will create the very conditions, which the Socialist strategists will gleefully exploit to their own advantage. It would almost appear that the Menzies Government is determined to commit suicide. If there are members of this Government, or electors who support it implicitly, who take exception to our comment, we challenge them to consider the following proposition:

Will all those who are satisfied that the present Government's policies will reduce prices, accept personal responsibility for the results of these policies? For example, will members of Parliament give a written assurance now, that, if at the end of 1950, prices are higher than they are now, they will immediately resign from Parliament and re-contest their seats? We make bold to say that no member will give this assurance, for the very good reason that none of them has confidence that the policies enunciated by Mr. Menzies will reduce prices. We even doubt whether Mr. Menzies has much faith in his own policies. Or perhaps they are not his policies at all, but those suggested by the "advisers"?

Does the refusal of the Menzies Government to use the price-subsidy mechanism to defeat inflation mean that nothing can be now done about this matter? We do not believe this. We feel that the inevitable increases in prices will result in a growing outcry from electors. This outcry must be directed against individual members of the Government, particularly rank and file members. It must be made clear to these members that their political futures depend upon what action they take towards com-

pellling the Government to introduce price-subsidies. Particular attention should be paid to members who won their seats by small majorities.

A genuine reduction in prices would be a major assault upon the whole Socialist strategy. Once this "first trench" were taken, other "trenches" could be taken later. The Socialists realised this clearly, and no doubt did all in their power to convince Menzies and Co. that price-subsidies would not be "sound finance." Every increase in prices creates the political and economic conditions, which the Socialists and Communists desire to further their policies of centralising power. We appeal to every reader of this journal to do all in his power to persuade his fellow-electors to reject the Socialist "solution" of the inflation menace and to continue drawing attention to the urgent necessity of price-subsidies. The statement by Mr. Menzies must not be accepted as the final word on this subject.

Soviet Economics

Story that is going the rounds in Rumania, according to *Service de Presse* of 30th September, which is issued in Brussels, shows how the countries now under Soviet domination have to work for the upkeep of the masters in Moscow. A foreign journalist visited a brick factory in Bucharest, and the following dialogue ensued with the manager: —

"What is the annual production of your factory?"

"Ten thousand wagon-loads of bricks, which we send to our powerful friend, Soviet Russia."

"And what does she send you in return?"

"Listen. She sends us cotton, which we weave in our factories and then send to our friend, Czechoslovakia."

"And then, what does that country give you?"

"She sends us lard, hams, sausages, which we smoke and then send to our dear ally, Poland."

"And Poland?"

"Poland sends us coal."

"And what do you do with the coal?"

"With the coal we make the bricks which we are sending to Soviet Russia, and so it goes on."

It is a form of economy, which must be dear to Sir Stafford Cripps. Under his guidance, we are to expect shorter and shorter commons for larger and larger volumes of our exports. We must assume that the Communist mantle, which Sir Stafford took steps to discard, is still hanging in his wardrobe and not worn out.

—*The Patriot*, Eng.,

Dec. 1949.

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.

TO THE POINT

The Road to the Servile State

The rate of progress towards the Socialist State can be measured to a great extent by the increase in the numbers of public officials. In spite of the change of politicians on December 10 of last year, the Federal bureaucracy has continued to expand rapidly.

It is true that the Department of Post-War Reconstruction was abolished. But its place was immediately taken by Mr. R. G. Casey's new Department. This Department not only took over the staff of the Department of Post-War Reconstruction, but, judging from information available, has been rapidly adding to the numbers.

Now comes the news that the Department of Information is to be abolished. But before the taxpayers cheer in anticipation of a little relief from the Federal bureaucracy, they should ponder the fact that the functions of the Department of Information are to be taken over by other departments, and that the staff of the Department of Information is merely to be transferred.

The policy of centralism, to which the Menzies Government is at present committed, inevitably leads to greater and greater bureaucratic despotism—i.e., to more Socialism. When will the rank and file of the Liberal and Country Parties realise that they are following the road, which the Labor-Socialists followed? And that the greatest contribution they can make to save this country for the British way of life is to challenge the Menzies and Caseys in their Parties before it is too late?

* * * *

Dr. Burton

When Leader of the Opposition, Mr. Menzies once directed a powerful shaft of criticism against Dr. Evatt's Secretary of the Department of External Affairs, Dr. John Burton. Dr. Burton is a gentleman of definite Leftist views. He might be accurately described as a pro-Communist.

It is interesting to learn that Dr. Burton is carrying on as Secretary of the Department of External Affairs under Mr. P. C. Spender. When Mr. Spender made his Foreign Policy speech in the Federal Parliament two weeks ago, Dr. Burton was at his side and was able to supply a copy of Mr. Spender's speech to Mr. A. Calwell.

* * * *

"Racial Prejudice"

All good farmers breed purebred cattle and other animals for very excellent reasons. It is considered essential to keep strains pure.

Because farmer Smith is in favour of having only purebred shorthorn milking cows on his property, does not mean that he is therefore in favour of having all other breeds of cows destroyed.

But anyone who supports the sane policy of selective immigration is charged with creating "racial prejudice" and with having murderous tendencies towards all other races. The Jews are always talking about "racial prejudice," and yet the Jewish leaders have always sought to keep the Jewish race pure.

Mr. Spender on the Spot

A question on Dr. Soekarno, President of Indonesia, was described today by Mr. Spender External Affairs Minister, as one that should not be asked or answered.

Mr. C. R. Cameron (Lab., S.A.), had asked whether Mr. Spender still believed that Dr. Soekarno was a wartime Japanese collaborator and a Moscow-trained Communist.

He also asked whether Mr. Spender had already congratulated Dr. Soekarno on his election to the Presidency.

Mr. Spender said the question was one, which should not be put or answered in the House. As far as sending a message was concerned, it was only a normal custom between civilised countries.

Later, Mr. Calwell (Lab., Vic.), asked Mr. Spender to tell the House what he had said about Dr. Soekarno when he (Mr. Spender) was in the Opposition.

Mr. Spender did not reply.

—Melbourne *Argus*, March 15.

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A Threat

Mr. George Isaacs, Minister of Labour, speaking at Dulwich Baths last night, said that he had power to direct a man into a job but that he had not the power to direct an employer to take him. "Now we are going to examine this situation," he said, "because if we find ourselves getting our books cluttered up with good, sensible men, well then, what is good for the goose is good for the gander, and, if we find it necessary in the nation's interest to use power of direction, then we shall have to use it both ways."

—*The Times* (London), February 18, 1950.

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Mr. Menzies and Inflation

Speaking at Canberra on March 15, Mr. Menzies dealt with the subject of inflation in a manner, which would have done credit to Mr. Chifley. His statement that "the inflationary movement began in 1946" is, of course, nonsense. Inflation has been taking place for at least 50 years. It is now being intensified by the very policies, which Mr. Menzies claims will halt it.

Having stated that, to stop a price rise of 10 percent, would require subsidies totaling £150,000,000 for one year alone, Mr. Menzies made the ridiculous observation that, "Over the years the burden of subsidies would be so great that it alone would have an inflationary tendency."

This sounds more like the gibberish of a certified economist than the observation of a man of Mr. Menzies' undoubted ability. Mr. Menzies will find that a continuation of the policies he proposes will necessitate an ever-increasing expansion of financial credit with a consequent rise in price levels followed by demands for higher wages. If new financial credits were used to subsidise prices, increases in the basic wage would become unnecessary, thus effectively minimising one of the main ingredients of the inflation menace.

As a general policy of price subsidies would increase the effective purchasing power of all sections of the community, and at the same time strike a powerful blow at the major cause of industrial unrest, who is going to bear the "burden" Mr. Menzies talks about?

"Jews Fear Influx of Germans"

The following letter was submitted to the Melbourne *Argus* on February 28. It was not published. Sir,

Under the above heading in the *Argus*, Friday, 24th February, Mr. J. L. Waten, Secretary of the Jewish Council, is reported to have stated that: "It is not too late to declare emphatically that migrants from Germany are not wanted in Australia."

For brazen effrontery this is beyond approach, for such an organisation as Mr. Waten's to declare as "public opinion" a question of this nature, is almost unbelievable. Most of the Jewish Council members are Germans. Could Mr. Waten state what is the difference, from a national point of view, between a non-Jewish German and a German-Jew?

Thousands of Germans have arrived in Australia in the last few years. Out of 17,000 to arrive in N.S.W., 15,000 stayed in the cities, mostly in King's Cross. If we accept non-Jewish migrants, they will be the same splendid types who pioneered our uncultivated country areas, and a large number of our secondary industries. Non-Jewish Germans are among the best skilled tradesmen in Australia (not money lenders); their descendants enlisted in the 1st and 2nd World Wars in the A.I.F. and not in the Pay Corps or Supply Depots.

Mr. Waten states, "Most Germans were indoctrinated with Nazism." Under whatever regime they were ruled, they could not be worse than the invaders who drove 600,000 Arabs, women and helpless children, out of their homes to be left to starve and die in filth in the desert, nor worse than the "brave" "Stern gang" who murdered British soldiers in Palestine.

Why is Mr. Waten so concerned about non-Jewish Germans coming to this free country as ex-enemy subjects, and yet has no objection to ex-enemy Italians, who fought against us, coming here? It seems to be a clear case of revengeful persecution of all non-Jewish Germans by Mr. Waten and his fellow travellers, and not with any interest in the welfare of Australia.

It will be tragic if Australia loses the present opportunity to receive the best colonists and skilled artisans offering in the world today, next to British stock.

Yours,

"ANTI-HATRED."

"Wall Street" and Communism

Many readers will have noticed that one of the items in the Thirty Years Treaty between the Russians and Mao's Communist China is a loan of 300,000,000 *American* Dollars. Passing over, as unprovable, the story that the U.S. supplied Stalin with the engraving plates, with which to print an unlimited number of dollar notes, we should like to emphasise one point of many. The inclusion of this item is a direct blow at the prestige of sterling. Anyone who cannot see that "Wall Street" is backing Stalin and Mao is merely half-witted. One H-Bomb on Tel-Aviv and one on Pine Street, New York, at 11 a.m., would do more for peace than all the Conferences ever held.

—*The Social Creditor*, February 25.

Price-Subsidy and How to Finance It

We publish below an excellent circular letter by Mr. John Macara, Hon. Sec. of the Western Suburbs (Sydney) Voters' Policy Assoc., 69 Lucas Rd., Burwood.

Since Mr. Macara wrote this letter, Mr. Menzies has rejected Price-Subsidy as a mechanism to combat inflation. This rejection adds increased urgency to Mr. Macara's plea for wider public knowledge on the correct method of financing Price-Subsidies.

Dear Colleague,

It is very gratifying to note that the Menzies-Fadden Government is losing no time in responding to the popular appeal for PRICE SUBSIDY. But the fact should not be lost sight of that if these subsidies are financed out of taxation, they will have little effect in achieving the Government's main policy of PUTTING THE SHILLINGS BACK INTO THE POUND.

But even if the subsidies are financed out of taxation they will still achieve a very desirable end, i.e., the basic articles will be available even to those subsisting on small means—this will ensure that children of the poorest parents will be well nourished.

THE NET RESULT TOWARDS "PUTTING THE SHILLINGS BACK INTO THE POUND" WILL BE NIL.

But there is a source other than taxation from which subsidies may be financed, i.e., the same source as that which supplied the finances to sustain war supplies.

It is very desirable that the public mind should be fully conscious of the nature of this source, so that an intelligent and active pressure may be maintained on all members of Parliament, urging on them the need to use this source, for THE INTELLIGENT USE OF THIS SOURCE IS THE ONLY MEANS BY WHICH THE SHILLINGS CAN BE PUT BACK INTO THE POUND.

BANK CREDIT

It is an axiom that financial credit can be issued soundly only when it is backed by some tangible or intangible asset.

In normal practice, before a bank will issue credit to a customer, the bank satisfies itself that the customer holds title to suitable assets. "Suitable assets" may vary in tangibility from real estate to a factor as intangible as the integrity of the individual concerned. But there is invariably an asset behind credit issue.

The dictum is: NO ASSETS, NO CREDIT.

The word "PECUNIARY," and its Significant Derivation

In times long since past, the holder of assets issued his own credit instruments. In those days livestock was the principal form of wealth. It became customary for the owner of a large herd, when he wished to liquidate some of his wealth for purposes of exchange, to issue a small disc of leather, as a symbol or token that on presentation of the disc to him, he was prepared to hand over the beast represented by the disc. These discs passed from hand to hand, and became ordinarily acceptable as a medium of exchange. The disc became a primitive form of money.

This practice became so well established that it has left traces embedded in our language. For in referring to matters of

exchange and to money-matters generally, we still use the word "PECUNIARY," which is derived from a root "pecudes," meaning CATTLE.

In those far-off times it was clearly recognised that CREDIT was closely and immediately related to ASSETS; and that credit belonged to the owner of the assets—that credit was as it were the financial shadow of assets. But in these days the truth of this simple axiom has become clouded. In furtherance of this confusion, we now speak of "BANK CREDIT," when in truth what we refer to is not the credit of the bank, but the credit of the individual to whom the bank issues the credit. The individual's credit is liquefied for him by the bank, by a simple process of bookkeeping. In claiming the ownership of this credit (as it does) the bank is making a false and wholly insupportable claim.

To the extent that the Canberra Government has the power to tax, to that extent it is the custodian of our national and individual wealth. It was against this wealth, this asset, that the credit was issued which enabled us to prosecute the war. These issues were called "LOANS," but this term was used simply to hide the true nature of the source of the credit used. An infinitesimal part DID comprise REAL LOANS from individuals, but these, again, were only sought in order to afford cover to keep the real practice out of sight.

These so-called LOANS, which have given rise to our so-called debts, came into existence by means of a book-entry; and they could be similarly discharged without loss to anyone. To maintain them against ourselves as a national debt is a piece of PURE CHICANERY. The cost of the war was blood, sweat, tears and treasure. These costs have been paid in full.

It is quite competent for the Menzies-Fadden Government to direct the Commonwealth Bank (or any other bank) to issue credit against the asset comprised in our national wealth, of which it is, through its power to tax, custodian. It is competent for the Government to issue credit instruments direct. Until this source of credit is used, all attempts to put the shillings back into the pound will prove to be futile. The shillings have been taken out of the pounds by the foregoing inflationary bookkeeping; the shillings can be put back only by the same simple process, applied in reverse. There is no better place to begin to apply it than by using it to subsidise prices.

THE GREATEST IMPEDIMENT TO PRODUCTION IS TAXATION

The present Government is leaning heavily on the hope that by increasing production it will put the shillings back into the pound. But the greatest obstacle to production, its greatest deterrent, is taxation,

for it is taxation which is responsible for high prices. High prices make sales difficult, and discourage production. Thus we have a vicious circle, the dog endlessly and futilely chasing its tail.

Any successful campaign to increase production must begin by reducing taxation; this will lead to readier sales and thus stimulate production. But taxation cannot be reduced while the fictitious debts are maintained. We can rid ourselves of the hypnotic influence, which causes us to sustain these debts, by realising that CREDIT CANNOT BE DIVORCED FROM ASSETS. It cannot be stated too often that credit is the financial shadow of assets; and HE WHO OWNS THE ASSET, OWNS THE CREDIT WRITTEN IN RELATION THERETO.

But there are great and powerful interests, which have monopolised to themselves, the issue of ALL credit, and who will resist to the utmost any disturbing influence threatening to deprive them of it.

INTERNATIONAL FINANCE has taken precautionary measures to ensure that its financial practices shall not be disturbed. International agreements (Bretton Woods, etc., etc.), have been spawned in profusion during the last few years. These are all precautionary measures against disturbance.

The Menzies-Fadden Government will come to its time of testing. It will either be true to its principles of putting the shillings back into the pound (and there is no other means than that outlined herein): By scrapping the international agreements when they are found to impede it; by defying INTERNATIONAL FINANCE; or they will succumb as so many others have succumbed when opposed by these all-powerful interests.

Copies of this letter are freely available on application.

Yours faithfully,
JOHN MACARA.

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[Regd]

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Liberals Support Banking Monopoly

The present Government's attitude towards the proposed merger between the Bank of Australasia and the Union Bank provides further striking evidence of the Monopolistic, i.e., Socialist, policies this Government proposes to pursue unless checked. If the Government were really determined to oppose every policy favouring the Socialists, they would have strongly rejected this bank merger and widely publicised their reasons for doing so. By declaring themselves to be implacably opposed to Monopoly of any description, the Federal Government could have consolidated its position and delivered an effective blow against the Socialist propagandists.

But, instead of doing this, the Government has given its approval to the merger. Or, to be more correct, it has endorsed an approval previously granted by the Labor-Socialists. We ask readers to reflect upon this fact for a few minutes, and then to consider the further fact that the Commonwealth Bank Board to be established will be dominated by Socialists like Dr. Coombs. Can any reasonable person reach the conclusion from these facts that the banking policy to be pursued by the present Government is to be any different from that pursued by the Chifley Government?

If press reports are correct, one other aspect of the bank merger also requires some searching questions by all genuine anti-Socialists. Press reports state that employees of both the Bank of Australasia and the Union Bank are strongly opposed to the merger, and have asked the Federal Government not to agree to it. But the Menzies Government has rejected the pleas of these employees, many of who campaigned actively to defeat the nationalisation proposals of the Chifley Government because they did not want to be told that they could only have the choice of one bank employer. Now, the ironical situation arises where the Government these employees help to elect agrees to support the very policy bank employees thought they were resisting!

The correct function of Government is not to support, either actively or passively, any policy, which enables one section of the community to wield enormous power over other sections of the community. The concentration of banking power, which has now been proceeding for a long time, is a particularly bad thing, because it is the banking system, which creates and provides the financial credit necessary in all modern communities. Every step towards the further centralisation of the creation and issue of financial credit is a step towards the complete Monopoly State. Any government really desirous of defeating the Socialist menace once and for all, should concentrate all its resources upon decentralising credit control.

One of the most effective ways of doing this would be to ensure that every individual in the community, as a right, receives direct access to a certain amount of financial credit. There are various ways in which this could be done, but one of the most effective would be to use portion of the new financial credits proposed for the Snowy River and other inflationary schemes, to a Price Subsidy system which would automatically increase the purchasing power of every individual in the community.

"The Present War"

Reviewing in *Human Events* (Washington, D.C.), *The Coming Defeat of Communism*, by James Burnham (New York: The John Day Company, Inc.), J. M. Lalley says "Mr. Burnham's thesis, as well as it can be put into a few words, is that Communism will be defeated when the chief anti-Communist power, meaning of course the United States, abandons its policy of 'containment' and assumes the offensive. But this cannot occur until it is recognised by both the politicians and the people that a Third World War is not to be avoided, for the reason that it is already raging everywhere in the world. For nowadays, says Mr. Burnham, war and politics are identical terms; the kind of war that involves vast armies and the wholesale expenditure of munitions, and the kind of war that is called peace, represent merely different tactical operations. Unfortunately, this is not yet understood by either our civil or our military leaders; indeed their habits of thinking of war in archaic Nineteenth Century terms - - armaments, logistics, general staff planning, frontiers, invasions, formal declarations, and so on - is, it appears, our chief disadvantage in the conflict with the Communists and explains all their otherwise inexplicable victories. As long as the Communists can advance their purpose, which is nothing less than the monopoly of world power, without resorting to formal and open warfare, they will continue to do so until their adversary is so weakened as to place the issue of an open war beyond any possible doubt.

"The true character of modern war, Mr. Burnham assures us, is to be discovered not from the memoirs of statesmen and generals but from the history of the various 'Resistance' movements. Keeping in mind the equation of war and politics, the most important operations may be seen to be those carried on against an enemy from within his own lines, although these operations of course must be coordinated with pressures from without. Just how much the various European 'Resistance' movements actually contributed to the military defeat of the Nazis is apparently still a matter of some dispute. There is, however, no doubt that their part in the new configurations of power resulting from that defeat. The primary purpose of such increments is not 'liberation': it is to provide an apparatus for the seizure of power when opportunity offers. Thus the Communist Party in non-Communist countries must be envisaged as a vast and ever-active guerilla organisation, implementing by espionage, sabotage, propaganda and intimidation the war plans of the Kremlin. When this is understood, Mr. Burnham observes, the folly of permitting the Communist Party to claim the rights and freedoms accorded to other political parties becomes clear. The greatest advantage possessed by the Communists, whether Russian or native, arises from their awareness that a state of war exists, and has in fact existed since the Third International declared it against the world."

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'Full Employment'

By BRYAN W. MONAHAN

This week we conclude this important essay from *The Australian Social Crediter*, of January 31, 1948. We urge readers to give the widest possible publicity to this essay, in view of the policy of "full employment" being pursued by the present Federal Liberal Government under the inspiration of Mr. Casey and his advisers.

It should be clear that there is an enormous discrepancy between the actual standard of living, and the mechanical equivalent of "man-power" employed in industry—an equivalent that potentially provides every individual in the community with something of the order of fifty human slaves. A very large proportion of the community (the so-called "proletariat") works pretty well as long a day as any animal which can support itself and reproduce its kind by merely grazing the land; the carnivores work a good deal less. For this the workers receive not much more, or better, food than is necessary for their sustenance; not much more than the clothing they need; not much more than the transport required for their work; and a few modest luxuries like cigarettes, beer, races and pictures. All this hardly compares with what a man with fifty slaves might enjoy—with what the Athenians, for example, with fewer slaves actually did enjoy.

In the so-called "science" of economics, the word "employment" is a sort of unit of measurement, just as the centimeter is in physics. It is used as such a measure—go much "employment," so much "prosperity"—but in fact it is not what it pretends to be. The whole point of a unit of measurement is that it should refer to something invariable. The "economists," however, have fallen into the error of using a "measure" which means many different things, just as if they used the word "pound" to mean one thing, when it means either the pound sterling or the pound avoirdupois—while a pound of gold is something else again. To say that a population is fully employed means as little as to say that the national income is ten million pounds of butter-shillings. Employment in building a factory is something quite different from employment in growing potatoes, and quite different from employment in the export trade. Employment in production is different to employment in distribution; and these both differ from employment in the bureaucracy. The man who is paid to grow potatoes is employed in quite a different sense to the man who is restricting the production of potatoes.

The fundamental distinction is between employment that results in the production of goods (and services) of use to *individuals* as such, and all other "employment," *including unemployment*. The actual current standard of living is governed entirely by the former. The "cost" of reducing the working week from forty-four to forty hours is trivial in comparison with the cost of "employment" which produces merely more factories or more public works or more bureaucrats.

"Too much money chasing too few goods" is the natural reflection of this fact. Inflation is the dilution of purchasing power, and reflects the dilution of community effort in the production of consumers' goods by other forms of "employment." Never the-

less, inflation is clearly of different kinds, according to the situation which gives rise to it.

War, for example, naturally produces inflation. But the "diluting" effort is a necessary community effort, and that part of the "too much" money, which represents munitions, etc., made and expended is quite properly removed by taxation. But the peacetime equivalent is another matter.

The inflation due to the building of factories currently dilutes the purchasing power of effort. If we picture a community engaged in subsistence farming, then a given day's effort is, on the average, allowing for seasonal variations, always worth the same thing. But supposing that community begins to industrialise: some of the workers will be withdrawn from the production of the basis of subsistence, and to support them the rest will either have to work harder, or do with less—in either case, the individual's return from a given amount of work will be less. But where this case differs from war is that the factories represent lasting assets. Now the real cost of these assets has already been met through the depression of the standard of living during their construction; and unlike munitions, they are not "expended" in a short period. Since the true purpose of a factory is to displace human effort, their coming into operation should be accompanied by an *appreciation* of the purchasing power of effort. In monetary terms, this could be achieved by either of two methods—by an increase in the purchasing power of the unit of money, or by an increase in incomes with fixed prices. And since the production of factories (and everything equivalent) represents ultimately a *community* effort, the appreciation of purchasing power should benefit everyone.

Similarly, "technological" unemployment should be distributed, and called leisure. This represents a *gain* to the community, whereas "creating employment" is a tax to the community.

To deal shortly with other categories of "employment," work on exports, unbalanced by imports, is pure loss to the community; and work on distribution, salesmanship, etc., and the support of the bureaucracy, is simple dilution of original productive effort, sometimes of value, sometimes redundant or undesirable.

Now just as it is fallacious to treat all forms of "employment" as equivalent, so it is fallacious to make no distinction in "inflation." A given amount of an individual's effort has a constant value. If, for example, he is "worth" a pound a day this month, he is worth a pound a day next month—apart from physical or mental deterioration on the one hand, and the acquisition of skill on the other. That is the basic position. On top of that, the real value of his effort increases, on the average, roughly in proportion to the ratio of total mechanical power to total human power—a fact which ought to be reflected, but is not, in a proportional increase in his pur-

chasing-power. What happens is that "the worker"—i.e., the wage-earner—does obtain a slight benefit in the form of increased wages slightly in excess of increased prices, while certain classes of the population suffer an increase in prices in excess of the increase, if any, in their incomes.

If the money "earned" by the community is absorbed either in increased prices or by taxation alleged to "stop" inflation, the community is literally robbed of part of the value of its effort. If there is a rise in prices due to such activities as the construction of factories, then there should be a subsequent *reduction* in prices in the ensuing period to reflect the real value to the community of the construction of those factories. Alternatively, if there has been increased taxation, and *constant* prices, the money should be returned—i.e., the taxation should be considered a loan for a strictly limited period.

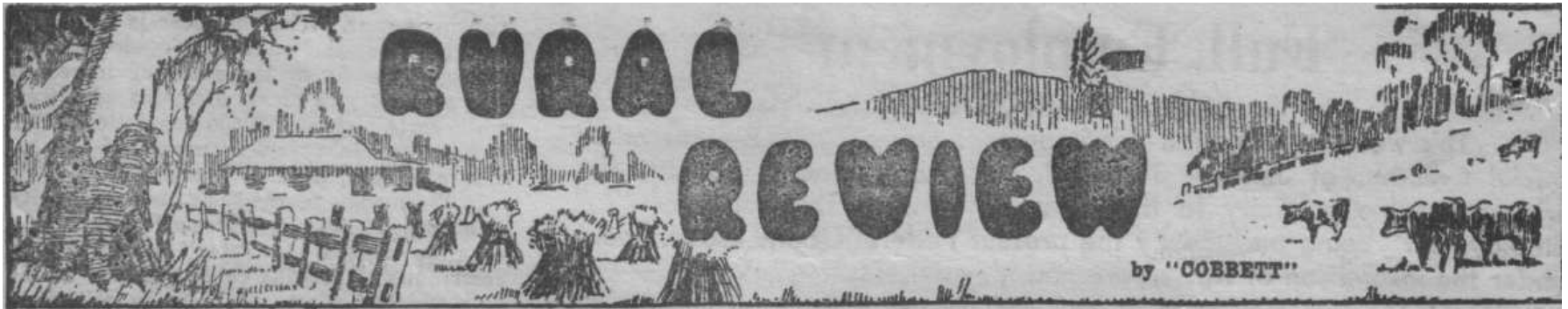
But industrialisation is a continuous process, not a matter of "periods"; so that what should actually happen is a continuous fall in prices, or a continuous rise in incomes, or a combination of both. It is true that there is, on the whole, a continuous rise in incomes; but this is nearly offset by continuous rises in prices and taxes.

What is fundamentally at fault is the balance between types of "employment," as we saw at the beginning. In relation to the possibilities of modern industry, we are forced to work much more than is necessary, simply through a misdirection of effort—a perpetual sacrifice of this generation to posterity, which, like tomorrow, "never comes." And it is high time for this stupid business to be brought to an end; or else justified on its merits if it has any. The essence of the business at present is that it appears to be economically necessary; but, as we have seen, this is an entirely fallacious view. Quite obviously, it would be physically possible to cut out much "capital" activity, redistribute the workers so employed into production of goods required by consumers, and so increase either the real earnings of the community, or the amount of leisure.

There is a perfectly definite mathematical factor involved in all this, referred to in passing earlier. So long as effort is being devoted to further industrialisation, the effect is compounded; that is to say, the ratio of mechanical energy to human energy is being increased at an increasing rate. In the limit, all human energy would be displaced. While for various reasons this limit will probably never be reached, it is already fairly closely approached in the U.S.A.—a fact reflected in the fact that with negligible imports, the U.S.A. is enjoying unprecedented plenty, while at the same time her exports now exceed the total exports, including munitions and supplies, during the war. If those exports were suddenly dammed, the true situation would be revealed with explosive consequences.

The U.S.A. is only the leading case; a similar explosion is only a matter of time in one industrialised country after another. The true situation is concealed and distorted by fallacious economic theories; but if it is not faced and dealt with on true and just lines, we shall indeed see Armageddon in our day.

(Concluded.)



Sawdust as a Compost

By G. H. FETHERSTON, F.R.H.S.(V.) (Teacher of Horticulture, Canberra)
 Since the beginning of this century the gradual disappearance of horses owing to the advent of the petrol engine has greatly lessened the amount of animal manure available to gardeners. The position in towns today is that practically no animal manure is available; even in the country the supply is greatly reduced.

Due to the work of such people as Sir Albert Howard and others over the last 20 years, the public has been introduced to the necessity of organic return to the soil. As a result, composts have come into high favour, and greater use is being made of available organic refuse. Overseas the use of sewage sludge, composted town rubbish, fish meal, hop manure and seaweed offers many avenues of organic manures. These and other sources are little used in Australia, but with the reduction of soil organic matter, it is of vital importance to utilise every available source for return to the soil. By doing so our soils may be kept in good mechanical condition, plant foods will be returned to the soil, and much soil erosion will be prevented. In addition, this organic matter will open up the soil and at the same time hold a great amount of water.

A Common Fallacy

In many parts of Australia, particularly from the forest areas, there are produced vast quantities of sawdust. Some of this may be utilised as fuel in the drying of timber, but most of it seems to be either left piled in heaps, dumped, or just burnt to get rid of it. This is a potential source of organic matter, which has been wasted in the past and is still being wasted. If one suggests to some gardeners that sawdust may be utilised in their soils, the answer one gets is a generalisation that sawdust poisons the soil. The basis of this statement cannot be traced down with any exactness, but it appears to be a common fallacy among gardeners. Doubtless if sawdust is placed as a thick mass on one part of the garden the satisfactory growth of plants in that area may be affected for some years. The same is true of many other substances, which we may add to the soil. For example, manure if placed in a heap would give rise to a similar retarding of plant growth until such time as it is rotted down. The statement that sawdust "poisons" the soil is often amplified by reference to the "poisons" emanating from the wood, the resins, the tannins, and so on. If wood is analysed it will be found to consist mainly of cellulose—a fibrous carbohydrate which comprises about 50 percent, of the plant. Water makes up a large percentage of the

plant, and such substances as mineral salts, resins, tannins, and so on are in minor percentage. The latter by-products vary in percentage with the type of plant, and trees such as conifers probably produce more resins than the hardwoods. It is stressed, however, that the so-called poisons are never present in vast concentrations, and that most of them are unstable chemically and can be broken down very easily by weathering and minor chemical action.

In its natural state, growing timber utilises the plant foods of the soil. In due course it dies, and by the action of fungus and other microorganisms is decayed down and is returned to the soil. This process is a relatively lengthy one, and as it breaks down the decomposed wood acts somewhat as a surface mulch and retains vast amounts of water. Sawdust, which is purely fine particles of timber, has shown itself to be suitable for such surface mulch.

An Example

In this area one orchardist over the last few years has had thousands of tons of sawdust dumped on his orchard. This has been fresh sawdust from either hardwood (*Eucalyptus* species) or softwood (*Pinus radiata*) brought straight from the mill and spread to a depth of 6 in. to 12 in. An examination of the sawdust during the hottest months shows moisture being held some inches below the surface, and the growth of weeds through the sawdust has been reduced somewhat, especially where the sawdust was particularly deep.

An examination of the lower layers of the sawdust shows that under those conditions it takes four to five years to decompose completely, although certain samples showed somewhat quicker results.

The suggestion that Root Rot (*Armellaria mellea*) might become epidemic through the use of sawdust has been made. In this instance no trace of the disease has been noted, and it is suggested that this fungus, if present, does not need the addition of sawdust to complete its life cycle. In any case it is known that the fungus when saprophytic requires large pieces of tree material on which to grow satisfactorily.

As Compost

Although certain references have been observed on the utilisation of sawdust overseas, no reference has been made to

the composting of it, and it has been with the idea of utilising it as a compost, or at least in composting, that experiments have been made over the last three years. Various methods were used with the object of breaking down the cellulose of sawdust quickly, and these may be summarised as follows:

- (1) Sawdust scattered to the depth of ½ in. to 1 in. on surface soil and dug in.
- (2) Sawdust scattered on the surface soil to a depth of ½ in. to 1 in. and dug in with the addition of a dusting of blood and bone.
- (3) Sawdust leached in a heap for six months, placed to the depth of 6 in. on surface soil and dug in, followed by the addition of blood and bone.
- (4) Sawdust used on earth paths for approximately six months, and the surplus removed prior to the addition of fresh sawdust.
- (5) Sawdust used as a surface cover in fowl pens for six months, then removed and added to the soil.
- (6) Sawdust used in composting in conjunction with vegetable matter and animal manures.
- (7) Sawdust leached in heaps for six months and used in composting with the addition of vegetable refuse and animal manures.
- (8) Sawdust used entirely as surface mulch.

In the case of (1), where sawdust was just spread to a depth of 1 in. and dug in, decomposition of individual grains was slow. Whereas in the case of (2) blood and bone was added, decomposition was accelerated. In the case of (3) the bed in question was planted immediately with hydrangeas, and a vigorous growth has been produced with no trace of any deficiency. In the case of sawdust that was used on earth paths, it appeared to be a very satisfactory way not only of maintaining a suitable surface for a path that could be walked on during wet weather, but also of combining the effectiveness of leaching the sawdust. This was either added to the soil with the addition of animal manure or composted. The results noted were similar to those observed in the case of sawdust placed in fowl pens, and either method appeared to be quite a useful way of utilising sawdust while allowing it to be leached.

In the case of sawdust that was composted with the addition of organic matter and animal manures, no difference was noted in growth or appearance of plants compared with normal compost. In certain cases this sawdust compost was used as surface mulch for six months prior to being dug in, and the water-holding capacity, together with the growth of herbaceous perennials, was excellent. It appeared that

(Continued on page 7)

Earthworms Indicate Soil Fertility

The weight of earthworms living in the soil was equal to the weight of sheep grazing the pasture on the surface, in tests carried out recently at Massey Agricultural College, New Zealand.

Describing the tests, Mr. P. D. Sears, of the N.Z. Department of Scientific and Industrial Research, said several counts and weighings of the worm population had been made over the past two years on a wide range of plots of different treatments and mixtures.

It was found that the soil contained about 1 cwt. of earthworms for every 1,000 lb. of dry matter produced by the pasture.

Worms acted under the ground in a way similar to that of the grazing animal on the surface, he said.

They digested dung dropped in grazing, and their castings turned this into food that was more readily available to the plant. They also performed the job of distributing the dung evenly over the field.

The better the soil the larger the worm population. Dung dropped on high-producing land was more rapidly digested than that which fell on a poor sward.

This, together with the fact that dung from rich pasture was less fibrous, meant that less harrowing was required on pastures where the worm population was highest.

Different species were found to inhabit varying classes of soil. The large common earthworm abounded in soil of high fertility,

while the small casting worm was dominant in poorer areas.

Lost Weight

A series of experiments was conducted to compare these two species for their effect on the soil and their food requirements.

After two months' trial with large Plots of soil it was found that where organic content was low, and no outside feeding was given, worms of both species lost weight and became sluggish.

The small worm lost less weight than the larger one, and appeared more active under hard conditions. Both species put on considerable weight when dung or herbage was added, and their activity increased.

If worms were to be introduced to build up an initial population in low-producing paddocks, the small worm was the more suitable of the two. The presence of the larger species in soil was a useful index of good soil fertility.

No increase in activity could be expected after introduced worms had used up the store of organic matter in the soil unless this matter was continually renewed by such means as the use of legumes.

—*The Leader*, Melbourne, Feb. 8.

SAWDUST AS A COMPOST

(Continued from page 6)

leaching the sawdust in heaps prior to adding it to the compost was not of any greater value than the addition of raw sawdust. However, no conclusive results in this respect were obtained. Sawdust, both leached and fresh, was used as surface mulch on Liliums and Asparagus beds. Approximately 4 in. to 6 in. deep was placed on both beds when the warmer weather approached, and results were quite gratifying.

Soil Improvement Noted

In all these experiments no detrimental effects were noted. Crops planted in soils, which were treated with sawdust either in compost form or with the addition of nitrogenous manure showed no evidence of any deficiency, and have proved vigorous and healthy. The soil to which these composts have been added is in a far superior condition than when these experiments were first started. The water-holding capacity of the soil has increased considerably, and so has the earthworm population. It appeared to be of little difference whether hardwood or softwood sawdust was used, and the main factor involved appeared to be the size of the individual particles—the smaller the particle the quicker the decomposition. Decomposition was hastened by the addition of nitrogenous fertilisers, and the acidity of the soil appeared little altered. In any case, any excess acidity can be easily counteracted by the addition of lime.

It appears therefore that the utilisation of sawdust as a compost is a practical possibility. If further experiments could be carried out to discover a method for the

quicker breaking down of cellulose, such a method would be of inestimable value to Australian gardeners. The discovery of such a method appears urgent in view of the alarming decrease in organic manures, but until such work has been done it is suggested that gardeners can profitably use sawdust as a compost.

—*Your Garden*, Melbourne, March, 1950.

Vegetable Growing

In a recent report, the Commonwealth Statistician, Dr. Roland Wilson, stated that the area of vegetables grown in Australia has fallen progressively since 1944-45. During the war years the area under vegetable production in Australia rose to 530,492 acres. It dropped to 296,066 acres in the 1948-49 season.

When they can spare time from their big resource planning, Mr. Casey and his fellow planners might care to contemplate the above figures. If the present intention to over-capitalise Australia is persisted with, it will only be a few years before food will have to be imported to feed the population.

Big water conservation schemes, which may in ten or more year's time permit arid and semi-arid areas to be brought under production, are all very nice. But in the meantime it would be rather a sane policy if adequate food production was obtained by the cultivation of those areas of Australia which have been favoured kindly by nature. Without even opening up any more country in such areas, the use of organic farming and gardening methods would greatly increase production from the present acreages under pastures and cultivation.

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Establishing Phalaris Pastures

With the growing popularity of phalaris tuberosa for pastures, particularly those laid down as a ley for a pre-determined number of years, many agriculturists have been inquiring about how to best establish this remarkable plant.

As phalaris is not easy to establish, and as the seed is very dear—at present 10/- per pound—every care should be taken to ensure that the conditions are such that the maximum results are obtained from the seed sown.

It is important that the soil be well prepared, even if there is a twelve months' delay while this is done with the sowing of a crop together with subterranean clover. A pasture of phalaris and subterranean clover is very satisfactory. The red clovers should be avoided as experience has shown that with the grazing of newly established red clover-phalaris pastures, there is a tendency for the red clover to dominate the phalaris and later to kill it out.

The subterranean clover provides the necessary nitrogen for the phalaris. It is true that excellent phalaris pastures can be established on their own, but in the absence of nitrogen former like the subterranean clover, they tend to run out through nitrogen deficiency.

After a clover-phalaris pasture has been down for one year—two is better—it can be oversown with rye grass and cocksfoot.

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Douglas Comments on British Political Scene

Under the heading, "The Ides of March," Major C. H. Douglas comments in the *English Social Crediter*, March 11, as follows on the present British political situation: —

There can be no understanding of the situation which confronts the population of these Isles which is not based on its relation to certain axioms, of which, for the immediate purpose, perhaps the most important is that all Government, as the man in the street understands the word, is a conspiracy against the individual—not one kind of Government, but *all* Government, *per se*. That is the basic truth, which is embodied in the Creed of Anarchism, and it is a truth, but not a comprehensive truth. So far as human intelligence carries us, Government appears to be only tolerable when it is Trinitarian, and embodies *in itself*, and not merely, or importantly, in the method of its creation, certain fundamental checks and balances which are independent of its forms of procedure and in fact transform its nature. "All power tends to corrupt; absolute power corrupts absolutely." An appreciation of this irreconcilable antagonism between Trinitarianism and monopoly is the first step to an understanding of our necessities.

The importance of, and the opportunity afforded by the electoral stalemate can be seen in the light of this consideration to depend on its effect in weakening Government in its current conception, and the bare possibility that during this very temporary paralysis, far reaching reforms of the Constitution can be inaugurated. It is a bare possibility; but if it is not seized, it is unlikely ever to occur again, and our day is done. That is the measure of our plight.

It is a curious instance of the political instinct (not intelligence) of the ordinary man and woman that the nature of the opportunity is widely sensed. By far the most general comment heard is, in effect, "Well, that'll make 'em think"—i.e., stop them acting.

It is of course true that mass bribery, with stolen property has never reached such proportions previously in this country as under the Socialists, and that while not everyone likes bribery, most people can learn. But they are not grateful for it;

Price Subsidy

The following letter was not published by the *Melbourne Age*.

Sir,

Although re-valuation will have a temporary effect in lowering prices (*Age* editorial, Jan. 27), it will not be for long. Like ourselves, all nations today have been unsuccessfully grappling with the problem of rising prices, and import prices every day are going up and up.

To restore the purchasing power of our money, there must be some scheme to finance a reduction of prices - - i.e., subsidisation.

The important thing is that there should be no subsidising of inefficient production or production that is not desired by the consumer. For example, a milk subsidy should only be paid on milk consumed. This would ensure competition by producers to

and there is a widespread feeling that the main loot is going elsewhere.

Now, it must be fairly obvious that if it is true, and it is true, that the strongest and most centralised Government, which this country has had since Cromwell has produced results in five years which have stimulated what political sense remains to us to regard a weak Government as desirable, even if its predecessor has used unlimited bribery to conceal the iron hand under a temporary velvet glove, it must be, not the velvet, but a doubt of its wearing qualities, which is influencing men's minds and votes. Even the unquestionable reaction of the middle-classes to the Shinwells and Bevans, with their verminous and tinker's-cuss mentality, is closely connected with the main fear—instability. It is recognised that such men do not control successful undertakings; and the native British are beginning to think that a little success wouldn't do us any harm.

We want protection against such men; and protection against the Shinwells and Bevans and more sinister figures in the political arena and behind it means stripping from them the carefully constructed defence of Government immunity.

There is one place, at which to begin the task before us—an examination of the whole validity of House of Commons omnipotence as laid down, for instance, by Professor Laski. A tyranny is not less a tyranny because it is called a Cabinet; it is what a Government *can* do (because sooner or later, the power which a Government usurps it will use) quite as much as what it has done, which requires attention. Such an examination if properly conducted would uncover not merely centralised Government, but centralised finance—the essential difference between the pre-Cromwellian Government and the tyranny, which masquerades as its contemporary and legitimate descendant.

"Render unto Caesar—" yes, but that is not an endorsement of unlimited robbery on the ground that Caesar is omnipotent.

get the public to consume their produce. Produce not consumed by the public should not be subsidised.

As your editorial rightly points out, expenditure of tax money on subsidies cannot go hand in hand with reduction of taxes. Mr. Menzies must not only reduce taxes—a policy he is committed to—but finance subsidies by credit expansion. This could not be inflationary, as a reduction in prices means more purchasing power. Inflation occurs when our money buys less and less.

As most economists favour and all the major parties are committed to the Keynesian idea of "pump priming" the community with expanding credit for financing public works, why can't this "pump priming" be used to reduce prices? This policy would not only be anti-inflationary, but would mean less "Statism" and more individual freedom of choice. Yours truly,

J. JOHNSTONE.

Capitalist Socialism

... It must be granted that Marshall Aid is proving of great, and indeed of necessary, help to Europe. We on this side of the Atlantic must never forget that the Marshall Aid money is found by the American taxpayer, with the result that Congress has both a right and a duty to see how it is spent. But the result has been the growth of a dual organisation. On the one hand there is the purely American Economic Co-operation Administration, with its headquarters in Washington and its subsidiary headquarters in Paris. On the other hand there is the Organisation for European Economic Co-operation, domiciled in Paris and representative of the Western European nations.

Between them they constitute one of the most elaborate planning systems, which the world has ever seen. They plan for a whole group of nations, and not for a single country. This Second Report of O.E.E.C. insists by implication again and again that the Governments of these countries must conform to this master plan. Intra-European trade and payments, industrial development, capital expenditure, all must conform to it.

It is difficult to believe that the average American citizen believes in this degree of planning. It is wrong that in any country the Government of the day should have to accept planning as an instrument of policy, regardless of the political tenets of itself, its supporters or its electorate. Nor can it be right for a Government to demand the utmost enterprise and effort from its manufacturers and exporters, while simultaneously swathes them with the chains of national and international plans . . .

—Norman Crump in *The Sunday Times*, 12/2/50.

Yet, apparently, there are those who cannot see that Socialism and "planning" are devices of Big Business to create a world dominion.

—*The Australian Social Crediter*.

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