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SIXPENCE WEEKLY

INFLATION

An Open Letter

To the Rt. Hon. R. G. Menzies, P.C., K.C., M.P.,
Prime Minister in the Government of the Commonwealth,
CANBERRA. A.C.T.

Dear Mr. Menzies,

At your personal invitation, I listened carefully to the special broadcasts you made from Canberra on Thursday and Friday evenings (October 6 and 7). I did that, because I was anxious to hear whether you would give us the truth about inflation and offer some better proposals for dealing with it than had so far been given by the discredited economists acting as your advisers. Unfortunately, you did neither, but, much as I regret to say it, merely revealed yourself on that particular occasion as a first-class dummy for third-class ventriloquists. You did not even mention the basic cause of inflation, and unless you yourself understand this, and have the courage to face up to it, then those of us who supported you at the last election made a grievous mistake.

The Major Problem

The problem of rising prices overshadows all other problems, and your own admission that prices continued to rise in 1946, 1947 and 1948, despite the continuance of war-time controls, price-fixing, and extensive subsidies from taxation, is surely the clearest evidence that they will continue to rise, despite all the fourteen things you now propose to do. Surely, also, it is the clearest evidence that neither the Labor Government which preceded you, nor your own present Government, actually touched the vital aspect of the problem, indicating that the "advisers" who were behind both Governments have been consciously steering you away from it.

The only part of your talks which revealed a heartening recognition of reality was the brief final part, wherein you made the simple statement that governments make laws and give orders, but it is only the men and women of the community who can make the goods. That is a fact beyond question, but it has nothing to do with the matter of inflation.

A Money Question

Inflation means rising prices, followed by an increasing volume of money. Prices are generated by costs (as witness the Certificate of the Prices Commissioner last week in the case of the newspapers), but money is created by those in charge of the banking system. The ordinary men and women who produce the goods have nothing to do with either. They do not produce money —

they merely struggle to collect it! It is the money that loses "value," not the goods! If costs increase, prices must rise, and that was why prices had to rise under the Labor Government, even though it had unlimited power to deal with the prices problem. Unfortunately, that Government failed to recognise that, under the prevailing financial rules, the supply of money can only be increased by charging the community with debts considerably greater than the money issued. This means that, until such time as we have the sense to issue some money to the community as a credit instead of an interest-bearing debt, it will be a physical impossibility to avoid the serious evils of inflation. These evils will continue just so long as industry continues to generate costs faster than money is distributed to the people.

The Solution

What is necessary now is a simple change in the financial rules, by which costs can be more quickly liquidated without any further swindling of the men and women who produce the goods, and without stealing from one to give to another.

You spoke of a "bold plan" for extending price subsidies, and then produced an anticlimax by telling us it would be about £5,000,000 more than last year! To be effective, the amount should be more like £250,000,000, and it should not be taken from taxation. It should be paid from a Treasury Fund, specially created by the Commonwealth Bank for the purpose, a method which involved no difficulty to the late Sir Denison Miller, and which enabled him to protect the Australian people from a depression in the year 1921.

Public Ignorance

After the completion of your address on Friday, evening, I attended a meeting of men, several of whom could be correctly described as successful businessmen. Someone asked if anyone had heard Mr. Menzies' address, and, when I replied that I had, I was invited to tell the company what he had said. I did my best to do that faithfully and fairly, and was not surprised when it received a mixed reception. General discussion revealed that these successful businessmen knew nothing whatever about the working of the credit system, one of them confessing that he had always been

under the impression that all our money came from the Mint! When I explained that less than one percent of it came from there, he was inclined to laugh at such an idea, but, after a while, began to get a glimmer of the truth and was frankly amazed.

He admitted that he hardly ever handles coin money, and that nearly all his business deals are settled by cheque. Others admitted the same for their businesses, and that they had never given any thought to the real significance of the cheque system. All of them are working on overdrafts, and admitted that they could see nothing wrong with an extension of that system between the Commonwealth Bank and the Common-

(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 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

Private and Public Morality

"Organisations, in themselves, are inanimate. Dead things do not make policies. Policies are made by men, the men who lead the organisations; the men who elect them or who passively allow them to lead.

"With such immense consequences following upon their policies and their actions, it is intolerable that members should permit their organisations to base their policies on lying, on dishonesty, on fraud, on greed, or on the lust for power

"Above all, it is intolerable that those Christians who, in either capacity, compose these organisations, should follow two moral codes — one, in their personal life, which does not permit lying or dishonesty or fraud or greed, and another, in their public life, which regards all these things as lawful instruments of policy.

"For the Christian, sin is sin, whether it is committed in the course of private or public life. And, although the gravity of the sin committed in the formulation of many public policies will vary with the degree of knowledge, with the position of responsibility and with the motives of the person concerned, and also with the effects of his wrongdoing, no sin is ever palliated by the consideration that it is committed not for private gain, but for public policy."

—From "Morality in Public Life." 1950. Social Justice Statement, issued by the Archbishops and Bishops of the Roman Catholic Church.

We commend the above statement to the attention of all professing Christians in the Federal Government Parties, which, since election to office last year, have pursued policies repudiating every major pre-election promise.

"Progress"

Addressing a meeting of the Queensland Women's Electoral League on October 10, Mr. Colin Clark, one of the few Government economists to advocate any realistic policies, made another attack upon excessive Government expenditure. He claimed that the present three political parties had gone out of their way to build up manufacturing industries and an excessive Commonwealth public service.

"The policy of industrial development now being pursued in Australia means that we are now employing a bigger proportion of manpower in manufacturing industries than America," said Mr. Clark.

It should be clear even to a moron that the present policy of excessive capital development at the expense of consumer production is robbery of the Individual. If present policies are persisted with much longer, Australia will, within a few years, have to import basic foods like butter. This will be one of the fruits of "progress."

An Evil Influence

The Melbourne Age of October 14 reports "the Far Eastern expert, Mr. Owen Lattimore" as suggesting that President Truman should go to India for personal conferences with Nehru. Mr. Lattimore's pro-Communist policies have been thoroughly exposed, but his evil influence still

remains. It is significant that Mr. Lattimore has a high regard for Nehru.

Nehru's "Line"

In an exclusive interview given to Dr. Peter Russo, and reported in the Melbourne Argus of October 11, Pandit Nehru reveals himself as either a fool or a knave. He makes a powerful plea for the recognition of Communist China, while at the same time stating that he has no fear of a Communist victory in India.

The late Dr. Benes, Premier of Czechoslovakia, also followed Nehru's "line." The results are well known.

Unconditional Surrender

"Unconditional Surrender was an open invitation to unconditional resistance; it discouraged opposition to Hitler, probably lengthened the war, cost lives, and helped to make abortive peace. Unconditional surrender meant the complete disappearance of any European balance. War to the bitter end was bound to make Russia top-dog on the Continent, to leave the countries of Western Europe weakened, and to destroy any buffer in Europe."

—Mr. Hanson Baldwin, military critic of the New York Times.

The unconditional surrender formula was drafted by President Roosevelt's procommunist "advisers," who were concerned with making Russia "top-dog" on the Continent. These same "advisers" are now using "the threat of war" to stampede the American and British peoples into a Communist State.

Power and Responsibility

"The most powerful men are not public men. A public man is responsible, and a responsible man is a slave. It is private life that governs the world. . . . Do not be discontented that you are unknown. It is the first condition of real power." — Benjamin Disraeli, in *Endymion* (1880).

Not Surprising

The only Communist Member of the South African Federal Assembly is Mr. Kahn (Cohen).

Still Not Surprising

The *Canadian Tribune* (Communist mouthpiece) of June 26, in a despatch date-lined "Peking," said: "Nearly four million out of the 13 million people of North Korea signed the world Peace Petition by May 7." Our office boy wonders if the other 9 million signed up before they invaded South Korea!

• Incidentally, a glance through the Red *Tribune* discloses that its business manager is Moris Cohen, and its circulation manager is a Misha Cohen. Typical of its advertisers are: Henry Harris, optometrist, whom we presume to be the same Henry Harris, optometrist, convicted of espionage in 1946; M. S. Millstone; J. Garfinkle; Goldstick & Kaplan.

• And this same *Tribune*, July 3, carries an article by Hollywood actress, Gale Sondergaard, whose husband, Herbert *Biberman*, the article says, was one of the ten

recently convicted of contempt of court for refusing to divulge whether or not they were Communists. Mrs. Biberman flays the personnel of the Committee investigating Un-American activities in Hollywood, adding: —

"I believe these men (the ten convicted pro-Reds. —Ed.), 'these beloved Ten as they were named by Rabbi Franklin Cohn at a Passover ceremony, in which I participated,' have cut their names into the real rock upon which this community stands."

—"*Social Credit*" (Canada), August 1950.

INFLATION

(Continued from page 1)

wealth Treasury, particularly if such an arrangement could be used to prevent prices from rising. It had never occurred to them that one lot of money could be used to facilitate production and another lot used to facilitate consumption. One lot could continue to be recorded in the ledgers as interest-bearing debt and the other lot as interest-free credit. The latter would be used to subsidise the sale of necessities at less than cost, but could also be used to finance public hospitals, homes for the aged and infirm, and any other Government activity for the welfare of the community in general.

Most people believe in your integrity, although there is widespread disappointment that the cost of living is getting so out of hand. The whole question of inflation is a question of money values, not a question of goods values, and must therefore be tackled on a money basis, not on a goods basis. If money values are put right without imposing burdens on the men and women who produce the goods, there will be no need for further anxiety about production; but, if the money values are not put right, no amount of scheming or talking will have any beneficial effect in the direction of securing a better output of goods.

First Steps

The first practical steps appear to be the displacement, of the present Governor of the Commonwealth Bank by a man of the Sir Denison Miller type, the discontinuance of the practice of employing professional economists as government "advisers," and the placing of the Commonwealth Treasury under the control of a man who thoroughly understands not only the working of the credit system, but also the administrative necessities of the various government organisations throughout Australia. Under this set-up, the price subsidy system could be extended to bring about a fall in prices without reducing present incomes, and to keep prices at the lower level as long as may be desired. If you do this, Mr. Menzies, the benefits to the community will be so great that the people will be glad to have you continue as our Prime Minister until the end of your political life.

BRUCE H. BROWN

189 Hotham Street,
East Melbourne, C.2.

"Full Employment" V

By JAMES GUTHRIE.

Although technological improvements applied to production has undoubtedly reduced the amount of labour required in many processes, there has not been any corresponding reduction in prices. This means that the number of hours of labour which a person has to give to acquire essential goods and services has changed but little in the past 100 years. In other words, the great organisations which modern man has built have singularly failed to produce dividends commensurate with the dazzling brilliance and complexity of the resources available.

Surely any intelligent man is forced to wonder why he obtains so little assistance in his own life from the physical triumphs of the inventor, the technician and the producer. The military forces are provided with every known weapon of defence, but security from attack becomes more remote after each brilliant "victory."

The financial system has been "strengthened" by central banks; a world bank; the removal of competition, greater knowledge of "trade cycles" and credit instruments, etc., etc., yet men who leave money in the great banking institutions see, to their consternation, their money depreciating in value each year.

But it is the inability of modern organisations to reduce or even to hold prices, or give any kind of relief to the overtaxed householder that, more than anything else, has induced the cynical outlook on what is known as "Progress," an outlook that appears to be growing with great rapidity.

Major Douglas' contribution to inflated prices is to deflate the unreal part of price by supplying the people with the difference between the inflated price and what he calls the Just Price. It is a matter of accountancy, the Just Price being obtained by a reduction of price by means of subsidies financed by new credits issued by the banking system.

If the Just Price is based on realities and if there is a large and increasing discrepancy between the Just Price and the accountants' price, then there must be some fundamental reason underlying it. Douglas gives the reason as follows:

The Cost of Production is Consumption

Since a large part of current prices represents a part of the cost of capital structures built some time in the past, it becomes very important to understand exactly what were the real costs of building these structures, and how they were financed. Let us imagine, then, the process involved in building a ship; let us imagine that a small community appointed a committee who came to the following decisions: —

- (1) That a hundred men were to be imported to build a ship;
- (2) That, during the three years of building, the hundred men were billeted on the community and shared with residents the food, clothes and shelter available;
- (3) As there was no money in the community no money payments were made.

After three years, the builders departed, leaving an asset in the form of a ship. There was no debt attached to the ship; the cost

of the ship was paid for by the community, which fed, clothed and housed the shipbuilders.

Supposing now that money was used in the community, and that the community appointed a financial agent to create new credits to pay the shipbuilders' wages. This additional money goes into circulation in the community, to buy goods and services, but the release of this extra money has not released, concurrently, extra goods and services for sale. The issue of this new money, as in the case of all money issued for capital construction, is pure inflation, and, although the banks create the new credits (every loan creates a deposit) at no cost to themselves, it is the community, which supplies the workers with food and clothes.

After three years, when the structure is completed, most of the workers' wages, now representing a major part of the capital costs of a new industrial unit, have been spent, and does not exist anywhere. That small portion of wages, which has been saved and reinvested, goes to create new costs and therefore new debts. This means that the public will not have sufficient money to pay that cost of the services of the new unit which is represented by capital costs; if they do pay, they must use money issued by other organisations in the form of wages, salaries and dividends, and one debt is then liquidated at the expense of another.

It should be noted that the community paid for the capital cost of the new structure when they fed and clothed the workers who built it; during this process, the community was paid in inflated currency, i.e., collectively, they were not paid at all; i.e., they were not enriched by any goods and services, unless they collectively owned the ship debt free.

If the community pays the capital charges of the ship through fares, i.e., through prices, then they pay twice for the cost of the ship.

This, then, is the basic reason why the community cannot buy back the goods and services, which it collectively produces. This explains the need for hire purchase on a big scale. This explains why our debts are continuously increasing, and our money values decreasing.

Our money would have dropped very much more in value had the increase in prices not been retarded by technological improvements in industry. Those in control of financial policy know very well that credits issued for capital construction are inflationary; they know very well that the people are being charged twice for the same service; they know that war alone can "save the system from spontaneous com-

bustion."—War, therefore, is essential for the preservation of the present financial system.

War is the policy of "Full Employment," stripped of all pretensions.

War is "Full Employment," without the trouble with purchasing power and prices.

War removes all problems concerning the distribution of goods; it just destroys them.

War, by destruction, ensures "Full Employment" to whole populations, repairing the damage, until the next war.

It should be noticed that, during the last war, when America was exporting vast quantities of food and munitions, for which she received no payment, and when she had millions of her young men in uniform (living on the community) her standard of living went up about 70 per cent.

The question arises: "Why a similar increase, or a very much greater increase, is not possible in peace time?"

There is no surer indication of a corrupt and dishonest government than a currency with a disappearing value. . . . A government which induces people to put money into loans, the value of which is depreciating, at a rate of over 10 percent per annum, is committing a fraud, and doing so mostly on ignorant people; and the fact that we have no public men to warn the people of this fraud is a commentary on our public men; it shows that the people have no friends in high places; that they have been separated, by the organs of publicity, from their natural leaders.

It should be pretty obvious by now that the act of changing the Prime Minister of Australia is not going to reduce taxation; is not going to put shillings back in the £; is not going to reduce the bureaucracy. In other words, Mr. Menzies cannot change the official policy behind the governments of this country; the official policy is "socialism," which means MONOPOLY — monopoly of power in all its phases: political, financial and military.

(Concluded).

"Practical Socialism"

"Judging by his broadcast, Dr. Evatt is very critical of the anti-inflationary programme outlined on behalf of the Government by me on Friday.

"He criticised the suggested controls of capital issues and materials. Is he opposed to them?"

"He criticises the idea of an excess profits tax. Is he opposed to it?"

"He criticises the establishment of a National Resources Board. Is he opposed to it?"

Extract from *The Age*, Melbourne, Oct. 10. Mr. Menzies replying to criticism by Dr. Evatt.

Note the form of the questions. Mr. Menzies obviously realises that Dr. Evatt as a Socialist favours these totalitarian measures. Mr. Menzies, of course, in sponsoring these measures, demonstrates his capacity as a "practical Socialist."

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More Totalitarianism Ahead

Two recent events, the Federal Budget and the raising of the Basic Wage, can only result in an intensification of the inflation menace. Examining the Basic Wage increase of £1 per week, the first important fact to be noted is that it will probably mean an increase in the total annual wages bill for Australia by £100 millions. This increased wages bill can, of course, only be financed by an expansion of financial credit through the banking system. Under present financial rules, all increased wage costs must be added into prices. This means that the eventual effect of the Basic Wage increase will be a further inflation of prices. This further inflation will in turn result in further automatic increases in the Basic Wage. And so the insanity continues, while the only suggestion coming from political "leaders" and certified economists is that the workers should work harder and in this way reduce prices. But rising prices, followed by increases in the Basic Wage, have been taking place in Australia for nearly 50 years now. Surely the more-work advocates are not so idiotic as to suggest that insufficient work over this period has been the major factor responsible for ever-increasing prices? Rising prices and demands for wage increases to try and offset the price rises, are inevitable while present financial rules are maintained. Unless these rules are modified, a most simple matter, the only way to prevent further wage and price rises is by complete totalitarianism. And it is alarming to notice that the Federal Government is now creating rapidly the basic feature of the complete Totalitarian State: centralised control of individual policies.

An examination of the Federal Budget proposals makes it clear that the Government has turned its back on pre-election promises concerning a reduction in "the burdens of Government." The burdens are to be greater than ever. The Government proposes to continue taking a large proportion of the individual's income by direct and indirect taxation. Ironically enough, it is claimed, that this high taxation is necessary in order to help defeat inflation, even though the Government will then proceed to spend the money obtained by taxation. If left with the individual, the money would most probably be spent on consumer goods, but the Government planners will continue to spend a large proportion of it on capital development projects, which are of no immediate benefit. What hypocrisy for the Government to impose a sectional tax upon the woolgrowers, allegedly to reduce the amount of money in the community, while its Budget proposals indicate that the Government is treating the increased wool-tax as income to be spent.

What every elector must face up to immediately is that this Government, like its predecessor, is under the domination of the totalitarian planners. Parliament is a "front" behind which the totalitarian operate. There is no hope for us until these totalitarians are effectively exposed and deprived of their power without responsibility.

Money Goods and Prices

The following letter appeared in the *Bournemouth Echo* (Hants.) of September 6, 1950:—

To the Editor, *Bournemouth Echo*.

Sir, —As a good deed shining in a naughty world, your leading article (August 30) contrasts much of the editorial comment which ought to, but does not assist its readers in these critical times. Possibly I may be permitted to carry the clarification a short step further.

The situation you describe was the subject of fierce and in many cases unscrupulous controversy during the Armistice years but is now closed. Technically the point at issue was "Is the orthodox financial system self-liquidating, or not?" No reputable economist would now contend that it is. In every day language, no cycle of production can be carried through by accepted accounting and banking methods without creating a debt, which can only be liquidated through the creation of a still greater debt. The practical effect of this is that although a unit of production is physically cheaper than ever before, prices, at the best, do not fall, and at the worst rise continually. In order to keep the system going, continuous inflation is a necessity and continuous inflation is a continuous fraud upon the public differing only in its greater magnitude from the coin clipping visited by the severest penalties in the Middle Ages.

At this point it is essential to identify the problem in its political aspect. The Governments of this country prior to 1945 were not, and did not pretend to be composed of experts. They were advised and often very badly advised by experts, but in theory at least reached their decisions by the exercise of their own judgment. But our present Government is radically otherwise. It is a Government trained by the London School of Economics, claims, in propria persona, to understand finance, and knows quite well all that your excellent article would tell it. It would be unwise to assume that this situation is unwelcome to it, that it does not know what to do to alter it, or that a Conservative Government would be necessarily more amenable to "instruction" than Sir Stafford Cripps.

There is little doubt that the difficulty goes to the very roots of our Constitution (if any) and is unlikely to be dealt with effectively except by a drastic reconsideration of many of our popular political beliefs.

C. H. DOUGLAS,

Fearnan, Perthshire.

Lilienthal to Administer Schuman Plan?

"Curious as it may seem, even in these strange days, the Labour Party, traditionally international in its outlook, is today assuming the post of guardian of the national rights, and is resisting the dangerous temptation of such decoys as the Schuman Plan, whose supra-national head designate is Mr. David Lilienthal, late dispenser of the atom bomb.

—*Free Britain*, October 1.

The Right Hon. Winston Churchill

The following letters continued the correspondence published in our issue of October 20, re-published from *The Social Crediter*.

COPIES

(1)

House of Commons,
London, S.W.I.
September 26, 1950.

Basil L. Steele, Esq., M.R.C.S., L.R.C.P.,
Penrhyn Lodge,

Gloucester Gate, N.W.I.

Dear Sir,

I am writing on behalf of Mr. Churchill, to thank you for your letter of 14th September 1950.

The following quotation from Mr. Churchill's speech on the Schuman Plan in the House of Commons seems to answer your question. He said: —

"We are asked: 'How can the Conservative Party reconcile its opposition to the nationalisation of steel and yet give any countenance to the principle of internationalisation in a European system?' It is a fair question. The answer is that we oppose the nationalisation of British steel because we wish to see it remain in the competent hands of those who, under free enterprise, have raised it to its present magnificent position among our industries. In our opposition to nationalisation, we have never objected to a proper degree of Government supervision; indeed, we have always insisted upon it. What we have opposed, and shall continue to oppose, is State ownership and management, or mismanagement, as it has proved so far of the industry.

"Under the Schuman proposals, ownership remains unaffected. We cannot see any objection in principle to a wider measure of international co-ordination if that proves practicable and in accordance with our essential interests."

You will note he emphasises, "Ownership remaining unaffected," and "in accordance with our essential interests."

Secondly, Mr. Churchill has never at any time advocated World Government in the usual federal sense of the phrase. He did, however, on the 23rd January 1949, in a speech in the House of Commons, state that it should be our solemn duty to sustain the United Nations to the best of our ability and ultimately to bring it into effective reality as the "sovereign instrument of World Government."

Though you seem anxious to convince yourself that Mr. Churchill is endangering our National Sovereignty, yet I think you should first ask yourself if the life work of any one man has done more to safeguard our National Sovereignty. You refer to Mr. Churchill's great qualities as a war leader. Is it not possible that, without his leadership, the National Sovereignty about which you are so concerned, would no longer be ours? Experience has surely so often shown that his views, criticised and decried at the outset, eventually become adopted, acclaimed and proved correct. His long political career provides countless examples of this nature.

If one is to judge from the mail Mr. Churchill receives every week from this country, the Empire and all over the world

(and he sometimes receives as many as three thousand letters from the general public in one week), one can only believe that your apprehensions are groundless, because I think he has had only two other letters expressing similar doubts to yours, and from such a vast mail I am sure you will agree one could reasonably have expected more than this had there been any grounds for the fears you express. Yours faithfully,

MARK BIRLEN,
Hon. Secretary.

(2)

Will the Private Secretary pass to Mr. Churchill for personal attention?

Penrhyn Lodge,
Gloucester Gate,
4th October 1950.

Rt. Hon. Winston Churchill, O.M., C.H.,
M.P.,

Chartwell,
Westerham, Kent.

Dear Sir,

We thank you for the courtesy of your second letter, dated 26th September, which we regret to say does not in any way allay our misgivings, and a reply to which really demands a book.

Would it be trespassing too far on your kindness to ask if it is possible for you to set our minds at rest by making a more direct statement of Conservative policy upon the issues, which are causing us very real concern?

In your speech on the Schuman Plan during the Commons Debate, you are reported to have said, Sir: — "We cannot see any objection in principle to a wider measure of international co-ordination if that proves practicable and in accordance with our essential interests." Are we correct in thinking that participation in even preliminary talks was contingent upon an agreement in principle, not to "a wider measure of international co-operation," but to control by a supra-national authority?

It was on this ground, surprisingly, that the British Socialist Government, not hitherto noted for putting British interests first, declined to take part in the talks. You, Sir, even more surprisingly, moved a vote of censure against the Government for taking this patriotic step.

May we ask, therefore, whether it is now Conservative policy to accept the principle of supra-national control over British industries?

Incidentally, your conception of property (ownership) differs entirely from ours. (Can it be, Sir, that, regarding such matters, you make use of a special dictionary?) It would appear that you would accept the definition of ownership as something left to you when the State has taken all the attributes it wants. That is not our idea of ownership.

You say, Sir, that you have never advocated World Government in the usual federal sense, but you proclaim it to be our solemn duty to bring the United Nations into effective reality as "the sovereign instrument of World Government."

We would ask, Sir, if, with the realisation of this strange "ideal," the Conservative Party would be prepared to transfer to the "sovereign instrument of World Government" control over our economy, finance, external trading relations, foreign policy and defence. If not, in what way would the "United Nations" be sovereign?

(In connection with the "United Nations" it is significant to note the recent attack on this body by one who can by no manner of means be associated with "isolationism." We refer to the well-known American journalist, Miss Dorothy Thompson, who refers to it as "a fraudulent piece of goods," and says that no one "who has listened to its debates can conceivably believe that it promotes peace"; and calls upon the sovereignty of the American people against the dangerous internationalism of the United Nations.)

You write, Sir, (or at least your Secretary writes), that no man has done more than yourself to preserve our national sovereignty. The reference surely cannot be to your great war leadership, because this period you began by offering to share national sovereignty with the French in a common citizenship.

You, Sir, in your letter, did not mention whether you campaigned for an international army in the 'thirties, or whether you approve of Mr. Robert Boothby's declared hope that the Strasbourg Assembly will become the Parliament of Europe, and the Council of Ministers its Government.

Finally, Sir, we are not impressed by the "Fan Mail" argument, which seems to suggest, *Vox populi, vox Dei*. Since so many people are unable to obtain the necessary "intelligence" on which to found a proper understanding of what is really going on, is that not all the more reason why their trusted leaders should not hand over their destiny into the keeping of international caucuses?

We should be most grateful for any direct answers, which you may be able to give to our questions.

We have the honor to be, Sir,

Yours very truly,

BASIL L. STEELE, M.R.C.S., L.R.C.P.

(on behalf of co-signatories to
previous letters).

Coincidence?

Communist Party. — Mr. F. Paterson and Mr. Max Julius, of Queensland; Mr. E. A. Laurie, of Victoria (instructed by Mr. H. Rich, of Sydney).

Amalgamated Engineers' Union. — Mr. C. Weston, K.C., and Mr. Collins.

Seamen's Union. — Mr. Simon Isaacs, K.C., and Mr. Collins (instructed by Sullivan Bros., Sydney).

Sheet Metal Workers' Union and Tin-smiths' Union. — Mr. Julius.

Waterside Workers' Federation. — Mr. Isaacs and Mr. Paterson.

Federated Ironworkers' Association. — Mr. J. W. Shand, K.C., Mr. Isaacs and Mr. Paterson.



The Snowy River Hydro-Electric Scheme

The following is a paper by Mr. John Manifold, of Purrumbete, Weerite, Victoria, which was read to the Council of the Graziers' Association of Victoria on August 30, 1950.

I wish to draw attention to what appears to be a major defect in the planning of the Snowy River Hydro-Electric Scheme.

It is not necessary to inspect the catchment of "The Snowy" to realise that it is in bad condition. The increasing incidence of flooding in the river's lower reaches, due to siltation is proof enough.

So far as my information goes, nothing is being done to rehabilitate the condition of the catchment area. On the contrary — despoilation of the remaining protective forests continues, by sawmill, by fire, and as the result of the continued issue of forest grazing leases. This latter despite the wise and valuable recommendations of the Stretton Report on the effects of forest grazing.

Because of these circumstances, it would appear that "The Snowy's" dams (when built) will, at no very distant date, be containing more silt than water.

Surely a survey of the degree of siltation occurring in the dams of this or other countries makes it abundantly clear that the successful impounding of large volumes of water is only to be achieved by first providing an efficient and properly maintained catchment.

In some respects, "The Snowy River Hydro-Electric Scheme" resembles the set-up of "The Tennessee Valley Authority." Dr. William Vogt (present, or late, Chief of Soil Conservation, U.S.A.) says that the T.V.A. dams are already silted up, for the same reason that I have indicated, i.e., first things were not undertaken first. Must we slavishly go on repeating our own and others' mistakes?

And, whatever may be said in favour of the T.V.A., it is an interesting fact that the people of the Missouri valley successfully fought off the imposition of a similar plan upon them.

A correspondent of mine has recently completed a comprehensive tour of the watersheds of the State. He tells me that he is appalled by what he has seen. He was especially disturbed by the sight of sawmills operating at the head of streams.

I have respect for the officers of the Forests Commission, and I do not know how far their authority goes in such matters.

But it would appear that we are much more interested in getting timber than we are in the conservation of soil and water. And, however great our need is for timber, living trees, as such, are of immensely greater importance to our national economy. Trees — forests of them — are essential for the production and the conservation of water, and for the conservation of the soil. Without them, the soil of our watersheds largely goes out to sea or fills dams with silt instead of water.

Dams silt up only because their catchment areas are inadequately "clothed." And this "clothing," even under most favorable conditions, takes a very long time to build up. It is not only that top cover and undergrowth are essentials on the slopes, but time must be allowed for the detritus from it to accumulate and to become assimilated by the soil. This is Nature's method of preventing surface run-off — thus building up the water table; and, unless and until surface run-off is prevented, there will be soil erosion and siltation.

The greatest enemy to the development of water catchment areas is fire. Fire not only kills or damages the trees of a forest, but it also utterly destroys the forest "carpet." That invaluable "carpet" which — composed of leaves, twigs, bark, the excreta of forest life, etc., in their various stages of decomposition back to humus — can absorb many times its own volume of water and lead it back to the soil, of which its lower layers have become part.

An afforested catchment, once ravaged by fire, has had its efficiency burned out of it; it may take decades to build up again.

You may remember that, some 18 months ago, I called attention to the fact that, of the 5,000 ac. ft. of silt then estimated to be contained by the Eildon reservoir, 3,000 ac. ft. had accumulated since the 1939 bush fires swept the area.

To an extent it may be too idealistic, but I suggest it is near the truth to say that no generation should erect a major dam unless it is to hold the water from an area prepared (and maintained) for the purpose by a former generation. And, even then, the proviso must be made that it has remained unscathed by fire — and, by some means, made immune from it. Impossible to achieve this last condition? I think it is. But, if so, major dams (of themselves)

are a bad investment because, inevitably, they will one day be holding more silt than water.

In recent years, the N.S.W. Government has prohibited the destruction of trees (even though privately owned) within 66 feet of a huge number of rivers, streams, and lakes. Of itself, that action will not stop erosion and siltation where it starts, i.e., at the headwaters of streams. But it shows that N.S.W. recognises the great importance of the matter, and it is a definite step in the right direction.

Russia has a huge scheme of afforestation under weigh. Mr. Richard St. Barbe Baker says this of it in the current issue of "Farm and Garden Digest": "Already, Russia has 20,000 tree-planting gangs on the job, and thousands of silviculturists are being trained in 50 schools. Forest discussion courses are being run at all the collective farms during the winter, and farmers are being taught that forests are not merely an adornment of the earth, but an essential garment; that they are not only a source of raw material, but gigantic green laboratories producing oxygen and absorbing poisonous gases and dust."

"The Soviet people regard the forests as their allies in the fight for rich harvests, and realise that they preserve moisture, maintain the high water mark in their rivers, soften the climate, and stop the hot winds and drifting sands. Throughout the U.S.S.R., the people are being made aware that the forests act as condensers of all forms of moisture — dew, fog, frost — as well as snow and rain; and that in all forests and their neighborhood, subterranean waters lie much nearer to the surface than in forestless regions; that they stop the formation of gullies and ravines, and keep the earth in good health."

Mr. Baker omits to state that, besides condensing moisture, trees themselves breathe out moisture. I have read recently that an oak, in its prime and in full leaf, transpires about one ton of moisture per day.

Now I suggest that the matters I have been discussing are of such national importance that they should be everybody's business. And I believe that no authority would deny the basic truth in what I have been saying. But it does appear that the development of catchments and the rehabilitation of our watersheds generally is, in fact, nobody's business.

If you agree that it is useless to build dams that will eventually fill with silt; and if you agree that the end result of the continued deterioration in the forest cover of our watersheds is that we shall have no water at all — then you will agree that the

(Continued on page 7)

American Reviews State Medicine in England

Socialised medicine is growing more unpopular in Great Britain, Miss Elizabeth W. Wilson one of the leading American writers on compulsory health insurance, said today (August 22) on her return from three months' investigation of the new British system.

"A year ago practically everybody thought the new National Health Service would develop satisfactorily," Miss Wilson recalled. "This year three out of four persons interviewed criticised it severely,

"The people who have not used the service resent the deduction of a tax for it every week. The people who have used the service feel a sense of frustration. Many have to wait in long queues to see the general practitioners. In one doctor's office I saw women waiting 2½ hours for a two-minute consultation.

"Doctors frequently see as many as 90 patients in three hours, they say. That is why they are so tired and rushed.

"A vast majority of the people one interviews say that the quality of medical care is not as good as formerly.

"There are many more now on the hospital waiting list than when I made my first investigation in 1948, General practitioners in London report it is almost impossible to get a person over 60 into hospital. Many wait up to two years for an operation.

"Appointments with dentists must be made about four months in advance. A man with a serious case may have to wait two weeks. Of course, if he wishes to pay as a private patient he will probably get an appointment within a day or two."

During her stay in Britain, Miss Wilson interviewed about 500 persons from high government officials and members of the nobility to charwomen and railway porters. She talked with leaders on both sides, seeing officials of the Ministry of Health as well as officers of the British Medical Association, bankers, economists and businessmen.

"The health service is costing a tremendous amount, and yet not a new hospital has been built by the government, though the waiting list grows longer and longer," Miss Wilson continued.

"Not a new nursing home has been constructed, although Mr. Bevan, the Minister of Health says that 40,000 more nurses are needed and could be got if there were accommodation for them.

"Only three health centres are even in the blue-print stage, although the Ministry hopes to have 3,000 some day.

"Sir Stafford Cripps has decreed that little more may be spent this year than last. The important question is how to make the economies necessary to get the funds for the hospitals and health centres. Mr. Bevan cannot reduce the pay schedule of the personnel much further.

"Already the pharmacists of Northern Ireland and Scotland have given notice of withdrawal from the service because of the recent cuts made in their remuneration.

"The general practitioners have notified the minister of health that unless they are satisfied within six months that he is paying them as much as he promised before National Health Service was started, they will withdraw.

"The reductions made in the dentists' pay by Mr. Bevan have caused dental practitioners to give more and more time to private practice; thereby curtailing the amount of service given in

the governmental scheme."

"On high authority I learned that even if the insurance companies should finance the building of hospitals, payment by the system would amount to many millions of pounds.

"Many doctors and dentists resent what they term their lack of freedom," Miss Wilson added. "A doctor has to apply to the local executive council for permission to go on an extended vacation, to move from one house to another, or even to change his hours of consultation.

"A lay administrator of a hospital refused a surgeon permission to use his own instruments, and many workers in hospitals complain of the sense of frustration due to red tape and governmental interference," she said.

"The Minister of Health is recommending that practitioners refrain from prescribing proprietary medicines. Several older doctors said that this was undoubtedly the forerunner of a complete standardisation in the procedure for treatment for various sicknesses.

"This, coupled with the overworked conditions of the doctors, would lead to a further deterioration in the quality of medical care.

"Patients, too, may be regimented. In a certain rural area where the government will not allow any new doctors to practice, the doctors have agreed not to take each other's patients. Therefore, the patients have lost their freedom of choice of doctors in that particular neighborhood.

"Already the cost of the health service is responsible for 10 percent of the national taxes," Miss Wilson commented. "But there is no way to place an upper limit on the cost of the service by making economies that will last," she said.

"To meet the rising costs, the productivity of the country must increase," she declared. "But the high taxes are a deterrent to this.

"The health service thus contributes to a situation dangerous to the health; the economic prosperity, and the freedom of the individual and the country."

Miss Wilson has been studying and writing on compulsory health insurance for nearly 20 years. She has a Ph.D. in economics from Radcliffe College and is an associate of the Society of Actuaries. She worked for a time in the office of the actuary of the Social Security Board at Washington. In 1947 she wrote a book, *Compulsory Health Insurance*, for the National Industrial Conference Board. Her home is in Cambridge, Mass.—F. W. Carr in the *Christian Science Monitor*.

Time Snowy Scheme

(Continued from page 6)

attention of authority should be drawn to the urgent importance of these matters.

Merely to shrug our shoulders and say it is none of our business is, I suggest, an admission that we are satisfied to join those who are content to continue to "sit in" to that much too prevalent game, "passing the buck."

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State Sovereignty

In recent weeks we have stressed the importance of readers taking appropriate action to encourage their State Members to take steps to restore the financial sovereignty of the States and to resist Canberra dictation.

The following letter, sent by Mr. C. H. Allen of Adelaide to three South Australian Legislative Councillors, indicates a line of action, which other readers could also take:

Dear Sir,

Now that a move is being made to ventilate the unsatisfactory aspects of the financial relationships between the Commonwealth and the States, the time seems opportune to suggest that some forcible steps should be taken to have affairs so recast that the Sovereign Rights, which the States possess, will again become effectively operative.

All the various arrangements which have been made from time to time regulating the interaction between Federal and State finance have been and will remain unsatisfactory while we tolerate the stupid and false policies which govern financial administration. The ultimate factor in these false policies is that of monopoly or centralised control and power, which is also the paramount factor in the Socialism, which all parties are now adopting.

Even without invoking any of the arguments, which prove how stupid and false are the policies of finance, it seems obvious that any and every move which can be made to challenge the permanence of centralised control should be exploited.

I therefore suggest that some motion should be debated, and if possible passed, in the S.A. Houses of Parliament, which will act as a definite injunction to the Cabinet to take such steps as are necessary to regain full State Sovereignty in finance, as it affects activities not specifically ceded to Canberra.

One hopes that eventually the finance in the Federal sphere will be limited by the finance voted from the States; but a lot of education may be necessary before such a reversal of practice can be contemplated.

The suggested motion might be couched in proper form to express the following sentiments: —

WHEREAS decisions made at Canberra now operate to keep the various States in almost complete financial dependence on hand-outs from the source, thus subverting the Sovereign Powers which are the rightful inheritance of the States as such,

BE IT RECORDED that this House instructs Cabinet to make continuous and energetic efforts to challenge the supremacy of the Federal semi-dictatorship in finance.

That this House assumes that, even as things stand, the power which vests in the use of State Banking, as allowed by the Constitution, can be exercised to establish local finance within a policy which avoids the stupidities and falsities of conventional finance.

That this House intends to follow up with such measures as will keep the issue referred to alive and effective as a means of regaining State Sovereignities.

As constituent in your electorate,

Yours sincerely,

C. H. ALLEN.

Liberal M.H.R. Defends London School of Economics

The following item appeared in the Perth *Daily News* of September 21:

"A broadcast talk by The Archer (Major G. D. Treloar) from a commercial radio station was attacked by a speaker at the Liberal and Country League conference today.

"University Liberal Club delegate J. W. Knight said that Major Treloar had announced during a talk that all graduates of the London School of Economics were either Communists or Socialists.

"Many of the graduates of this school were active Liberals, Mr. Knight said, and action should be taken to prevent L.C.L. speakers from speaking such 'arrant nonsense.'

"Forrestfield delegate S. G. Hart said that Major Treloar's statements were nearer the mark than might be imagined. The London School of Economics had for years been turning out socialists, some of who had infiltrated into Liberal ranks.

"Curtain MHR Paul Hasluck said that the London School of Economics was not a Socialist institution. Some of its lecturers had been socialists, but the politics of its graduates depended on the intellectual outlook of the individual.

No university system should be attacked in this way."

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It is interesting to learn that many graduates of the London School of Economics are active Liberals. This helps explain the obvious Socialist influence in the Liberal Party.

We have always had our suspicions that Mr. Paul Hasluck, Liberal M.H.R., and his statement that the London School of Economics is not a Socialist institution, more than confirms our viewpoint. Mr. Hasluck is of the Casey type.

It may be true that the London School of Economics is now coming under the control of non-Socialists, but anyone who denies the fact that this institution was started by Fabian Socialists to train Socialists, is either a knave or a fool. Unfortunately the knaves in the Liberal Party have been so successful in dominating the fools.

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