

# THE NEW TIMES

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*"Ye shall know the truth and the truth shall make you free"*

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## EDITORIAL

### The Federal Elections

Although at the time of writing we have studied only one of the policy speeches of the party leaders, that of Dr. Evatt, we have no doubt that none of the policies of the parties will differ except in degree. Basic policy remains unchanged irrespective of the Government in office, and must continue to do so while prevailing views concerning the purposes of the economic and financial system remain unchanged. Competition between the parties is primarily a controversy concerning the administration of an unchanging policy.

Obviously for tactical reasons only, Dr. Evatt and the Labor Party have decided to soft-peddle their socialisation views and to content themselves with advocating an extension of the Welfare State. Most of the criticism, which Mr. Menzies has levelled so far against Dr. Evatt, has obscured the fact that his Government has, as Mr. Calwell recently stated, maintained and extended the very Welfare State, which the Labor Party pioneered. It is no doubt, considered sound political tactics for Mr. Menzies to talk a lot of nonsense about finance in order to try and undermine Dr. Evatt. But the truth is that, unless he is prepared to implement a different financial and economic policy, Mr. Menzies — providing he wins the Elections — will, over the next few years, be compelled to do substantially what Dr. Evatt is proposing.

Before the last Federal Elections, Mr. Menzies was most scathing concerning Dr. Evatt's "financial irresponsibility." But less than three years later the same Mr. Menzies is doing exactly what he warned against: using an increasing amount of Treasury Bills to finance Governmental activities and to provide a basis for further credit expansion by the banking system. We repeat: arguments concerning the administration of credit policy directs attention away from the policy itself.

On the alleged necessity for an intense export drive, both Mr. Menzies and Dr. Evatt are in agreement. And they are supported by the Democratic Labor Party. Dr. Evatt openly states that the growing problem of obtaining overseas markets can best be solved by accepting Communist offers to buy Australian production. Mr. Menzies apparently does not mind a smaller export drive into Communist countries, but

he is fortunately restrained, if he needs restraining, from agreeing completely with Dr. Evatt by strong opposition from within the Government Parties to any exports whatever to Communist countries.

In the field of foreign policy, there is apparently a greater difference of opinion. But upon closer examination even this difference is, in several instances, only one of degree. Whether or not Mr. Menzies still holds privately the views he openly expressed on the United Nations after the Suez debacle in 1956, the fact remains that he has in recent times paid lip service to the United Nations and has made no suggestion that British countries should take independent action on all matters which they believe concern their vital interests. He has failed completely to give any leadership towards a common British economic policy, which would enable the British peoples to exchange their production amongst themselves, thus preserving and extending their economic sovereignty. This failure has left Dr. Evatt and his supporters with a free hand to advocate policies, which under present conditions, must have a widespread appeal.

By blindly following "American" leadership and dollar diplomacy, Mr. Menzies has not only substantially weakened the British link; he is now placed in the position where any change of policy by Washington makes his present policies untenable. That change of policy in Washington is now clearly taking place, just as we have constantly predicted. In the long run Mr. Menzies will be forced to accept the Evatt thesis in foreign affairs as he has been forced to accept in domestic affairs - - unless, of course, he is prepared to make a major change in policy.

(Continued on page 4)

## NEWS SECTION

**Exporting To Communist China:** It was not without significance that the loudest applause accorded Dr. Evatt when delivering his policy speech, was when the Labor leader promised that Labor Government would vigorously seek export markets in Communist China and other Communist countries. Whether or not the Communists in Dr. Evatt's audience were responsible for this applause, the fact remains that the thought of increasing exports to China has at present a fascinating attraction for the majority of the Australian people, as revealed by a recent Gallup Poll.

Dr. Evatt himself revealed, although unintentionally, the reality underlying a policy of increased exports to China, when he mentioned the German representative visiting China with a pocketful of German credits to loan the Communists in order that they could buy German production. The reality is of course, that the German production will be a gift to the Communists. Dr. Evatt obviously thinks that Australians should also increase their gifts to the Chinese Communists. He has not stated that Australians require from China any materials or form of production in exchange for their exports to China.

The reply of Mr. Menzies to Dr. Evatt on this question again indicated that, as with so many other subjects, the difference between the two political leaders is one of degree only. While Mr. Menzies states that "there was a limit to what might be imported" from Communist China, he mentioned, "Australia already had a favourable balance of trade with that country, thanks chiefly to wool." This means that the Chinese Communists are receiving Australian wool without Australia receiving anything in exchange. It is true that local woolgrowers are paid in Australian credits for the wool sent to China. Mr. Menzies, like Dr. Evatt, is obviously unable to conceive of any other policy of issuing financial credit without giving production away to the nation's declared enemy. The failure of the non-Communist world to implement financial policies reflecting realistic economic policies is their Achilles heel.

**Why Term Automation A "Problem"?:** Although Dr. Evatt poses as a great original thinker, his views on automation brand him as a reactionary and a totalitarian. Last week, Dr. Evatt told the electors of his coal fields electorate, where

mechanisation has increased production to record levels with a reduction in the number of miners employed, that "the coal fields problem was a national tragedy." Automation was "the greatest problem" of the age. Instead of hailing automation as a blessing, which has relieved men of the necessity of doing dirty and dangerous work in coal mines, and elsewhere, Dr. Evatt insists that he will never rest until there is complete "Full Employment." There is not even a suggestion that automation should yield a financial dividend to the individual and progressively free him from compulsory work in order that he may develop himself by engaging in activities of his own choosing. No, none of this for Dr. Evatt. He proposes that the introduction of automation be "controlled." And, of course, as fast as automation displaces men in any industry, the State will take "positive" steps to ensure that they are kept in "Full Employment." "I would never rest content for a second if there was one man unemployed," said Dr. Evatt. Men who are economically independent can employ themselves without any assistance from Governments. But this is just what Labor leaders are concerned about. They condemn "exploitation" by the wicked "capitalists," while they indulge in the most vicious form of exploitation by robbing the individual of the fruits of his ancestor's efforts. Automation is one of the end-results of the industrial arts. Every individual is entitled to the increasing freedom it can provide. Dr. Evatt denies this and insists that men must be chained to the production system just as rigidly as were their primitive forefathers.

**Two Decisions By A Jewish Judge:** Mr. A. K. Chesterton comments as follows in *Candour*. England, of October 3:

Nine youths set out to make brutal attacks on coloured people. Brought to court, they were each given four years' imprisonment. Their thuggery demanded that they should receive condign punishment, although there were factors, which could be urged in mitigation of sentence. All were young; some were only seventeen and may have been influenced by their gang-leaders. The published reports indicate no attempt to differentiate between leaders and led, while the entire gang may have been carried away by the hysteria which racial tension invariably produces when the sparks begin to fly. It may be that in passing sentence the Judge took these factors into account.

A man, bereft of the affections of his wife by another man, bought a revolver and killed him. Was he provoked? Undoubtedly. But the law of the land does not allow a man to kill another man who has wronged him. The Judge felt that three years' imprisonment met the case - - one year less than the punishment inflicted on youths who had killed nobody and who may have been led astray by the more dominant personalities among them. There seems to have been a shift of emphasis in the administration of British justice. The two sentences do not reflect the differing sense of values of two judges. Mr. Justice Salmon presided over both trials.

**Middle East Developments:** While the attention of people has been recently directed towards the Chinese Communist attack upon the Chinese Nationalists, developments of tremendous importance have continued to take place in the Middle East without receiving any publicity. A Jewish report from America states that the American State Department is becoming reconciled to the eventual collapse of the present regime in Jordan, and that it is felt that Israel should take part of the area and the rest go to Nasser's allies.

Nasser is preparing to try and gain control of Sudan, which would enable the Communists to penetrate deep into Africa. These and other policies of Nasser obviously meet with the approval of the Dollar Diplomats. Increasing pressure is being exerted upon the British concerning their oil-sheikdoms on the Persian Gulf. The Shah of Persia, who is firmly dominated by the U.S. State Department, is demanding that the British get out of Bahrain. It will be recalled that when the British were forced out of Persia, the Dollar Diplomats moved in. The Big Idea is, ultimately to force the British right out of the Middle East. Further crises in the Middle East can be predicted.

**The Roosevelt Myth:** A further blow to the Roosevelt Myth has been delivered by the disclosure in Trygve Lie's recently published book, that in 1943 Roosevelt made an attempt to provide the Russians with two forts in Northern Norway with a connection to the Russian railway system. Only strong opposition from the Norwegians prevented the plan from being implemented. This information provides further evidence of the great services which Roosevelt

rendered the Communist conspiracy. And his pro-Communist policies had the support of the Zionist groups surrounding him.

**Canadian Banker Urges Trade With Communists:** Following his return to Canada after another of his trips behind the Iron Curtain, Mr. James Muir, Chairman and President of the Royal Bank of Canada, told Canadians that "the vast majority of the people of China have a Government they want, a Government which is improving their lot, a Government in which they have confidence, a Government which stands no chance of being supplanted." This statement was a lead up to Mr. Muir's major point: "Canada needs export trade . . ." "And," said Mr. Muir, "if any Canadian enterprise should be induced by outside influence to deviate from its responsibility to the Canadian worker and the Canadian economy by declining clean and legitimate business drastic and immediate steps (should) be taken to discipline any such Canadian corporation." If words have not lost their meaning, it is clear that this Canadian banker favours the use of financial and other controls to compel Canadian businessmen to produce for their enemies irrespective of whether they desire to do so or not.

While we have often pointed out that the controllers of present financial policies indirectly force producers to accept Communist campaigns for trade, this is the first instance we have reported of a prominent banker openly advocating compulsion of free-enterprise producers to assist Communism.

## "Social Credit And Christian Philosophy"

This is one of the most effective pieces of Social Credit literature ever produced. The reactions to it have been most heartening. It is a most valuable contribution to the present phase of Social Credit development, and we recommend that supporters ensure that as many of the clergy as possible are introduced to this work. It should also be placed in the hands of teachers, particularly teachers at Church schools.

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## Genuine State Rights Movement Required

Very welcome to realists is the statement made in Parliament by the S.A. Premier, showing that he means to oppose any attempt to increase the political power used at Canberra. A vigorous movement should be built-up to indicate how State Rights can be vindicated and sanctified.

Opportunism, polemics and insecure logical and syllogistic reasoning are the order of the day in politics. We tolerate this sorry state of affairs, mainly because pure and undefiled enlightenment, which stems from the writings of the late C. H. Douglas, are considered as "out of bounds" in politics, in economics (so-called), and in most academic circles, etc.

We live in a mob-psychology era. Wherever we look, people are satisfied so long as they follow mere conventions, which are mostly false and stupid. In differing verbiage, we may say that such people unfortunately are attached to some bandwagon in a Party, in industrialised groups and commercial groups and in cultural, institutions. Who amongst us, like the Prodigal, wants to repent by "coming to himself"?

In *The Hibbert Journal* an article can be found, written by an anonymous contributor, in which it is maintained that intellectuality is often a bar to *Intelligence!* Every realist finds that he is able to engender his intelligence by facing facts and actual situations before he launches into likely theories, useful abstractions, and into movements for rectifying the conduct of community affairs.

Many people, in various circles of acquaintance, are feeling that educational extensive arrangements should be made to build-up a climate of intelligence amongst us, so that no Federal Cabinet will venture to try and capture a vote to increase power at Canberra, and thus to strangle the possibilities now understood by the few, to commence a new and glorious era of REAL democracy.

The best arrangements to destroy forever the present centralisation of power at Canberra would be available if the State Premiers were to follow State Rights seriously in all their ramifications.

Within the Constitution, State Banking provisos make it possible for a State to introduce what is one easy and practical way of commencing to kill the present power of the Dollar Imperialists, who are now in almost complete control of our Western political regimes.

Jesus called, not for peace but for a sword. The sword here is the Spirit of Truth, which all realists may wield.

—C. H. ALLEN.

### THE FEDERAL ELECTIONS

(Continued from page 1)

Having delivered ourselves of the foregoing general background survey, we pass to a consideration of our attitude towards the Federal Elections. Even if it were true that all the parties were substantially the same as far as the views and philosophical outlook of members were concerned, we would advocate under present circumstances the advice which Douglas once gave: "Keep the Government in, and give them hell." But the fact is that within the Liberal and Country Party there are a few members who in a crisis may be able to play a decisive role. Electors should, of course, judge candidates on their individual merits, which would mean that some Government Members should be rejected. However, a Government led by Dr. Evatt would hasten the drive towards totalitarianism because of the increasing domination of the extreme Left-wing element. And Dr. Evatt's foreign policy is openly welcomed by the Communists.

We dislike making predictions, but there are unmistakable signs that the failures of the Menzies Government will see the Evatt Labor Party recording a much stronger vote than was thought possible a few months ago. However, a reduction in the Government's numbers would have the effect of increasing the power of those backbenchers that have been the most critical of the Government's policies. To sum up: there is absolutely nothing to be gained by voting for Dr. Evatt's party, but a great deal to be lost, while in the critical days ahead, it is urgently necessary that the present Government be kept in office in order that there is at least a chance of averting complete disaster.

# THE NEW TIMES

## THE PHYSICAL BASIS OF LEISURE

EXTRACTS FROM JOHN FITZGERALD'S SEMINAR PAPER

The ultimate meaning of true industrial progress is that the amount of work necessary in order to sustain a very high standard of living is steadily decreasing. In the words of Major Douglas, "the primary fact on which to be clear is that we can produce at this moment, goods and services at a rate very considerably greater than the possible rate of consumption of the world." This, then, is the physical and realistic basis of leisure. Quite clearly only either leisure or "employment" *outside useful production* can dispose of the so-called "unemployment problem". All problems of economics and politics are absolutely conditioned by the physical realities described. Short of sabotage or cataclysm the progress of the situation is inexorable. Anyone perceiving what is involved will see through the confusions, which result from the wrong posting of problems. If employment is regarded as the problem then the result will be increasingly artificial employment. (1) As a result of obvious and deliberate policy together with the working of a long outmoded economic and financial system "full employment" is made to appear to be the legitimate object of the economic system. "The modern machine with its marvellous capacity for utilizing power is capable of releasing man from much of his human labour and for providing for his economic independence so that he can be set free from other ends. Yet people's ideas have been so perverted that they have become slaves of the machine, ever more definitely riveted to an invisible slavery."

—(C. H. Douglas in *The Approach to Reality*.)

The proper objective of the economic system is not employment, but the production of goods and services, as, when, and where required with the minimum of labour and inconvenience.

In order to see clearly how the institutions of society *can* be made to minister to the true welfare of man spiritually, materially, individually and socially, we will need to take a careful look at some important enunciations contained in Social Credit.

The first of these is that the cost of production is consumption. This is a real natural and fundamental law of economics, being expressed more fully in the statement that the real cost of production is measured by the consumption incurred in that production. Put another way, we can say that the true cost of a given programme of production is the consumption of all production over an equivalent period of time. Cost is only the natural penalty or condition paid by human beings in reaping the results of increment of association, one aspect of which is the fruitfulness of the earth. For instance the real cost of a crop of wheat is measured by the amount of wheat

consumed as seed. If the planters of the seed ate only wheat as food to supply the energy for them to plant the seed, then the real cost of that crop of wheat is the seed wheat plus the food wheat, plus also, of course, unavoidable wastage. The *ratio* of wheat consumed to wheat produced is always a fraction less than one. The difference between that fraction and one represents true profit in the most fundamental sense.

Take another simple example. Imagine an isolated island upon which a small population lived on the coconuts, which grew there. The pulp, let us say, provided the food, the shells houses, and the fibre, clothes. Supposing for a given population working a given number of hours twice as many coconuts were produced than sufficed for consumption. This would mean that the penalty or condition necessary for producing two coconuts would be one coconut. A notable result, for this means that it is possible in certain circumstances, for the cost of a volume of goods to be a fraction of itself. This makes nonsense of the oft-repeated statement that "you cannot get something for nothing." If the islanders had been "rewarded" for the production of coconuts with a piece of paper — a money unit — for each coconut, then the money cost under present orthodox money rules would, if, say, one hundred coconuts were produced, be one hundred money units. "The true cost of a programme of production is in general not the money cost, but considerably less than the money cost, and a given programme of production can only be distributed to the buying public if sold at its true cost." Why? In the case of coconuts, one hundred money units represents the *monetary* cost of one hundred coconuts, whereas one coconut represents the *real* cost of two. Now it is obvious that the estimation of the efficiency of a system, that is "the power to produce the result intended," cannot be correct if it is based upon a wrong standard. The productive system is producing the result intended only when it is producing goods and services with a minimum of trouble to those participating in the system. Therefore, the degree to which production can be expanded without increasing consumption does not by itself increase efficiency. *Consumers may not require or desire the increased production.* An index to efficiency — the power to produce the result intended — must include "a minimum of inconvenience" clause. To measure money costs does not establish "efficiency." A falling money cost indicates nothing more than the degree to which the consumers attached to industry can be reduced without reducing the volume of production. (2) Quite clearly in order to make the minimum of inconvenience requirement effective we need to know the degree to which the power of a community to produce had been

(1) B. W. Monahan in *An Introduction To Social Credit*.

(2) *Elements of Social Credit*.

advanced not by addition of workers but by the increase in powers per man, or production capacity. This is generally revealed by the rate of real capital appreciation and quite clearly there is a correct ratio of production of the means to produce, which is real capital, to the production of consumer requirements, which can only be attained through a mechanism reflecting the real need or desire of the community of consumers. Any other arrangement is not only the thief of leisure but increasingly subordinates man to economic activity, profoundly upsetting the balance of nature and man's true relationship thereto, a fact which was inferred in my opening remarks. Major Douglas has defined this production *capacity* as the ability to deliver goods and services, as, when, and where required, and is called by him the *real credit* of the community. This most important factor modifies the fundamental law previously stated, namely, that the cost of production is consumption, and the important ratio

\_\_\_\_\_ .is affected by it.  
production

Two interesting facts amounting to revelations emerge from the foregoing considerations. Firstly neither individuals nor the community of individuals can go into "debt" for true cost. If cost is consumption, it is "discharged" on consumption. Cost is properly measured as a ratio, in which production potential, the denominator is increasing much more rapidly than actual consumption, the numerator: therefore real costs are falling. Prices, however, based on rules of orthodox accounting are rising. Secondly we can see that the poor are not poor because the rich are rich, they are poor, or are enslaved to the industrial and productive system, because of the operation of the money system. But "class war" is founded on the delusion that profiteering is the cause of poverty and "class war" is the foundation of Marxian socialism.

Two factors, a widespread ignorance of the nature of money and of inheritance, especially the cultural heritage, have operated powerfully to obscure reality. "The possibility of meeting the requirements of society for goods and services in a small and decreasing fraction of the man hours, or time energy units, which society has at its disposal comes from improvements in the industrial machine as a whole. If there is one thing more certain than any other in this uncertain world it is that the industrial machine is a common heritage, the result of the labours of generations of people whose names are for the most part forgotten, but whose efforts have made possible the triumphs of the past hundred years." (4) Writing in *The Fig Tree* of September 1936, Dr. Tudor Jones says: — "The magnitude of the cultural inheritance is but dimly apprehended by individuals. At best each is directly aware of only a fragment of it. This fact can readily be demonstrated by directing one's own attention to any small collection of objects in sight at any time, and asking oneself to explain how they got there,

(4) C. H. Douglas in *Credit Power and Democracy*.

in sufficient detail as to suggest that one could secure their reappearance, by the same means ab initio, if they should be destroyed. Simple as it is, and few as the objects may be, provided they are products of civilised life and not merely natural objects, this experiment leads to the startling conclusion that no one has enough knowledge to satisfy the conditions. Indeed, the knowledge possessed collectively by all the individuals living in our time is not nearly enough to achieve the end required, since the historical development of human abilities is known only fragmentarily . . .

"The colossal power of modern man is an increment of association derived from his unconscious co-operation with the legions of the dead. It is not a measure of his own intellectual stature . . .

"The total result of human association, receives contributions from two sources, the effort of living individuals applied to instruments which are largely the creation of past generations. We have an association between the present and the past yielding an increment which is present; and relatively to one another the past is enormously the more effective element in this association. (3) The misapplication of St. Paul's words has resulted in the doctrine that if a man will not work in *all* situations, neither shall he eat. This "completely denies all recognition to the social nature of the heritage of civilisation, and by its refusal of purchasing power except on terms, arrogates to a few persons selected by the system, and not by humanity, the right to disinherit the indubitable heirs, the individuals who compose society."

It is difficult to calculate this power of heritage origin. Thorold Rogers says that in 1495 an Englishman could support himself and his family in comfort by working 15 weeks in the year. English industrialists, Lord Leverhulme for instance, have said that they need not ask more than two weeks work from each of their employees per year. Between 1913 and 1945 in England, average man-hours per unit of production, including transportation and distribution have roughly decreased in the ratio of about 100 to 15. On the basis of true cost therefore, the 1946-pound sterling would be worth £6/12/- instead of 8/4. A very large English manufacturing organisation in the whole field of electronics are now producing 60 million radio and television valves much more highly elaborate and diverse in design, for every million produced during the war. There is now in existence machinery, which can produce entirely automatically all the components, and wire and assemble complex radio and television equipment.

The present world economic system rests on the financial perversion of the true law of supply and demand. With this is fostered the delusion that in some way money is inherently connected with "value." It is probable that

(3) *Elements of Social Credit*.

this difficulty is associated with the classical idea that money is a medium of exchange. It may have been once, a long time ago, but ever since division of labour and process began, and with the advent of the credit debt banking system it has never been any such thing. In any case money as a "medium of exchange" has nothing to do with the inherent nature of money.

The whole world is deeply indebted to the transcendent genius of the late Major C. H. Douglas for his revelations concerning the nature of money and the money system. Their importance more than doubles when we come to consider the nature of the "just price," with implications so profound for the whole foundation of Christian sociology. In his book *Social Credit* he writes: — "Now the distinguishing feature of the modern co-operative production system, depending for its efficiency on the principle of the division of labour, is that the production of the individual is in itself of decreasing use to him, as the subdivision of labour and process is extended. A man, who works on a small farm, can live (at a very low standard of comfort and civilisation) by consuming the actual products of his own industry. But a highly trained mechanic, producing some one portion of an intricate mechanism, can only live by casting his product into the common stock, and drawing from that common stock, a portion of the combined product through the agency of money.

"There are some deductions of major importance which can be made from these premises. The first is that money is nothing but an effective demand. It is not wealth, it is not production, and it has no inherent and indissoluble connection with any thing whatever except effective demand. That is the first point, and it would be difficult to overrate the importance of a clear grasp of it. It lies at the root of the question as to the true ownership of credit-purchasing-power. The second point is that, so far as we can conceive, the co-operative industrial system cannot exist without a satisfactory form of effective-demand system, and the result of an unsatisfactory money system (that is to say, a money system which fails to function as effective demand to the general satisfaction) is that mankind will be driven back to the distinguishing characteristic of barbarism, which is individual production. And the third point, and the point which is perhaps of most immediate importance at the present time, is that the control of the money system means the control of civilised humanity. In other words, so far from money, or its equivalent, being a minor feature of modern economics, it is the very keystone of the structure." Money is the starting point of every action, which requires the co-operation of the community or the use of its assets.

"Yet perhaps the most important fundamental idea which can be conveyed at this time, in regard to the money problem - - an idea on the validity of which certainly stands or falls, anything I have to say on the

subject -- is that it is not a problem of value-measurement. The proper function of a money system is to furnish the information necessary to direct the production and distribution of goods and services. It is, or should be, an "order" system, not a "reward" system. It is essentially a mechanism of administration, subservient to policy, and it is because it is superior to all other mechanisms of administration, that the money control of the world is so immensely important." (4)

The wealth of a country, and therefore the basis of its financial credit, is not so much in the things that it actually possesses as in the rate at which it can produce them. Now, the rate at which it can produce them is a composite thing, *because side by side with production we always have consumption*, so that we can say that the net rate of production is the gross rate of production minus the rate of consumption, and it is also possible to say that the absolute cost of all consumption is the rate of consumption divided by the rate of production. Every improvement of process, machines, and the application of power to industry increases the rate of production without necessarily increasing the rate of consumption. So that the rate at which we can issue additional credit is easily seen to be dependent upon the rate of increase of productive capacity.

The apparent failure on the part of orthodox economists to perceive or to act upon the fact that the whole economic system is dynamic, not a series of static stages is one of the root causes of the world's troubles. Hence the lack of appreciation of the real importance of Major Douglas' definition of real credit as the rate or dynamic capacity at which a community can deliver goods and services as demanded. Real credit is a measure of the reserve of energy belonging to a community.

The rate of production is practically proportionate to the energy applied to it. The energy output of machines, not the input, applied directly to the production. If one unit of human labour with the aid of mechanical power and machinery produces ten times as much production as the same unit working without such aids then either output will increase ten times or only one-tenth of the amount of labour will be required for the same original output. As production per man increases either requirements must increase, or the number of men required in production must decrease. When overall production increases beyond individual requirements as

machine time energy units

the ratio ----- rises towards

human labour time energy units

near saturation level and very few men would receive wages and salaries to purchase the product, then price, per unit production would have to fall so that the smaller amount and area of wage distribution would purchase the total product, some of which would otherwise remain unsold. Note, however, that even so the automated or near automated production beyond the largest requirements of the relatively few wage and salary earners would

(4) C. H. Douglas in *Credit Power and Democracy*.

not be purchased, and displaced labour would have no purchasing power to purchase. Therefore both pragmatically and ethically owing to the social nature of the cultural heritage the distribution of a social or national dividend is demanded. Between the two extremes of individual and totally automated production there is a correct ratio of dividend to wage and salary to reflect the true physical situation; the only way of providing genuine opportunity for true leisure. The true physical situation makes progress towards this status inexorable unless catastrophe supervenes. The nature of the cultural heritage and its operation increasingly through co-operative machine production is making producer and consumer increasingly interdependent. The natural born inhabitant of a country is becoming inherently less a wage earner and (but not in practice) more of the nature of a shareholder in his country. The original conception of the classical economist that wealth arises from the interaction of three factors - - land, labour and capital, was a materialistic conception which did not contemplate and, in fact, did not need to contemplate, the preponderating importance which intangible factors have assumed in the productive process of the modern world. The cultural inheritance and what may be called the "unearned increment of association" probably include most of these factors, and they represent not only the major factor in the production of wealth, but also a factor, which is increasing in importance so rapidly that the other factors are becoming negligible in comparison.

It is both pragmatically and ethically undeniable that the ownership of these intangible factors vests in the members of the living community, without distinction, as tenants-for-life. Ethically, because it is an inheritance from the labours of past generations of scientists, organisers, and administrators, and pragmatically because the denial of its communal character sets in motion disruptive forces, threatening, as at the present time, its destruction. If this point of view be admitted, and I find it difficult to believe that anyone who will consider the matter from an unprejudiced point of view can deny it, it seems clear that the money equivalent of this property, which is so important a factor in production, vests in and arises from the individuals who are the tenants-for-life of it.

In conclusion it must be re-emphasised that the only true, sane origin of production is the real need or desire on the part of the individual consumer whomever he

may be. If we are to continue to have co-operative production then the system must be subject to one condition only --that it delivers the right goods to the right users. If any man or body of men by reason of their fortuitous position, attempt to dictate the terms on which they will deliver the goods, (not be it noted the terms on which they will work) then that is a tyranny. Revolution, agitation, and reformism are merely symptoms of a grave and possibly fatal disease in the world's social system and unless an adequate remedy is administered there will be an irreparable breakdown.

"The prevalent assumption that human work is the foundation of purchasing power has more implications than it is possible to deal with here. It is the root assumption of a world philosophy, which may yet bring civilisation to its death grapple. It consists in the domination of a system over all effective individual dissent. The steps to that end consisting in depriving the individual of economic independence either by vesting physical control in the state (conscription) or by "Nationalising" through grinding taxation, or otherwise the means of production, and abolishing all purchasing power not issued, on terms, by the state." "Against this, mere physical force is powerless, leading but to that which it would destroy. There is, never the less, a weapon to hand, that faith, that credit based on the unity-in-diversity of human needs, which in sober truth has moved mountains, without which the Panama Canal would never have been cut, or the St. Lawrence spanned. Into the temple of this faith the money changers have entered, and only when they have been cast out will there be peace." (4)

(4) C. H. Douglas in *Credit Power and Democracy*.

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