

THE NEW TIMES

Registered at the G.P.O., Melbourne, for transmission by post as a newspaper.

\$5.00 per annum post-free. Box 1226L, G.P.O., Melbourne.

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

Vol. 37, No. 6

JUNE 1971

EDITORIAL

COMMON MARKET THREATENS AUSTRALIA'S FUTURE

South Australian Premier, Mr. D. Dunstan, returned to Australia last week after a visit to the United Kingdom to discover the attitude of the Heath Government towards Australia. Most significantly, Mr. Dunstan also had "lengthy talks" with Chinese Communist officials in London concerning future trading between Red China and South Australia.

We have no doubt that Mr. Dunstan is reporting correctly when he says that both Mr. Heath and Sir Alec Douglas-Home were determined to enter the European Economic Community in spite of mounting public and parliamentary opposition to the move. Sir Alec told Mr. Dunstan that Australia should sell some more of its minerals in order to offset the loss of exports to the United Kingdom.

As the second Battle for Britain comes to a climax, it is now clear beyond argument that not only the future of the United Kingdom, but the future of Australia and other members of the Commonwealth, is at stake. The British people should note that Mr. Heath and Sir Alec Douglas-Home made it clear to Australia that they can give no guarantees about the future of Australian industries which would be seriously affected by British entry into the European Economic Community. All the talk about "negotiations" is double-talk designed to camouflage the real issue.

We have constantly warned that so far from the Common Market project being a barrier to Communist expansion, as believed by some naive people, it is a major part of the drive towards the break up of the British Commonwealth and the establishment of the World State. It is no secret that the massive finance for the extensive pro-Communist market campaign in the United Kingdom, is being provided by international financial groups. The official speakers' guide for pro-Marketeer speakers frankly states that British entry into the Common Market is the "first, effective step" towards the establishment of world government. World government means a world tyranny.

BEHIND THE PING PONG DIPLOMACY

Just as the Common Market battle appears to be about to be finally decided, and as the American economy is affected by the retreat from Vietnam, the Chinese Communists suddenly announce to the world that they are friendly people who have no greater interest in life than in building better international relations through

ping pong. The truth is that the Red Chinese are, like their Soviet Marxist colleagues, well aware of the importance of economics in the struggle for the world. Backed by the international financial groups, Republican Richard Nixon is moving rapidly towards modifying American policy so that increasing American exports can be sent to Red China. The British "Conservative" leaders tell Australians to do likewise. This means that Australia is expected to link its economy with Red China, thus making itself vulnerable to the blackmail the Communists have been expert in using for so long. Australia is increasingly selling its mineral wealth in order to try and make its unrealistic finance-economic system work. Primary production is to be downgraded and presumably Australia turned into a type of offshore island quarry to feed its mineral wealth, which once gone can never be replaced, into the Red Chinese economy.

We have warned for the past ten years of the great significance of the Common Market battle. Now events are demonstrating that our warnings were completely justified. The second Battle for Britain is just as vital as the first battle. Australians with relatives or contacts in the United Kingdom should do everything possible to encourage the growing resistance of the British people. Letters should be sent to the British press. We live in momentous days. Events are moving with increasing intensity. As man is driven down the road towards the world state, increasing numbers can now see more clearly what is happening. The outlines of the strategy for creating the world state can no longer be hidden. The situation is desperate, but as the truth emerges, so do the prospects for constructive action become greater.

INSPIRING LEAGUE OF RIGHTS ADVANCE ON ALL FRONTS

We are reliably informed that the advance of The Australian League of Rights is becoming a major topic of discussion amongst both Federal and State politicians. The tactic of publicly smearing the League, resorted to in the past, so boomeranged that other tactics are being resorted to in a desperate endeavour to halt the League's rapidly growing influence. We can report that serious consideration has been given to the possibility of attempting to expel selected, known League supporters from the Country Party. If such threatened expulsions take place, it will be a measure of the panic gripping those who, incredible though it may appear, are resisting the mounting pressure that certain policies of the Federal Country Party should be implemented.

The most recent manifestation of the growing momentum of the League was the Annual Dinner of the Queensland and Northern New South Wales Council of the League, held in the provincial city of Toowoomba on Friday, May 28, and followed by the annual Seminar on the following day, Saturday, May 29. Guest of honour was National Director, Mr. Eric Butler, who had only arrived back in Australia from overseas the previous week. Mr. Butler addressed the largest and best League meetings yet conducted in Perth and Adelaide on his way through to Melbourne from South Africa. After addressing a small meeting of Melbourne supporters, Mr. Butler, accompanied by Mrs. Butler, drove through to Dubbo, central New South Wales, where he was the guest speaker at the first League Dinner yet conducted in this area. It was what one person described as a "sensational success". During the afternoon, Mrs. Doris Phelps, now nationally known for her book, *A Small Farmer Replies*, and Mr. Eric Butler, presented papers to the first League Seminar in this area. It was packed. Farmers, graziers, business and professional men were present. Large sales of literature took place, new subscriptions to League journals were obtained, and those present grasped that they could do something to resist the growing tide of crisis, which threatens.

The impact of the Dubbo Dinner and Seminar was such on one grazier that he decided to drive all the way to be present at the Toowoomba Dinner and Seminar. This so aroused his enthusiasm, and lifted his morale, that he has now booked to attend *The New Times* Annual Dinner on September 17 and the League's National Seminar on September 18. This is typical of what is happening right across Australia: as the crisis deepens men and women are turning in increasing numbers to the League and its programme, realising that constructive action is possible.

RECORD ATTENDANCE

Late seeding on the Darling Downs prevented a number of League supporters from attending the Toowoomba Dinner. However, every available seat was taken, with an attendance of 170. This is a record attendance for any State League Dinner. Enthusiasm ran at a high level and State Director Jeremy Lee, and Mr. Eric Butler, gave speeches worthy of this occasion. Other speeches were also of a high quality and a demonstration of the development of League members. The Dinner was not without many lighter moments, as witnessed by the cable purporting to come from Peking: "Suggest Chair-

man Butler brush up his ping pong and prepare to play Chairman Mao for world championship in Peking—Lin Piao".

The Seminar held on the following day, Saturday, May 29, was beyond doubt one of the best Seminars ever held by the League in any part of Australia. Nearly three hundred people listened to papers presented by Mr. Eric Butler, South Australian ecologist Mr. Peter Bennett, and Mrs. Doris Phelps. Literature sales were massive. The Toowoomba daily, *The Chronicle*, featured reports of the Seminar papers, major space being allocated to Mrs. Phelps's lucid exposition on the defects in the present finance-economic system. Mr. Bennett electrified his listeners with facts concerning the progressive poisoning of the water, air and soil through the indiscriminate use of artificial chemical fertilisers, pesticides and fluorides. Speaking as a scientist, Mr. Bennett said that man was upsetting the environment so badly that many scientists now believed that time was limited in which the damage already done could be corrected. News of Mr. Bennett's address spread like wildfire, with a request that he address a further meeting. This was arranged for the following evening, Sunday, when after the first hall had been crowded out, with hundreds still outside, arrangements had to be made to move to a much bigger hall. Chairman, Mr. Jeremy Lee, was battling hard to try to formally end the meeting sometime after midnight!

Nearly one hundred League actionists met at an action conference on Sunday, where League activities were reported on, and several new projects introduced. Three women spoke on the recently launched action movement for rural women, while a report on the Association Save Local Government, launched in Kingaroy, was greeted with tremendous enthusiasm. As one supporter said late on Sunday night. "This whole weekend has been a wonderful and most stimulating experience. We are all going home now with a new sense of dedication, with much greater knowledge than when we came, to intensify the work to save freedom in Australia".

INTENSIFIED ACTIVITIES

Mr. Butler left Toowoomba on Monday, May 31, to start a long campaign right through to Cairns, with Mr. Jeremy Lee following behind a week later to consolidate with schools and the establishment of groups. Mr. Butler's first meeting was in Kingaroy, where the largest League meeting yet held at this centre heard Mr. Butler warn that unless present financial policies were reversed, the

rural communities were faced with greater disasters than those now being suffered. The following night three new groups were established following an address at Kumbia.

Right across Australia the League of Rights educational and constructive action programme is spreading at an ever-increasing rate. Not only are full-time speakers Jeremy Lee, Edward Rock and Eric Butler, working day and night "in the field", but a growing team of volunteer speakers, many of high calibre, are playing an increasing role in advancing the League's programme. One of the League's major problems is how to ensure that adequate financial support is maintained to ensure that there is no financial limitation on what is now possible. As Australia moves towards a crisis greater than anything yet experienced, it is desperately essential that the League is not found wanting at the critical moment because of a lack of finance.

ONLY A \$1000 BETWEEN SUCCESS AND A SLOWING DOWN

The Australian League of Rights operates on an incredibly limited basic budget of \$25,000 a year. Every cent is important. The League's programme has never made greater progress than over this year. But as the end of the financial year approaches the League is approximately \$1000 short of its required minimum budget. Many supporters have contributed magnificently. No further contributions can be accepted from them for the current year. But we do make a final appeal to the many who have not yet "got around" to sending in their contribution. A few dollars from all those who have not yet contributed, would ensure that there is no slowing down right at the very moment it is possible to go forward to greater successes. Send to The Australian League of Rights, Box 1052J, G.P.O., Melbourne, Vic., 3001.

FLUORIDATION UNDER THREAT OF CRIMES ACT

Australians like to call themselves a free people. Members of the Liberal Party are always claiming that they are in the forefront of any move to protect freedom. But in Tasmania a Liberal Government has forced the Council of Devonport to fluoridate the town's public water supply, by using the direct threat to charge each councillor with conspiracy under the Crimes Act, and an immediate fine of \$100 each, plus \$40 per day on each councillor until the order to fluoridate was carried out.

The Tasmanian Government has enacted legislation, which gives the Health Department legal power to exercise this dictatorship. The Municipal Council of Devonport refused to obey. The councillors believed that in

a free society individuals should have a say concerning their own affairs, and at the last municipal elections sought the views of the electors on fluoridation by referendum. The electors voted 3260 against, with only 485 in favour. By an overwhelming majority of seven to one, the people of Devonport said they did not wish to be dosed with fluorides through their public water supply. But the Tasmanian Government ignored the council and the people and sent its officers to put fluoride in the Devonport water supply. The council locked the gates of the pumping station to keep the officers out. The Government called the Warden of the Council (the mayor) to Hobart, and delivered its ultimatum. The council unlocked the gates, and the water supply of Devonport is now fluoridated.

Unbelievable? Yes, but what happened in Devonport is but one manifestation of the philosophy of totalitarianism now threatening the few remaining freedoms of the Australian people. We trust that members of the Liberal Party who claim to believe in freedom, will take heed of what has happened in Devonport, Tasmania. The totalitarians are on the march everywhere. They can be defeated only by an aroused and active electorate.

MAKE A NOTE OF THIS DATE NOW— SEPTEMBER 18

A new League of Rights expansion step of great historical significance will take place in Melbourne on Saturday, September 18, when The Australian Heritage Society will be officially launched at the League's Annual National Seminar. The Seminar theme will be, "Preserving Australia's Heritage", and three outstanding Australians will present papers. Sir C. Stanton Hicks of Adelaide will present a paper on Australia's ecological heritage, the Hon. George Reid, Victorian Attorney-General, on Australia's constitutional heritage, and Sir Raphael Cilento on Australia's racial heritage. The 1971 Seminar will be an intellectual feast.

Because of the attendance expected, and the necessity for adequate space for display purposes, the 1971 League Seminar will be held in the I. Younger Ross Hall, 110 Keppel Street, Carlton. The League of Rights will attempt to arrange private accommodation if required by country and interstate visitors wishing to attend the Seminar. Requests must be made well in advance. Supporters should not only make every effort to be present themselves, but should contact friends and others who should be interested.

Further details later.

FROM THE GROUND UP

The following is the first part of the paper given by Mr. Eric D. Butler at the Queensland State Seminar of The Australian League of Rights, held in Toowoomba on May 28:

There is an old Chinese saying that public prosperity is like a tree: agriculture is its roots; industry and commerce are its branches and leaves. If the root suffers, the leaves fall, the branches break and the tree dies. The worldwide rural crisis is a major aspect of a general crisis now threatening the very foundations of civilisation.

In order to get the rural crisis into correct perspective, it is first essential to look at some fundamental truths. At a time when man is urged to worship technology as one of his new gods, there is a tendency to overlook the fact that no way has yet been discovered of sustaining life without food. Man cannot eat steel. That abstraction called money is not very nourishing. It is true that man does not live by bread alone, but without it he cannot survive. Centralised control of food production and distribution means control of life, a truth that Stalin recognised when in 1929 he moved against a section of the people of the Soviet Union still enjoying a degree of freedom and independence, the farmers. The farmers still had that degree of freedom because they were food producers, and at least could feed themselves. The bitter resistance of the Soviet farmers to Stalin's collectivisation programme was a striking manifestation of how people will fight to the very death against any direct attack on their property rights. The Russian farmers destroyed their own herds, flocks, crops and homes rather than hand them over to the collectivists. At least six million people died in what has been called Russia's Iron Age. It is a striking commentary on the modern techniques of brainwashing that this frightful episode is comparatively unknown amongst those who would describe themselves as educated.

THE FAILURE OF COLLECTIVISED FARMING

People who have lived on the land for many generations, producing food, fibres for clothing, or timber for building, generally have a much more fundamental approach to life than other people. The Communists discovered this in the Soviet Union, where in spite of the collectivisation programme being backed by the power of the Communist State, reality forced a partial retreat. The farmers working on the collective farms had to be given their own small plots of land where they could produce their own food. They were also permitted to sell their surpluses. The dramatic production on the private plots demonstrated that there is a deep instinct in man, which requires that the individual be personally responsible for his own property. Those promoting the programme for "reconstruction" of farming in the non-Communist world are relying upon a much more subtle approach than was adopted in the Soviet Union. Financial and economic policies are being used to force farmers into progressively bigger units, many farmers being encouraged

to accept the view that they can survive if their neighbours leave. Thus is the social structure of the rural communities poisoned.

It is significant that the first step proposed in Karl Marx's *Communist Manifesto* for communising a state, was the abolition of private property. Until Christian thinking and the Christian Church started to become influenced by collectivist philosophy, traditional Christian philosophy stressed the importance of the institution of private property. As everything of which the individual has any knowledge is relative, we can often best understand what something is by knowing what it is not. It is impossible to have light without shade. Marxism specifically claims to repudiate Christianity, which helps to explain why the central policy of Communist philosophy is the attack on all forms of private property. The Marxist understands that widespread ownership of private property not only provides a barrier against totalitarianism, but that private ownership of private property makes possible the flowering of the individual's personality.

PROPERTY AND PERSONALITY

While many support the institution of private ownership of property on the grounds of expediency, that without private property men will not have the necessary incentive to work and produce, the traditional Christian view was that man is more than a higher animal living together in society, but is a person whose personality should transcend society. The development of personality requires the use of free will, the making of decisions, and the acceptance of personal responsibility for the decisions made. Farmers have over the centuries been notorious for their sturdy independence. Their vocation has also produced a type of reverence for the laws of nature, which is lacking in mass man who with the development of economic centralisation is little more than a cog in a vast machine over which he feels he can exercise no control. The violation of human personality, the soul of man, results from treating the individual as nothing more than part of an association. When that happens an association is no longer a society of persons, but has degenerated to the level of a herd.

Civilisation was impossible until man had solved the problem of providing himself with an adequate food supply with the expenditure of only a part of his time and energy. When man was a nomad, banded together in small primitive tribes, all his time and energy were utilised in shifting his flocks and herds to supplies of natural feed. There was conflict between tribes over these supplies of natural feed. There was no spare time from food production in which man could develop himself. This situation was a demonstration of the truth that there

Continued on Page 8

NOVA SOCIAL CREDIT

by J. D. MALAN

It is possible for Australia to become a world leader in demonstrating the first scientific approach to social problems. It is possible—but only if sufficient people are able to understand where these problems originate, and are prepared to speak up and demand the removal of the basic injustices, which are preventing the correct application of existing knowledge for the benefit of every individual in the community.

Social Credit provides the key to this knowledge.

Without an understanding of the subject of Social Credit, and as long as our present money system is retained, there is virtually no possibility of arresting or reversing the disastrous effects our present civilisation is having on our environment, or of getting relief from the increasing burden of debt and taxation.

With the understanding, which knowledge of Social Credit can bring, progress becomes possible though by no means certain. Only when sufficient numbers of people are prepared to use their knowledge, to speak up and demand the improvements to which they are justly entitled, and to see to it that these demands are met in an intelligent manner and in full recognition of the limitations imposed by natural laws—only then will we be able to turn the corner and hopefully look forward to a society in which individual freedom and prosperity will become a reality.

There is little doubt that our economy is at present running at full speed—in the wrong direction—towards an impasse of unlimited debt and taxation. It would be the action of fools to try to stop it and reverse the direction too quickly, but there is every reason to plan this reversal over a reasonable period of time - - for example ten years. But even this gradual application of the principles involved could only be done over an entire monetary area such as Australia, and could not be applied only in one State, such as Queensland. But of all the countries in the world where their application would be possible Australia is probably the most suitable. This is because we have a relatively stable government with adequate (or almost adequate) facilities already existing to carry such a policy into effect, Australia is rich in natural resources to the point of being almost self-sufficient in most essential materials and we have the expert knowledge to overcome many minor deficiencies, we have no land borders with any other country, and we still enjoy a greater freedom of speech than most other countries. These points are important because any country which attempted to depose the present money monopoly would be subjected to extreme pressures to prevent the experiment succeeding, and Australia could be in a better position to withstand these pressures than almost any other country.

Social Credit is neither involved nor vague, but instead is a clear and precise way of understanding the world

we live in; it is general knowledge in its most useful form; it is human thought directed towards human welfare. In short it is an understanding of the NATURAL LAWS OF HUMANS IN ASSOCIATION.

Increasing interest in the need to change our present attitude towards our environment, and to reverse our apparent determination to pollute our world to destruction, can be summarized by saying that we must learn to live within the limitations of natural laws, as we are powerless to change them and must take the consequences if we ignore them. Natural laws are quite automatic in their operation, which means that we cannot alter the consequences of acting in defiance of them. It is, for example, a natural law that water shall flow down hill, and if we were stupid enough to build a dam at the top of a hill it is obvious that it would be almost useless. A man-made law that the water shall flow up the hill to fill the wrongly placed dam would be pointless—just as King Canute is alleged to have discovered when he ordered the tide to obey him.

The range of natural laws is almost endless, and covers the behaviour of every particle of matter in the universe. It is not difficult to understand that the sum total of man's knowledge of his physical surroundings is nothing more than his success in understanding and learning to apply these laws.

It is probably less obvious, but still quite correct, to say that there are natural laws governing the social behaviour of creatures living in association with each other, and our present civilization is in no way exempt from these laws. Ten men lifting a 500-pound weight, which none of them could lift alone, is a simple example. A recognition and understanding of these laws is an important part of Social Credit.

Man distinguishes himself in many ways from other living creatures, but he is unique among all living creatures in his use of symbols to represent the environment in which he lives, and to communicate with his fellows. These words are symbols, which can be used only because both writer and reader have agreed on a common set of meanings for these particular symbols.

Men of all branches of learning used various systems of symbols to represent the natural laws they have come to understand. An engineer writes $E = I \times R$ to represent the flow of a simple electric current in a wire, and a chemist uses the symbols H^2O to represent water. Each of these sets of symbols have accepted meanings, and they are regarded as laws simply because there are many observations we can make which confirm their accuracy and enable us to use them to predict the results of our actions. If our laws were wrongly expressed, our predictions would be wrong and we would soon learn that we must modify our symbols to conform to nature. Expressed in other words, "nature" and "natural laws" are nothing more than symbols used to mean that vast range of observable and verifiable physical facts which we can learn to understand but can never change.

In the organization of modern society there is one system of symbols, which we use more frequently, more consistently, and yet more blindly than any other—and that is money. Just as we cannot wash ourselves in the symbol H²O, though we can in the water it represents, so we cannot live on money but on the things it is intended to represent. Money has no value in itself, but is sought after only because, by common consent, it can be exchanged for the things we want. This "common consent" is in fact the most important characteristic of money—so much so that anything can be effective as money if it possesses this almost magic quality. Money is therefore much more than the coins and notes we use for small transactions, and includes bank deposits, which have no real existence, but are represented only by symbolic entries in a ledger.

The collective efforts of all the members of our society produce the goods and services we need to sustain our lives, and these are the real things we are continually seeking. A workman making building materials continues to do so rather than devote some of his time to making food or clothing because he is confident that some other persons will produce the food and clothing he needs. He has faith in the ability of society generally to produce the range of goods he needs, and this ability is a community's greatest asset. It is a direct and natural consequence of the fact that we live in close association with each other—in other words it is one aspect of the NATURAL LAWS OF HUMANS IN ASSOCIATION and is in fact SOCIAL CREDIT.

Newcomers to this subject who have heard vague reference to Social Credit sometimes dismiss it casually as "that financial theory which has been disproved". This idea is wrong on both counts—it is not a theory and it has not been disproved. It is a fact that people with knowledge of Social Credit are predominantly concerned with finance, but this is because our present money system, in its inverted and perverted form, completely fails to fulfill its task of representing real wealth in symbolic form.

Social Credit is a readily observable fact of life, and is so important an element of our existence that we could not live for one minute of the day or night without making use of it. It is our failure to recognize it and correctly represent it in money symbols, which is the cause of almost all our social and economic problems today. It is also easy to demonstrate that this same neglect is the base cause of the environmental pollution, which is becoming so much of a concern in this country, and in other parts of the world.

Social Credit is not something new to society, in the way that a new discovery or a new technique is, but is a way of learning to understand what we already have. It is not so much a subject in itself as an adjunct to all other fields of learning, and any subject becomes

more meaningful through an understanding of Social Credit. An engineer can gain a clearer insight into the purpose of his studies and his actions if he understands Social Credit, although Social Credit is not engineering. But an engineer, or a chemist, or a doctor, is well on the way to understanding and appreciating those laws of nature which relate to his work, and the benefit he can gain from a knowledge of Social Credit applies more to the association of his work to the community rather than to the work itself.

Our money system, however, is in quite a different category because it does not itself comply with natural law. This fact, combined with the fact that money is our universal system of exchange makes it certain that its faults must be corrected before any permanent solution can be found to other social and economic problems and makes it inevitable that those people who have studied the subject must concentrate their efforts on this objective first.

The most important way in which our money system is in conflict with nature is in the subject usually referred to as debt finance. But before considering this question there are two aspects of the Social Credit movement's stand on the subject of money, which should be explained.

First, there is no complaint about the technique of banking, or its administrative efficiency, nor is there any suggestion that banks should be nationalized. The complaint is with the POLICY which at present permits the banking system to hold the monopoly of the creation of credit (which is the most common form of money), a function which should be performed by a properly constituted national credit authority, with policy controlled by the people through their Federal Parliamentary representatives.

Secondly, no claim is made in respect of expert knowledge of the techniques of finance. Social Credit is vitally concerned with the question of financial POLICY, but only interested in the question of the METHOD of implementing that policy to the extent that it must be obvious that it is capable of implementation. An example will make this statement clearer. If you wish to travel from Brisbane to Sydney by air in not more than 75 minutes, you have made a policy decision, which specifies the results you require. Your policy can be implemented by arranging for you to fly on a jet plane, but had you specified the same thing ten years ago it could not have been carried out because at that time there were no planes capable of flying at the required speeds. It is important to note that you do not need to know anything about flying an aircraft, which is part of the question of the METHOD of implementing your policy, and also that the pilot of the plane, who is the expert, has no right to tell you where you want to go—in other words the expert has no right to control policy.

When it comes to discussions about money, most people consider they have some knowledge of the subject, and this is undoubtedly correct as far as their day-to-day cash transactions are concerned. Unfortunately they tend to regard this limited knowledge as sufficient to enable them to understand how our money system works, and are completely unaware that our present money system is probably understood by far fewer people than is the complicated electronics of a television set. Under these circumstances it becomes very difficult to convince people that a drastic change in financial policy is desirable, or even possible - - particularly in view of the fact that people who have a strong motive for retaining the present system, because it serves their own ends even if nobody else's, consistently state that no other system is possible.

There is, however, a way to overcome these problems. Whenever a situation is encountered where events are described in money terms, and these are reported every day in the press, on radio and on television, an attempt should be made to rephrase the report in terms of the real things involved. A good example is the often-heard report that we have achieved a "favourable balance of trade"—meaning that the total of the money symbols representing our exports is higher than the total of the money symbols representing our imports. In real terms, using one commodity for simplicity, we could say that we have exported, for example, 1000 tons of wheat, and only imported 800 tons of wheat—and therefore we have a favourable balance of trade. In fact it is obvious that we have lost 200 tons of wheat, and this could hardly be described as favourable—but once our money symbols are added to the picture all logic and reason departs.

With these thoughts in mind we can return to a consideration of the ways in which our present money system fails to correctly represent reality, and in particular to the subject of debt.

Our natural environment, the physical world in which we live, contains all the material we will ever be able to make use of, and all of it has always existed in some form or another—at least over any period of time we are likely to be interested in. We can alter the form of these materials in many ways, and we are continually learning new ways to do so, but we cannot create new material, nor can we anticipate the availability of things we have not yet discovered. We cannot, for example, build a car with iron ore, which is still in the ground even though we know it is there, and will be extracted next month, nor can we now analyse the rocks we expect to be brought back from the moon next year. If we have a ton of steel we can make things from it, but if it does not yet exist in the form we need, we cannot "borrow" from next year's steel production to make something today. It could be correct to say that Australia has one ton of steel, or 10,000.000 tons of steel, or even none at all, but to say that our stocks of steel are "minus" one

ton is quite meaningless. Our stocks of any physical material can never be less than zero—it must always be zero or some positive quantity. In financial terms this is a credit. Expressed another way, there can never be such a thing as a physical debt—and this is a simple statement of one of nature's most fundamental laws.

If our money system was a true representation of reality, it would automatically follow that, as physical debt is impossible, so also would financial debt be impossible. And yet we observe that our whole financial structure is built on debt, and that the total of all government and private debt exceeds the total amount of money in the community. It is difficult to imagine a more ridiculous state of affairs.

Almost all our money is created by the banking system as an interest-bearing debt, and the consequences of such a system serve only the interests of the banking system itself and the people who control it, and can never be to the advantage of the vast majority of the people who form the community. So extensive are the effects of this inverted money policy that we encounter them every minute of our lives but only rarely recognize them as such. Some of these effects are—continuous and inevitable inflation, continuously increasing debt and interest charges at all levels of society, increasing foreign ownership of our land and resources, and endless problems from pollution and destruction of our environment.

Some of these effects (for example, inflation) are accepted by many people as inevitable for no better reason than the fact that they have never experienced anything else, and this attitude is encouraged by statements from economists and politicians in particular, without any logical attempt to explain the process. The Social Credit approach to these problems offers a logical, straightforward explanation that is so simple in its basic concept that its very simplicity often becomes a barrier to its acceptance because of the novelty of the idea that anything as apparently complex as our present economy could become easy to understand.

Any person encountering this subject for the first time must ask two questions—what could I gain from studying it? What will it cost me? An attempt has been made in this paper to explain what can be gained from such a study, and the cost is quite modest—anything from 50 cents upwards. Several simple books, which explain the workings of our present money system, are available for this modest sum, while an amount of \$10 would provide adequate literature for study to quite an advanced stage. In general the literature is not expensive, and several excellent books can be bought for \$2 each. It is most important, however, that a student maintain contact with someone able to answer the many questions which will arise, much as a student in any subject cannot expect to achieve satisfactory progress entirely alone.

can be no real freedom for the individual without economic freedom, freedom from the necessity of spending all available time and energy to provide the bread of life. Civilisation probably started in the Middle East, where conditions enabled man to discover how to provide himself with adequate food supplies in the one place. He now had spare time from food production in which to develop arts and crafts. He could now spiritualise his life by developing his creative initiative.

MOTHER EARTH

Food, clothing and shelter are man's basic requirements for sustaining life. Directly and indirectly all these essentials come from the soil. What is often termed "the cycle of life" is only possible because of the fixation of atmospheric nitrogen by the appropriate bacteria in the soil. This is the first stage in the building of protein, the basis of the plant cell. Then through the green leaf that which is called solar energy, apparently unlimited, forms starch from the gas known as carbon dioxide. This miracle, something which man can only wonder at, changes a gas which is a very minute part of the atmosphere, into plants and trees. Here we have the source of life, the source of animal energy, and heat energy, whether from coal, oil or wood. Even the much publicised plastics and synthetics are made from coal, which originally, were ancient forests, forests which could never have grown without the green leaf, solar energy and carbon dioxide. But life also requires death. Death of plant life can be seen as a mere transition, part of a life cycle which is part of an infinity, which once understood, removes man from the morbid concept of death as something final. The Earth is truly man's mother. We can see therefore why civilisation has developed "from the ground up".

Over the centuries man has constantly improved his methods of producing food, until today in most countries a relatively small section of the community can assure the remainder of an adequate supply of food. With modern methods of transport and refrigeration, a local failure of food production as a result of weather conditions, can readily be overcome. One might logically conclude that having made such a vital contribution to the national pool of wealth, to the basic necessity for civilisation, farmers would be rewarded with greater economic security, more freedom, and a greater opportunity to practise long-term conservation. But instead of being suitably rewarded for their achievements, the farmers are being told that they will have to be increasingly penalised. There is a worldwide programme to remove from their properties those farmers described by the "experts" as "uneconomic units", and to amalgamate those remaining into bigger units. The family farm, which has contributed so much to civilisation, is marked down for destruction. A revolutionary movement is under way which threatens the future of every individual, irrespective of whether he lives on a farm, in the small towns, or in the big cities.

PERTINENT PARS

A survey of 21 representative businesses at Longreach has revealed that retrenchments for the first nine months of this financial year represented 36 percent of staff. An extraordinary hardship confronts businessmen and their families, and employees and their families. An area within 150 miles radius of Longreach, producing 40 per cent of the Queensland wool clip, has through wool alone produced \$1,885,405,000, mostly for export over more than a century (Queensland Year Book figures—no adjustment made to bring figures to present-day money values); that having made this contribution to the nation's wealth and development, the area can fairly claim, when faced with a calamitous situation beyond the control of the occupants, to be entitled to special consideration and financial assistance. Dozens of houses are empty, with more becoming empty each week, their owners forced to look for work elsewhere, while their homes remain locked up and unsold, but due for maintenance, rates, interest and redemption payments while their owners have to pay high rents elsewhere. *The Longreach Leader*, April 30, 1971.

New York City is already \$300 million in the red for the current year, and is expected to be \$1,000 million in deficit next year; the loss of jobs is increasing the welfare rolls, qualified teachers are being forced to take jobs as taxi drivers, and New York is being strangled by poverty. It's the same drastic story across the United States among major cities. A "road show" of mayors from 11 leading cities recently came to New York to get guidance, but went away just as forlorn. Having seen the plight of New York, they see very little hope for their own cities. *The Sun-Herald*, May 16, 1971.

ALL ROADS WILL LEAD TO MELBOURNE IN SEPTEMBER

We can predict now that the 1971 "New Times" Dinner, to be held in Melbourne at The Victoria on Friday, September 17, followed by the League of Rights Annual Seminar on Saturday, September 18, will eclipse all previous Dinners and Seminars. Bookings for the Dinner are coming in from all over Australia. All roads will lead to Melbourne in September. Those wishing to attend the Dinner must book in advance, sending their \$5 donation with the booking. Guest of honour will be Sir Raphael Cilento, although it is possible that Sir Stanton Hicks, presenting a Paper at the League of Rights Seminar the following day, may also be able to be present. Early booking will help everyone, and once again no guarantees can be given that everyone can obtain a seat.

Make your booking TODAY. Private hospitality will be arranged for interstate visitors requiring it. But, PLEASE, do not leave your request until the last minute.

Enterprise

Organ of the
INSTITUTE OF ECONOMIC DEMOCRACY
Post Office, Kingstown, N.S.W., 2350

No. 6

JUNE 1971

THE SECRETARY'S REPORT

The news that we can expect a tough budget with the possibility of further tax increases and stiffer restrictions on bank lending, must remind many Australians of the sort of attitude, which produced the Premier's Plan during the Depression. At that time, when many were trudging the roads with their swags, and there was no money to buy goods, we were plagued by economists like Sir Douglas Copeland, who insisted that the problem was "too much money chasing too few goods". The measure introduced in the plan, which slashed all salaries by 20 percent, almost produced a revolution in Australia. Many seriously questioned the sanity of advisers, and even a few economists—Professor Gilford, of the University of Queensland, was one—opposed the idea.

It looks as though we are going to repeat the exercise, as we move into the middle of 1971. A growing number of bankers and advisers are predicting a squeeze in mid-August-September, which will make the present sorry situation seem comparatively mild. Your secretary has, in recent weeks, had discussions with a number of bank managers in southern Queensland who, without exception, have been very apprehensive about the future.

The political parties, which claim some mandate from rural voters, seem bankrupt in regard to initiative. Although a non-party institution, we can hardly help but wonder at the servility of the Country Party, which is missing the greatest opportunity in its history. Twenty rural electorates, represented by men of fortitude, could swing the tide of chaos before it is too late. Neither of the major parties could govern without their support. If the Country Party came out now with a defiant and resounding challenge to the "sovietisation by stealth" policies of the Coalition, they would regain every lost vote, and would attract a significant swing from the major parties.

Sir Arthur Fadden, in his memoirs, expressed it well: "Any attempt by the Country Party to abandon its policy and original ideals and accept compromises in the hope of winning city votes would be fatal. The suggested invasion of politically hostile territory would be the kiss of death. To fulfill its mission and reflect the ideals it was formed to defend, the Country Party must likewise resist the destruction or further weakening of the Federal system of government. This system, based on the decentralisation of government and the autonomy of State partners, accords with the basic principles of the party."

We can report a phenomenal growth of activity at grass roots level amongst rural electors. Our speakers are in

constant demand, and are at full stretch. The Annual Seminar of the League of Rights in Queensland, held at the end of May, was by far the largest ever.

On June 4, the Secretary of the Institute was invited to address the management committee of the Queensland Country Party, in a daylong discussion. In mid-May he debated the United Farmers and Woolgrowers economist for New South Wales, Mrs. H. Rolfe, after the latter had attacked the Institute; the debate was organised by a northern New South Wales branch of U.F.W.A. There was such disgust at the performance put up by Mrs. Rolfe that the following resolution was subsequently passed by the Uralla branch of U.F.W.A.: "That General Council be asked to tell Mrs. Rolfe, U.F.W.A. economist, to be helpful or else to give up". The motion to go before the district council.

In Western Australia, the Hon. Secretary of the Institute, Mr. R. S. Nixon, has been lecturing in many areas, with resounding success.

Activity in central New South Wales is intense, and a most successful seminar was recently held in Dubbo, with people travelling as far as 200 miles to be present.

In Victoria every rural electorate is now reporting intense activity, and it can be certain that this could well be decisive in the months ahead.

The National Director of the League of Rights, our parent body, having recently seen conditions in rural areas of Canada, New Zealand and the United Kingdom, is on an extremely heavy lecturing tour on the east coast of Queensland.

Most important of all, there is a new spirit growing in rural Australia. Despair is giving way to determination and confidence. It will bode ill for the representatives of the future, if they choose to ignore this growth now.

DOES MR. SNEDDEN KNOW?

The following article appeared in "The Courier-Mail", Queensland, May 9, 1971:

We expect the Federal Treasurer to know his economics on an important question like capital inflow. Does he?

Mr. Snedden said the other day, "It is the attitude of the Government that we welcome the inflow of capital into Australia so that our country can be developed".

Every economist knows that this is not the real reason at all for welcoming capital inflow. Whether overseas capital comes in or not, we would still have full employment and development of our profitable mines and industries. No country can develop faster than the full employment rate.

The real reason for "welcoming" capital inflow is that we are forced to welcome it because of the overseas currency it provides.

Australia's imports of goods and services far exceeds her exports; in 1970 imports, etc., cost \$838 million more than exports earned, so we "welcomed" the capital inflow of \$1060 million in 1970.

Without it, our overseas funds (international reserves) of \$1224 million at the beginning of 1970 would have almost disappeared in one year. (The price of this blood transfusion was that we handed the ownership of \$1060 of Australian assets to foreign residents during 1970.)

Mr. Snedden must, of course, know all this, but in persisting in giving the wrong reason for welcoming capital inflow—"so that our country can be developed"—he misleads a lot of people.

Most politicians and many businessmen are hazy about the economic effects of capital inflow, and Mr. Snedden thickens the haze. The hard point to grasp (and only hard because it is rarely explained simply) is this:

When an American businessman sends a million U.S. dollars to Australia, his bank in America pays the U.S. dollars to the New York branch of Australia's Reserve Bank, where they stay and add to Australia's international reserves. The Reserve Bank in Australia issues "counterpart funds" in Australian currency, which is placed to the credit of the American at his Australian bank.

Inside Australia this process is credit creation, pure and simple. It is part of the total process of credit creation by the banking system that goes on every year.

Australia's increasing workforce, and increasing wages and prices require a parallel increase in the total amount of money. If the money supply were not increased there would soon be unemployment. If there was no capital inflow we would still need the same amount of credit creation inside Australia as now—just enough to maintain full employment.

Obviously it would be better to do without the capital inflow if we could, as we would not lose the ownership of Australian assets and industries.

Countries with a healthy current balance of payments (enough exports to pay for all imports of goods and services) do not welcome or encourage capital inflow. Some, particularly the Japanese, have actively discouraged it, making it impossible for foreigners to gain effective ownership or control of firms in most industries.

Mr. Snedden's misleading statement keeps alive the old fallacy that "We must bring in foreign capital to develop new industries and mines because we cannot raise these huge amounts of capital locally". By counterpart funds creation we are raising the capital here in any case.

Even worse, his statement deflects attention from how we got into this straightjacket of capital inflow, and what we have to do to get out of it.

The straightjacket is being tightened. As foreign ownership of our industries and assets increases, it is costing an increasing amount to pay the dividends and interest on overseas capital and loans.

Five years ago the net amount of dividends and interest payable overseas was \$320 million a year. It had risen to \$747 million in 1970. This means that more than 70 percent of the foreign exchange furnished by the capital inflow is now used up paying overseas dividends and interest, and the percentage is increasing.

Mr. Snedden welcomes the capital inflow "so that our country can be developed". For whose benefit?

Mr. Snedden is like a spendthrift businessman who says to his wife "we're all right for cash again dear. I raised another loan on mortgage today". "How much do we pay in interest now, dear?" she says. "I haven't worked it out yet," he says. How did we get into this bind?

Mainly by paying insufficient attention to inflation, which set in train this dreadful sequence:

Rising prices and cost levels in Australia discouraged exports and encouraged imports, putting the balance of payments in the red, and running down our overseas funds.

Rather than taking drastic, unpopular steps to check inflation and cut down on imports, the Government let in capital almost unrestrictedly, which bolstered our overseas funds.

The loss of ownership of Australian industries to foreigners was explained (if raised) as a mere side effect to the wonderful progress of development.

The honest truth, please, Mr. Snedden. A few weeks ago I thought you might be a potential Prime Minister.

—H. W. Herbert in *An Economist's View*.

NATIONAL COST COMPENSATION SCHEME CALL TO SAVE FARMS

The following article appeared in "The Queensland Dairyfarmer", May 15, 1971:

Dairyfarmers should demand that industry leaders insist that a national cost-compensation scheme be implemented to save family farms, the Eastern Downs Q.D.O. Annual District Conference at Warwick was told. It was suggested that the scheme should be "similar to the one tentatively propounded by the Country Party for the wool industry about 18 months ago".

The suggestion was put to the conference by the chairman, Mr. J. V. Bermingham, in his annual report, in which he expressed deep concern at conditions prevailing in rural areas.

Mr. Bermingham said that, under the C.P. scheme, woolgrowers were to be issued with non-negotiable government debentures, based on each cost rise over a base year, with which they could offset such costs as rates and rents, land and fuel taxes, etc. These debentures were not to be financed by raising taxation in other sectors, but were to be issued in a way that had no balancing cost-impact. "I think that such a scheme for all primary producers would go a long way to offset the present crisis," he said. "As a preliminary we could set up a dairy industry committee to examine the feasibility of the idea, and make a report, which we could all study. Such a committee could look at evidence from various sources, because, as we all know, the best ideas often come from the most unlikely sources."

Mr. Bermingham said that producers had taken it on the chin for too long. They needed to develop a new determination, and become more insistent with industry leaders and politicians. The root of the problem was that costs had risen twice as fast as incomes, resulting in over-production and loss of equity. "But as soon as we raise the matter of rising costs, we are fobbed off with reconstruction schemes and more and more rigid marketing controls," he declared. "These will not solve the overall problem and in the long term, will destroy the family farm."

In many of his reports to the District Council, he had made repeated reference to "virtually non-existent leadership at the top political and industry level. We could not wish for a better example of this fact than the position of our industry at the present time," he stated. "On one hand, our so-called political leaders are telling us to cut production because the Government cannot see market availability to enable it to underwrite our produce. Another so-called dairy leader recently exhorted us to produce more, saying that there were more markets in the world than we could supply. The reported world shortage of dairy produce, the mandatory meanderings of Dr. Mansholt through the European Economic Community, and his 'coincidental' presence by Australian invitation

in Australia in 1969, give fair warning what results can be expected when bureaucratic experts begin telling farmers how to farm.

"Unless all primary producers personally take an active and intelligent part in their own affairs, and demand sane economic policies from our politicians, we will see more extensive debt reconstruction schemes," Mr. Bermingham said. "These are schemes in which the affairs and functions of the unfortunate farmer participant are handed over to overpaid bureaucratic experts, with the powers of life or death over him. This is the ultimate situation." At a time when other sectors were seeking reduced working hours, it was ironic that primary producers, despite the fact that they were over-producing to try to offset costs erosion, were forced to work harder and harder to stay on their farms." (End of article.)

Comment: How refreshing it is to find at least one industry leader prepared to stand for his convictions. Mr. Bermingham's last paragraph could have been elaborated to show that the demand for a shorter working week by wage earners is, in many cases, so that another job can be obtained in an effort to balance the family budget. The wage earner is finding that his real purchasing power is constantly diminished by debt, high costs, and ever-mounting taxation. In many cases the wife now has to go out to work to help out, with the inevitable breakdown of family life.

INFLATION...IT'S EATING OUT THE HEART OF RURAL INDUSTRY

The following letter appeared in "Queensland Country Life" May 6, 1971:

I would like to make some observations on Mr. W. A. Hanrick's article on "Restructuring an Industry" (*Queensland Country Life*, April 8, 1971).

We already have many big producers and as far as I can see the only difference between them and the small producer is that the big producer has a bigger debt than the smaller one.

I don't believe a producer selling wool at a loss can suddenly become economic by selling twice as much. Certainly there are economics in scale up to a point, but after that its efficiency tapers off.

In the pig industry overseas, where huge piggeries running thousands of sows, were built, it was found they could not match the efficiency of the one-man owned and operated piggeries.

In our industry the most efficient property is the one run by the owner and one other man.

I suggest everyone ask the big producers in their areas- are they making a profit and if so what percentage on their outlay?

Mr. Hanrick's blueprint for amalgamation is socialism or collectivised farming, so let's call it by its correct name. As far as I can see the only benefit with that, is

we would quickly cease to have unsaleable surpluses because collectivised farming has proved a dismal failure every time it has been tried, from the present day right back to the Roman Empire.

The Russian experiment resulted in widespread hunger and twice the Communists have had to revert to a little bit of free enterprise.

Official figures reveal that three percent of the total land cultivated in the Soviet Union consists of peasants' private plots but that the State and collectivised farms produce only 10 percent more than the peasants.

When the profit motive is removed efficiency plummets, hence the fact that capitalist countries can out produce socialist countries by a phenomenal margin.

SMALL WORKFORCE

Only two percent of our workforce is engaged on the land whereas 52 percent in the Soviet are employed to provide food for the remainder.

If, as Mr. Hanrick advocates, we all became little better than ringers and overseers, working for a big corporation, then all free enterprise is lost.

Mr. Hanrick also said "a worthwhile subsidy of even, say, 10 cents per pound could not be paid on the whole clip". This seems to be the thinking of most people. The present crisis is similar to the Great Depression when there was no money to buy the food that was rotting in the fields. Everyone thought, "Well, we can't expect any help. There just isn't enough money to go around".

However, as soon as war broke out billions of dollars were suddenly available to manufacture war materials.

The enormous productive capacity - - real credit - devoted to World War II has been measured in financial terms. It would have provided: a \$24,000 house, \$8000 worth of furniture, and \$40,000 cash for every family in the U.S.A., Canada, Australia, Britain, Ireland, France, Germany, the Soviet Union and Belgium.

In addition, each city in these countries with over 200,000 population could have been given a cash donation of \$150 million for public needs.

Quoted in *Facts*, February-March, 1968.

Now when someone advocates that even a small amount of money be created, debt free, by the Reserve Bank, to meet such costs as rates, rent, transport subsidies or capital works, to help keep western Queensland populated, the economists scream with one voice, "But that will cause inflation". Perhaps so, but if we also do what was done during World War II to prevent inflation, namely, cost control through price subsidisation, at the retail level, then inflation will be checked yet prosperity can be enjoyed by ALL.

BLATANT BETRAYAL

The Labor Government after the war abandoned this policy. Inflation resulted and Labor was kicked out.

The Liberal-Country Party Coalition promised to restore the price subsidisation concept, and in their own words "Put the shillings back into the pounds", and they were elected to power.

However, in one of history's most blatant betrayals of electors' confidence the Coalition did not honour its promise. We have suffered spiralling inflation ever since.

I heartily agree with Mr. Hanrick that few woolgrowers can carry on if inflation continues. Inflation is the white ant that has eaten the heart out of our industry, and just as white ants in your house aren't dealt with by building on a new wing, so will it be equally futile to cure our ills by increasing the size of our properties.

In 10 years costs will have caught up again (assuming we ever get ahead with our bigger areas), necessitating further increases in size until we have, as Sir William Gunn expressed it, five or six huge corporation-run properties, e.g., collectivised farming, or 20th century feudalism.

I think the only good the wool commission has done so far is to graphically and expensively demonstrate that it can do no good at all.

If the law of supply and demand was working in our industry, surely when the commission reduces supply by 25 percent then demand, which is constant, should increase prices by a commensurate amount.

The fact that the reduced supply has done nothing to increase prices conclusively proves (in my opinion) that the law of supply and demand has been sabotaged.

It was refreshing to hear Mr. Bob Katter, M.H.R., saying in Hughenden recently that he believed there was a cartel operating to artificially depress wool prices. Note this is a contradiction to stated Country Party policy. The only way to combat this situation is to put a price on wool and say, "Take it or leave it", and we could save the costly Wool Commission and promotion.

If the buyers "leave it"—and I don't think for a minute they will—then graziers will know immediately if we are wanted. If we get out now we may still have some equity left, but if we continue to produce wool at a loss, in five years time we will walk off with nothing but a Jacky Howe singlet.

—Douglas Back, Hazelwood Station, Hughenden.

"A TEXT-BOOK FOR VICTORY"

"Social Dynamics", by Eric D. Butler, has recently been described as "a text-book for victory, a work which is clearly based upon a life-time of experience, which gives the student of these notes a coherent picture covering philosophy, economics, finance, constitutionalism and realistic political action". For those who wish to equip themselves effectively as Social Engineers, this work is indeed most essential. Order from The Australian League of Rights, Box 1052J, G.P.O., Melbourne, 3001. Price \$1.00.

Available from the "Institute of Economic Democracy"
P.O., Kingstown, N.S.W., 2350.