

# THE NEW TIMES

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

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## The Common Market and the Integrity of British M.P.s,

The Common Market issue concerns far more than the future of the people of The United Kingdom; it is of the greatest strategic importance in the battle for the world. The defeat of the proposed Common Market betrayal by the Heath Government would not end the mounting threat of a World State, which in the nature of reality would be a World Dictatorship, but it would provide a little longer breathing space in which to reverse the finance-economic policies driving mankind towards global disaster.

Our English contributor, Mr. John Mitchell, has written what we regard as a most brilliant analysis of the issues involved in the Common Market battle. Mr. Mitchell also suggests a policy of constructive action, which we recommend to our many readers around the English-speaking world. Mr. Mitchell's article reads:

There is one thing M.P.s need to be crystal clear about before they support the Government in its determination to take this country into the European Economic Community. This is that, no matter whether they are regarded as delegates or representatives, the power they undoubtedly possess was committed to them in trust by their electorate. Above all they need to be conscious that it was committed to them *to use, not to give away*.

Constitutionally if an M.P. dies during the term for which he was elected that power goes back to the electorate for them to use to elect someone else, as it does at the end of the term. If an M.P. supports the giving away of that power to foreigners, or for that matter to anyone, he betrays that trust. In fact he betrays his country. Every sacrifice of national sovereignty is a derogation of the power of the electorate. No doubt a main part of the motivation of the Government in playing down the loss of sovereignty, which will occur soon after entering the E.E.C. and the even more serious loss, which will occur in the long term, is that they are conscious of these facts.

### THEY STOOP TO CONQUER

Contrary to the known facts we have had the Foreign Secretary and the Lord Chancellor publicly asserting that there will be no loss of sovereignty. Other Ministers and pro-Marketeers are to be found asserting that there will be no loss of "essential national sovereignty". No attempt is made to define "essential". We are on entry to the E.E.C. going to lose control over large economic, financial and fiscal areas. By what curious reasoning can these be said to be not essential areas?

In the shortened version of the White Paper, "Britain and Europe" (note we are no longer Great Britain) there is this passage: "There is no question of Britain losing

essential national sovereignty; what is proposed is a *sharing* and an *enlargement* of *individual* national sovereignties in the common interest." In any definition of sovereignty the key words (and idea) are "supreme power". If you share power with other nations, by definition you no longer have supreme power. If you let other nations, or an international bureaucracy, share in power over your own affairs you don't enlarge *individual* national sovereignties, you diminish them. Even the pro-Market *Daily Telegraph* in a leading article described this statement as "a downright lie." Unless they are stupid, members of the Government must know this. If they are not stupid, then they are deliberately misusing words to deceive the public.

Then we have the constant refrain that we have in many ways already given up national sovereignty, albeit temporarily, through international agreements. And this is used as an excuse for giving up more. Of course, by this gradual erosion, one sacrifice being the excuse for the next, eventually we reach the point where we have no sovereignty at all. That has long been the strategy of the internationalists. The Deputy Chairman of the Council of The European Movement, Lord Gladwyn, has said: "We shall gradually surrender the right to make economic decisions decisively affecting our economy . . . in ten years time we might well be a member of a confederation." The Prime Minister and others are constantly telling us that this is not the policy of the Government, or of the French Government. But all the time, as party politicians, they know perfectly well that among all political parties there are plenty of politicians who favour a federal government for Europe, that in time these people may well have the dominant political power in Europe and in this country, and that then it will be easy for them to transform the E.E.C. into a federal government. They know that the

Deputy Leader of the Labour Party is one of these politicians. They heard him say in Parliament: "We deluded ourselves by thinking that we could cling to the shadow of sovereignty."

So there is clearly a deliberate attempt to deceive the British people, and at least £600,000 of their own — of taxpayers' money — has been used to help in this deception. How low they do stoop to conquer! We are reminded of what Frederick the Great said in his POLITICAL TESTAMENT: "As it has been agreed among men that to cheat our fellow creatures is a base and criminal act, it has been necessary to find a word which might modify the idea . . .

“ . . . Here is what I think of policy. I mean, by the word *policy*, that we must always try to dupe other people.”

### THE DEFENCE ARGUMENT

On grounds of national defence two reasons are advanced why we should enter the E.E.C. One of these is that by bringing the countries of Europe together in one community we shall prevent a recurrence of the wars that have happened between them in the past. The other is that Europe can only have an effective defence by forming another military power bloc to match those of the U.S.A. and the U.S.S.R. as well as the emerging military blocs of China and Japan. The fallacy behind the first reason is that it ignores the fact that the two world wars were promoted (from behind front men) by international financial interests, that same group concerning which the Vienna *Freie Presse* for December 12th, 1912 reported Walter Rathenau as saying: "Only 300 men, each of whom knows all the others, govern the fate of Europe. They elect their successors from their entourage." And that that same group is behind the drive to centralise power in a European government.

As for the second reason, the security argument is illusory. The creation of new mammoth military machines competing with each other in destructive power will only provide, as it is intended to do by the international financial power, a *raison d'etre* for the harnessing of a larger and larger proportion of the constantly growing resources of technology to other purposes than the welfare of mankind, where its employment would rapidly lead to the collapse and replacement of the financial system on which they depend for power. It is well known that a continuance of that system depends on a constant expansion of production, and as an increasing proportion of the products of expansion will go into building more and more deadly military machines, not only will, sooner or later, new war explosions occur, they will also become more and more catastrophic.

### ECONOMIC GROWTH FALLACY

The need for higher economic growth is advanced as the primary reason why we should enter the E.E.C. This is taken to be a long-term necessity. It is difficult to believe that even members of the present Government would con-

template permanent sacrifice of sovereignty as worthwhile in return for ten or even twenty years of faster growth. The growth rate they consider to be desirable is that achieved by the Common Market countries for the last thirteen years — over 5% per annum. But in thirty years at a 5% growth rate production will have quadrupled in volume. People, even those who are now poor, cannot eat four times as much food, wear four times as many clothes, use four times as much housing accommodation or four times as much transport. So what will this production consist of? The answer to this question is connected with the explanation for the desire to create new military power blocs. Military expenditure has to be justified. Military expenditure provides one of the waste pipes through which to drain away the enormous productive potential of modern technology in industrialised nations.

But, clearly, the question needs to be asked: assuming vast military conflagrations have not consumed a large part of this excess production, a time comes when even arch materialists consider that enough is enough, what happens then?

We are told that from 1959 to 1969 the Common Market countries devoted 24 percent of their G.N.P. to investment, by which is meant production of capital goods and other non-consumer goods, whereas this country only devoted 17 percent. When capital goods, the cost of which will eventually find its way into *future* consumer goods, are produced wages and salaries are distributed *now*. It was this 7 percent extra consumer purchasing power which caused the prosperity in Europe. The present financial system only distributes enough purchasing power to buy *currently* available consumer goods if there is constant expansion. The T.U.C. Economic Secretary has said that the rate of this expansion must be not less than four and a half percent per annum to allow for adequate consumer purchasing power. And the Government, who has just taken measures, which they claim will expand the economy to cause a four and a half percent growth rate, know that this is the case.

But what sort of a system is it, which is only prevented from collapse by constant economic expansion? What sort of system is it, which makes economic expansion compulsive? What sort of a system is it that makes the creation of mammoth military machines necessary for economic reasons? What sort of a system is it that makes it necessary, through massive advertising and direct selling costs, to create and titillate public demand for the products of this compulsive expansion? What sort of a system is it that places both producer and consumer at the mercy of the banks, whose financial credit is necessary to provide the financial capital?

These are issues, which, if they are not faced up to before we irrevocably give up control over our own economic and financial affairs, will build up pressure quite inevitably to terrible war explosions and environmental pollution catastrophic.

## THE ANSWER TO ECONOMIC GROWTH

The short answer to the economic growth threat is clear: it is to ensure that there is adequate consumer purchasing power to buy consumer goods on the market without recourse to expansion as a MUST. As a beginning, this can obviously be done by causing prices to be lowered through payment of financial credit to producers and retailers on condition, and only when, they have lowered prices below financial costs as shown by audited accounts. That this is a wholly practical administrative exercise is shown conclusively by the fact that an added value tax, which is exactly the inverse of the procedure advocated above, and which is applied at all stages of production and distribution, is practised in the Common Market and is compulsory for adoption here if we join. But, if we join we shall lose this sovereign power, not only in being unable to prevent the application of the added value tax, but by virtue of articles 92, 104 and 105 of the Treaty of Rome, be prevented from applying the inverse of the tax. This is one of the essential sovereignties we shall lose if we enter the E.E.C.

Here then is the genuine alternative to entering the E.E.C. Here is the way to halt and reverse inflation. Here is the way to raise the purchasing power *of all*. Here is the way to give *power to the consumer*, where it belongs, to dictate what industry shall produce and how fast. Here is the way to take the pressure out of the system, which makes for grossly excessive advertising and selling methods in order to compete for insufficient purchasing power.

The decision on whether this country joins the E.E.C. or not rests with Members of Parliament, probably on the decision of a relatively small number who are wavering on this issue. They have no mandate from the electorate to support entry. In the last analysis the decision hangs on their integrity. The question is whether there are sufficient Members of Parliament with the integrity of mind-

**Not** to betray their trust;

**To oppose** the E.E.C. policy by going into the lobbies to vote against the Government, not merely abstain;

**To recognise** the truth about the economic and financial system and speak out about it.

It is my opinion that M.P.s should be firmly confronted with the issues and facts as set out above, and I hope that they receive such a flood of letters that they cannot plead ignorance. I hope the writers will point out that if the M.P.s of the Mother of Parliaments fail to rise to the occasion, by their shameful lack of integrity they will strike a terrible, perhaps mortal, blow at Parliamentary institutions throughout the world. If in the British Parliament there are not sufficient M.P.s with the integrity to stand up and fight this issue, God help the world!

## A COMMONWEALTH CAMPAIGN ON THE COMMON MARKET BATTLE

We appeal in this issue for a concerted effort by our readers throughout Australia, New Zealand, Canada and the United Kingdom on the crucial Common Market issue. It is estimated that if only a comparatively small number of Members of the House of Commons can be persuaded to shift from their present position, the Heath Government will be defeated on the Common Market issue.

Readers are requested to read carefully Mr. John Mitchell's article in this issue. They can cut out the article, mark a portion of it, and send to Members with a short covering letter. Stress the integrity issue. Australians, New Zealanders and Canadians should stress that many overseas watchers are anxious that the British Parliament should not let the Commonwealth "side" down by doing a shoddy thing.

We have been provided with the following list of British M.P.s who are listed as being waiverers on the Common Market issue. We suggest that Australians, New Zealanders and Canadians concentrate their letters upon these Members, who should be addressed care of The House of Commons, London, United Kingdom. It has been suggested that a comprehensive spread of letters can best be obtained by sticking a pin in the list with eyes closed, or by the writer selecting the Member whose name starts with the letter closest to their own.

Our British readers will, of course, be also continuing to concentrate upon their own Members. One final word: We suggest that known anti-Common Market Members be given every moral support.

### Labor Party Members

Peter Archer  
Terry Davis  
Hugh Brown  
D. R. Coleman  
Mrs. Freda Corbet  
R. J. Douglas  
Greville Janner  
Barry Jones  
Michael McGuire  
Robert Parry  
Goronwy Roberts  
John Smith  
Jeffrey Thomas  
W. T. Williams  
Jack Ashley  
Arthur Bottomley  
Neil Carmichael  
J. D. Concannon  
George Darling  
Tom Ellis

James Johnson  
Gerald Kaufman  
Bruce Millan  
William Price  
Robert Sheldon  
Gavin Strang  
W. T. Wells  
Edward Bishop  
Sir Alfred Broughton  
Stanley Cohen  
B. Conlan  
James Dempsey  
Sir Arthur Irvine  
Walter Johnson  
Marcus Upton  
Eric Ogden  
David Reed  
William Small  
Dr. Shirley Summerskill  
Philip Whitehead

### Conservative Party Members

Mr. Rost (Member for Derby)    Mr. Carol Mather  
Derek Coombs    Mr. Toby Jessel  
Stephen Hastings    Julian Critchley  
John Hannam    Mrs. Elaine Kellett  
Mr. Hall (Member for Wycombe)

## THE ISLAND AND THE TREE

Once upon a time there was an island, on which an industrious and happy community lived. There were different industries, and you could find farmers and innkeepers, butchers, bakers and even candlestick-makers. There was plenty to go round, and it was a peaceful and happy island.

But there was one oddity. There was no money, and the idea had simply never occurred to them. The only transactions that took place were by barter. Thus every Friday was market day for the island, and the people spent the day arguing and bargaining, trying to exchange a pig for a pair of shoes, or a coat for a candle. It wasn't always very easy, as you can imagine.

One day there arrived on the island a man in a canoe from a strange land over the seas. Strangers were so rare that all the people of the island gathered to meet him. There was a great assembly under the big tree in the middle of the island.

Seeing how they lived, the stranger asked, "Have you no money?"

"What is money?" the people asked. He told them all about money, and it sounded good to the people of the island.

"How are we to start?" they asked him.

"I will make some money in the shape of little leather discs with a special design on them" said the stranger. "If you will return at the end of the week, we will start."

All the people gathered at the end of a week, to find the stranger sitting beneath the tree, with a pile of neat leather discs. Normally the discs would have been divided equally between the people, rather like a game of Monopoly. But the people fell to arguing as to how many discs each one should get.

"I deserve the most," said the candlestick-maker, "for everyone uses my candles."

"No," said the farmer. "Without food there is no life. Surely I should receive the most?" And so the bickering continued.

The stranger listened quietly. Finally he said, "Since you are unable to agree, I suggest that, instead of issuing the leather discs, you borrow the number you require from me. There will be no limit. But the more you borrow, the more you will have to repay in one year's time."

"And what will you receive for your service?" asked the people.

"For every hundred discs you borrow from me, you must repay me one hundred and three," he replied. "The three extra discs will be my charge, and I will call this charge interest."

The people could see no other way to solve the argument, and they borrowed the discs from the stranger. The cautious took only a few others borrowed large sums. The next day the new system began.

The people discovered that money was a marvellous system. No longer did they have to barter. Soon values were established, prices were understood, and it was not long before the islanders wondered how they had ever done without money.

But at the end of the year the stranger left the Big Tree, and visited all his debtors. The islanders discovered they had a debt. Some had a few more leather discs than when they had started, but that meant that others had less. But they now discovered that the island as a whole could never get out of debt until all the leather discs were back under the Big Tree. And even then, there were those three leather discs — the interest on each hundred borrowed — that had never in actual fact been turned into leather at all.

So they had to borrow more leather discs to keep going, and of course the debt and the interest became bigger and bigger as time went by. And it wasn't too long before all the people of the island were fighting each other, each one vainly trying to get more and more leather discs. The candlestick maker grumbled about the butcher, the shoemaker complained that he wasn't being paid enough by the baker, and the innkeeper protested that everybody else's prices were too high. Finally the difficulties were such that the housewives demanded that all prices should be controlled, because they could not afford bread. The employers refused to pay higher wages to the wage earners, who went on strike, a thing previously unheard of. While the farmers had to leave their farms, because they could not meet their dues.

And the eyes of the people of the island were blinded to all the wealth and abundance, which they had previously shared so peacefully, and they could think only of the leather discs, which always seemed so scarce.

BUT . . . they never questioned the stranger who sat quietly under the tree, and in time he became the master of the island.

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## HISTORIC NATIONAL SEMINAR

We regret to announce that no more bookings can be taken for the Annual "New Times" Dinner, but stress that there will be plenty of room for all at the National Seminar of The Australian League of Rights, to be held in the I. Younger Ross Hall, 110 Keppel Street, Carlton, Melbourne, on Saturday, September 18. Take trams 1 and 15 from Flinders Street to Elgin Street.

First Paper by the Hon. George Reid, Q.C., M.P., at 2 p.m. Hall will be open at 1 p.m. so that those attending may examine the many exhibits, which will be on display. Some of the pottery and weaving will be for sale.

A cup of tea will be available for those wishing to bring their own dinner. Entrance charge \$1 per person. Evening session starts at 8 p.m. sharp. Following Sir Raphael Cilento, Mr. Eric Butler will now present a Paper, "The Essential Christian Heritage".

# IS GROWTH REALLY NECESSARY?

## Sir Garfield Barwick Poses Important Questions

The doctrine of increasing Gross National Product has been promoted as the answer to all economic difficulties. Politicians and economists worship at the altar of the goddess of production, until it becomes production for the sake of production. Everything must become subservient to the end of the organisation and control of society. Individual rights if they stand in the way must step aside to allow an annual increase in production. If the figures show a decrease of the accepted percentage of expected increase, a national calamity is proclaimed. In the process, pollution, the utilisation of raw materials, the sellout of national assets are all of a secondary importance. It is inevitable as such insane policies result in mounting problems that they should remain unquestioned. Sir Garfield Barwick, Chief Justice of Australia and president of the Australian Conservation Foundation, in the following summary of an address to the 1971 engineering conference of the Institution of Engineers given in Adelaide in March 1971, poses some of the doubts forming in the minds of many people.

First we must remember that not merely Australia, but virtually the whole world, is passing through an era of rapid growth; "growth" has become the operative word for everyone.

Whether he wants to be or not, the smallest businessman is caught up in the juggernaut of "growth". He must keep on expanding his enterprise or be swallowed up.

And it is material growth of which we thus speak. So materialistic are we that our governments tend to stand or fall on the "growth" record of the country while they have been in office.

Political parties constantly reproach each other for the supposed inadequacy of their policies in fostering ever-faster growth rates. Every candidate for political office whether at the municipal, provincial or national level, ardently promises greater growth and development during his term.

Gross National Product has become a hypnotic index by which we measure our progress. We tend to tie all of our economic policies and plans to it whether at the national level or at the level of the private firm. Yet it is a comparatively recent invention.

Is consumption necessarily a good thing? Some of it is essential. The end of consumption, however, is either the dissipation of energy or a pile of rubbish.

In short, the ultimate physical product of economic life is garbage and the mental and muscular exhaustion of men. Is there real human profit in the process? And, if so, how much?

The time, during which we can maintain it, even at the present, let alone accelerated rates, depends greatly on the rate of throughput itself, which, in turn, depends heavily on the number of people drawing from it.

Some who are qualified to express a view say that the system of production-consumption-dump will break down at the dump first as pollutants clog up the fundamental life-support systems. Others say that the supply of resources could run out first, particularly if the undeveloped world develops along the lines of the West and reaches its "living standards": and which means becomes producers and consumers of many inessentials as does the West.

Are we justified in prodigal—and so often unnecessary use of our resources on the off chance?

Should we not rather act on the footing that economic development is hastening the day when our resources will be gone, or at any rate, declare the level necessary to support our reasonable and justifiable requirements and keep ourselves within it?

At the moment in Australia the GNP is growing at roughly six to seven percent a head a year. This means that the children will end up four or five times materially richer than their parents, that is to say, in money terms. With a four percent rise they would be twice as "well off".

Against this background, should not steps be taken now to cool down not merely inflation, a phenomenon closely allied to "growth", but the whole rate of production and consumption?

Ever since World War II our governments have consistently favoured and fostered whatever was calculated to boost both productivity and population. It seems to me that the time is overdue when they should be taking steps to adjust the economy to cope with a lower rate of material production and a lower rate of consumption.

Instead, we should be expanding our investment in education—in education not merely in the surveying of information but in education and in other forms of cultural development in which I mean to include all the arts and activities which go to make civilised, not merely well-informed, humans.

The throughput system which ends at the garbage tip must be replaced by a circular system in which the leftovers are fed back into production repetitively so that there are no wastes: at any rate only wastes completely incapable of any re-use.

Vast social and economic changes will also have to be launched if we are ever to establish a cyclical system of production and marketing.

But I am convinced that such a system will have to be developed sooner or later and the sooner the better.

To restrict contemporaneously the rate of increase of consumers should tend to eliminate the other end product of the produce consume dump process—namely the exhausted man and woman—exhausted in the struggle and left with neither capacity nor time for the full enjoyment of civilised life.

The youth of America has already accepted the basic

condition of zero population growth and the subject no longer arouses discussion among the undergraduates in the colleges and universities.

The young may not be able to formulate the basis of their revolt and may be wildly astray in what they conceive to be the remedy. But I believe that the main-spring of their attitude, manifestly widespread, is a realisation that the golden calf of growth is a false and unsatisfying god.

People will tolerate just so much despoliation of their environment. Then they clamp down hard and fast not caring what the consequences of sudden change and disruption of economic plans may be.

We in Australia should read the writing on the wall. We should take gradual but firm steps now while we still have time to put our house in order.

Our aim must be to establish a stable marriage between economic growth and conservation of the environment and its natural resources of all kinds. We need to put our sights on the quality of life rather than on our store of money—our demand on consumables, many of which we do not really need.

We must first of all learn how to manage the total environment.

That is both a community and a personal responsibility. It's not enough to prod government, however necessary that is. Citizens individually and in groups must be involved. In particular, industry must be involved.

We also need to realise that new and different legislation is required with laws directed not merely at the symptoms of the neglect of conservation but at providing a proper basis for environmental conservation.

Unfortunately, at the moment in Australia our laws which concern the environment, in any case but few, vary from State to State thus tending to an unhealthy drift of industry to those States where the requirements weigh least heavily.

Australia badly needs uniform legislation covering this aspect of industrial activity, its responsibility to and for the environment, as much for the sake of industry itself as for the community at large. Uniform legislation concerning standards and methods would protect the fair-dealing industrialist from the unscrupulous competitor.

At the same time we need to introduce comprehensive environmental laws so that we can manage the environment in a co-ordinated manner. As things are at the moment such regulations as may exist lack integration; they are policed or implemented by a wide variety of different authorities and agencies.

We tend to manage the energy and material inputs of production separately from the energy dissipaters or consumers. The latter are under separate management to the energy and material reserves, while waste collection or disposal is yet another agency's business.

As a result there is a constant loss of materials and

energy, with concurrent degradation of the environment and profligate exploitation of its resources.

I have tried to describe why environmental conservation is particularly essential today when industry has the capacity to produce more than society needs and marketing has the persuasive ability to cajole society into accepting things that it does not really want.

I have suggested that we turn away from growth for its own sake: that we change our values: that we accept conservation in the broad sense in which I have used it, as an indispensable prerequisite of rational and balanced production: that we find a means of recycling wastes as an aid to the maintenance of a reasonable use of our resources: that we take stock of our population needs having regard to a restricted level of consumption and to the maintenance of an Australian way of life, associated, as it indispensably is with a fair land of wide, open spaces.

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## HEATH GOVERNMENT'S THREATENING COMMON MARKET TACTICS

**The ruthlessness of the Heath Government in its drive to force the British into the European Economic Community, can be judged by the following report in the *Daily Express* August 27:**

The Government is putting pressure on Tory M.P.s and industrialists who back the anti-Common Market line, it was alleged yesterday.

Some M.P.s are complaining that in an intensive campaign by Tory Central Office . . .

- O.B.E.s and other honours are being dangled in front of local party chairmen to get them to warn their M.P.s that they will lose their backing unless they toe the line.
- Party agents have been switched around so that the utmost pressure can be exerted on "dissident" Tories.
- Agents have been promised promotion if they produce a "convert".

Mr. Christopher Frere-Smith, leader of the Keep Britain Out Campaign, claimed yesterday that his organisation was in financial difficulties because some big-business sources had "dried up".

He said one of his campaign's most lucrative contributors had been subjected to "top level pressure". He was warned, said Mr. Frere-Smith, that unless he stopped supporting the anti-Market cause he could not count on a Government bailing out operation if his firm got into financial difficulties.

And Mr. Douglas Jay, former President of the Board of Trade and a leading Labour opponent of entry, claimed: "There are also a number of people who believe they have been dropped from Government-appointed public boards because of their views."

## "FULL EMPLOYMENT" VIA EXPANDING MILITARY EXPENDITURE

Extracts from an article in the *Daily Telegraph* (England) coloured supplement, July 9th, 1971, by Ronald Clarke:

(1) "Global military expenditures . . . are equivalent to the total annual income produced by the one billion people living in Latin America, South Asia and the Near East. They are greater by 40% than worldwide expenditure on education by all levels of government and more than three times worldwide expenditure on health."

(2) ". . . And in ten years U.S. industry increased its scientific manpower by 160,000 people. Of those, 130,000 went to work on government-supported military projects."

(3) The Stockholm International Peace Research Institute has looked at the long-term implications of this. If things go on as they are, they conclude, "then military spending will continue to double every 15 years. By the early years of the next century the world will be devoting to military uses a quantum of resources which is equal to the whole world's present (1968) output. This is not so preposterous as it sounds. The world is now devoting to military purposes an amount of resources which exceeds the world's total output in the year 1900."

(4) "In all," writes Steven R. Rivkin, referring to the situation in 1964, "350,000 scientists and engineers, one out of every four in the country, were employed in industry, universities, non-profit institutions and government on a full time basis (or its equivalent) on work connected with defence." This is still true.

(5) "While defence accounts for about seven per cent of the British gross national product, 25% of the country's R and D scientists and engineers are on the defence payroll."

(6) ". . . Thus the steady advance of arms technology may not be leading us to the ultimate weapon but rather to the ultimate absurdity: a completely automatic system for deciding whether or not doomsday has arrived." —Dr. Herbert York, ex director of defence research and engineering for the Pentagon.

(7) "The man who once controlled the Pentagon's R and D programme — the spearhead of the world's scientific effort — can now talk of the 'futility' of looking for technical solutions to the problem of national security. His words have already been taken to heart by the dissident young . . ."

It was George Orwell who prophetically pictured a world in which there was constant military conflict of one kind or another, with the economies of the world increasingly geared to military production. As Orwell said, the overall result could only be the expansion of totalitarianism everywhere. Mankind's mad rush towards increasing disasters can only be halted by at least one nation changing direction. If the old British Crown Commonwealth nations would merely provide enough

military defence to protect themselves, and show mankind how to break away from the present disastrous finance-economic policies, they would deal a death blow at the threat of either a complete world tyranny or a complete breakdown in Civilisation. But the time for effective action is perilously short.

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## "WOMEN OF THE WEST" VISITING MELBOURNE

We have been asked to draw our readers' attention to the fact that a group of women from Western Queensland, calling themselves the Rural Women's Action Movement, are visiting Melbourne to put their case concerning the rural crisis before city people. They speak at the Assembly Hall, Collins Street, Melbourne, on Monday, September 20, at 8 p.m. We recommend that our Victorian readers give these courageous women every possible support.

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## CAMPAIGN FOR PRESERVATION OF LOCAL GOVERNMENT

Our readers will be encouraged by yet another example of decentralised initiative, with the establishment in Queensland of an Association for The Preservation of Local Government. Four Municipalities have already endorsed the programme of this new organisation. We understand that the promoters of this organisation propose to develop a nation-wide campaign to defend Local Government against the policies now seriously eroding the Cinderella of the Australian Governmental system.

The Association for The Preservation of Local Government has issued a most informative brochure. Those interested may write to Mr. B. Nothling, Hon. Secretary, The Association for The Preservation of Local Government, Kingaroy, Queensland, 4610.

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## INTERESTING HISTORY

In his book, *The Power Struggle* (1969) Mr. Alan Reid describes how R. G. Menzies reacted after nearly losing the 1961 Federal Elections:

"He insisted on immediate financial and economic steps to correct the unemployment situation. With magnificent effrontery, he proceeded to pick the eyeteeth out of policies enunciated in the 1961 election campaign by the Labor Party through its federal leader, Mr. Calwell. Labor had proposed to budget for a deficit of £100,000,000 to restore full employment. Menzies had denounced the proposal as 'wildly inflationary'. He budgeted for a deficit of £118,000,000. He was determined to restore full employment. He took over other pieces of Labor policy. When a cabinet minister protested, 'Sir, we can't keep on like this implementing Labor policies that we con-

demned at the elections', Menzies retorted, 'If they were good enough for fifty percent of the electorate, they should be good enough for you — next item please'. In a footnote Reid writes, "Menzies told this to Mr. John Bennett, then Canberra correspondent for the *Age*, and myself during a plane trip. Mr. Bennett produced his recollection of the conversation — more fully than I have here — in the *Age* of January 21, 1966."

While the creation and spending of £118 million (\$336 million) of new money certainly re-stimulated the economy, it also stimulated inflation. But if the new credits had been applied to reducing prices, then there would have been no inflation. However, the incident related by Reid casts a blinding light on the hypocrisy of political leaders concerning credit creation.

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### **ANTI-SMEAR CAMPAIGN SUCCESSFUL**

Following a flood of letters, and recent packed meetings in Southern Queensland, The Queensland Country Party has officially dissociated itself from the smear campaign against The Australian League of Rights, as have a number of Federal Country Party Members. But we regret to report that the Federal leader of the Country Party, the Hon. D. Anthony, has in a terse letter to National Director Mr. Eric Butler refused to withdraw his charge that the League of Rights is "pro-Nazi". Further pressure is required.

A Federal Member is quoted as saying that the Australian League of Rights is the most discussed political movement at Canberra. Clearly the mounting non-party electoral action is having its effect. This should be encouragement for all supporters of the League.

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### **VOUCHER PLAN COULD LIGHTEN RATE LOAD**

*The following article was an editorial, which appeared in "The Courier", Ballarat, Tuesday, May 25, 1977.*

*The recent Victorian Government enquiry into Local Government Finance has aroused much interest in many quarters and the Rates Voucher Scheme was put to many Councils throughout this State. "The Courier", of Ballarat, comments accurately, and fairly, on the Scheme.*

**Laissez-faire economics and traditional market mechanics are not giving us the information we require in order to devise rational solutions to problems of accommodating an expanding population in an acceptable urban environment.**

The Leader of the Federal Opposition, Mr. Whitlam, stated this in his book, "Whitlam on Urban Growth". This could be one answer to local Government problems:

If we were to devise rational solutions, but seeking an answer to the question asked in this column yesterday: "Is there an answer to this problem?" we could possibly take a leaf from an overseas idea — a rates voucher scheme.

### **MANY PRECEDENTS**

The scheme, legally, is watertight. It's practicable and has many precedents. These are seen in money tokens, which have been issued during hard times. Today there are similar schemes. The banks have their Christmas Club savings schemes, but the only variation to the rates voucher scheme is to make these vouchers negotiable. In other words, use them as legal tender, and have them circulating as money. While the public believes they are money, the scheme would not fail and inflation in the economy would be negligible.

Today councils balance budgets with loans and the money gained is placed in circulation as a debt carrying a high rate of interest. Interest charges, together with unpaid, and in some cases unpayable, capital, under present conditions are mounting every year into an intolerable civic burden.

If local council balance sheets, in their entirety, were readily available, economists and mathematicians would see that most councils are in the same position as a semi-local government organisation in Melbourne, which recently highlighted this chaotic position. The group concerned in 1969 was paying out of each dollar collected, 20 cents in capital repayment and 31 cents in interest charges — 51 cents in each dollar on debt service. The group increased its rates by 15 percent in 1970, but the situation at the present is 14 cents for capital repayment and 48 cents for interest charges - 62 cents in each dollar for debt service.

### **BASIS THE SAME**

The Rates Voucher Scheme would allow the same amount of money to be placed into circulation, in the form of rates vouchers, but not as a debt and, in many cases, bearing no interest charges. Whether it be a loan or a voucher scheme, the basis for the issue is the same, the local government group's assets, ability and needs.

This system also acts as a savings scheme for the public and is a method of obtaining rate moneys in advance, for the local government group.

This system has worked successfully in Britain in Birmingham and in Glasgow — cities that would be larger than Ballarat.

Obviously, the financial burden is becoming intolerable, tried and proven schemes to alleviate the burden should be worth investigating.

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### **DARK HELL**

We regret that this article, in our August issue, did not carry the name of our contributor, D. Watts. We apologise for this oversight.



# Enterprise

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**The following article appeared in the "Queensland Graingrower", May 12th 1971:**

## **AMERICANS WHO GOT BIG ARE NOW GOING BUST**

**The multi-million dollar farming corporations who thought they could prove it was highly profitable in America to go big are not so sure these days. There have been a series of incredible crashes and, according to the influential American Farm Journal, the main reason has been a preponderance of highly paid experts.**

**This story from the Journal proves how wrong the back room economists can be:**

"Some of these outfits had an egg-head for everything — guys with all the answers who honestly believed that 9 to 5 business suit farming was feasible," said one Corn Belt farmer. Where the bankrupt corporations have been over-endowed with advisers, they have been lacking in one vital component for successful farming — old fashioned guts. When things started to go wrong they just did not have the tenacity, and dogged determination not to give in, of the man who loves his land.

The corporations were too busy looking over their shoulders at sweating shareholders. This fault in their make-up was, perhaps, the main contributing factor to their downfall.

The story behind the big corporation crashes appeared in the current edition of the Farm Journal. Here it is:

Pity the big industrialist who turned corporate farmer two or three years ago. He poured millions into land and equipment for high technology farming, expecting fabulous profits from feeding the world. Today he's disillusioned or limping from the field bankrupt. And all around him his smaller, tougher neighbors hee-haw a chorus of "I told you so."

Remember back in '67 and '68 when those giants were ballyhooed as a threat to family farming?

- Gates Rubber Co. assembled 10,400 acres in eastern Colorado to test the concept of a really big irrigated farm. They sold it all early this month. Smaller operators will eventually farm most of the parcels.

- CBK Agronomics of Kansas City, which got out of textiles, film and other business to concentrate on farming some 50,000 acres, is getting out of farming and into coal mining.

- Multiponics Inc. (formerly Ivanhoe Associates Inc.) a 35,000 acre cropping venture in four southern states has laid off workers and petitioned the court for protection from creditors under the Bankruptcy Act.

- Smaller farmers and ranchers now manage most of the cattle once handled by Black Watch farms, which broke up last fall as the world's largest breeder of registered Angus.

- And out West, Great Western Ranches Inc. is in Chapter 10 bankruptcy.

In 1967 Gates Rubber Co. quietly assembled 60-quarter sections of land in a 15-mile radius near the town of Jose, 130 miles east of Denver. One neighbor after another sold to Gates in quick transactions.

A nearby farm banker recalls "They ran their new subsidiary, Big Creek Farms Co., first class all the way, installed sprinkler irrigation, and nine homes for employees. You can't imagine all the experts they had running around out there."

An editor at the nearby Yuma Col. newspaper observed: "Emphasis was on business suit farming, test-tube crop mechanisation complete with a helicopter for daily inspection of irrigation or irrigation pipe. If the blueprint looked feasible in theory, reality seemed to expose flaws almost immediately. Missing was the human element — such as a baby sitter in the beetfield when the weather turned dry and irrigation was critical."

After two discouraging seasons the management debated a shift to fewer row crops and more grass and cattle. They installed a 4000 head feedlot and a new raft of experts.

Last year rumors arose that Big Creek Farms was being sold. On February 1st accountants inventoried all equipment, feed and livestock, and new management took over.

On February 15th, two weeks before final settlement of the deal, the new owners auctioned off virtually all equipment except the irrigation gear. More than 5000 people jammed the sale.

Only 1500 registered for bidding. The rest just watched, kicked tyres and grinned about the big showplace going belly-up.

"I'm so damned glad Gates went under I could holler," said one farmer, loading out a like-new 2020 John Deere he'd bought for \$2100.

Another farmer said, "Maybe this will show big business you have to give the land tender loving care."

CBK turned to farming in 1967. Historically a coal-mining firm, it tried a 10-year stint in wearing and other

manufacturing, but ran into labouring problems. The firm laid plans to acquire or lease 80,000 acres within 6 years. Each 10,000-acre block would operate under a four-man team and one supervisor. Their plans also called for a \$20,000 million stock issue to finance ravenous demands for start-up capital. That didn't materialise as the stock market wilted. Neither did a proposed merger with another farming firm, Scientific Farm Systems Inc.

"So we began beating an orderly retreat out of farming," said CBK vice-president, Ralph Cunningham.

Struggling for life in the South is 35,000 acre Multiponies Inc., which began in 1968 as Ivanhoe Associates Inc. Several businessmen joined the venture originated by A. J. Moran, who operates the biggest printing plant in Louisiana along with other enterprises.

With seed money from a debenture offering, the firm acquired mortgage loans for about 40,000 acres of raw land in Florida, Arkansas, Mississippi and Louisiana. They drained and cleared 35,000 acres and produced their first crop last year — soya beans, cotton, sweet corn and other crops. The whole effort was geared to a public stock offering timed to mid-1970. But expenses soared, while the Dow-Jones average plunged.

The stock issue hung up for lack of an underwriter and Securities Exchange Commission approval. Cash-starved, the management laid off workers early this year, attempted to lease out the land and sell the farm equipment, and petitioned a New Orleans district court for protection from creditors under Chapter 10 of the Bankruptcy Act.

The outfit "over farmed", say sources close to the operation. They poured on chemicals and fertiliser until the place looked like a garden. "But as far as the basic farm manager on location, hell he didn't know what to do because the entomologist came along and said 'do this', and the drainage man said 'drop everything and do

that'. The real farmer was overloaded by high-priced bosses."

Great Western Ranches Inc., Salt Lake City, planned to acquire orchards, farms, ranches, timber and recreation properties. It would pay with company stock, so a rancher could merge with Great Western in a tax free exchange, then benefit from G.W.'s professional management or gradually sell the stock. But G.W. ran short of cash and entered a Chapter 10 bankruptcy reorganisation. Now former owners are fighting to get their property back.

Biggest potential loser looks like being the ironically named Double-X Ranch of Colorado, with a reported \$1,000,000 in the deal.

In an editorial the Farm Journal said, "The firms found that financing through public stock issue is just one more uncertainty, on top of uncertain farm prices and uncertain weather. They also tried to grow too fast, so they didn't have a chance to make little mistakes before they made big ones.

"Then there was the drain of an expensive advisory staff, legal fees for stock registration and extra travel between scattered locations. These are some of the catches often overlooked in studies of economic efficiency."

**Comment:** Those who will not learn by history are doomed to repeat the failures of the past. It was an old English yeoman farmer who is credited with having said in 1586: "Though I have a bayliffe as skilful as may be, yet, remembring the olde saying, that the best dounge for the field is the maister's foot and the best provenders for the horse the maister's eie, I play the overseer my self."

Louis Bromfield, in *Malabar Farm* expressed it thus: "Some people are born for country life, but the old bromide, 'You can take the boy out of the farm, but you can't take the farm out of the boy' is still true . . ."

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## PRICE CONTROL AND INFLATION

**This journal has, in the past, stressed that inflation was and is the major weapon in the socialist armoury. We have watched appalled as more and more of those groups and organisations which were originally formed to preserve the principles of a free enterprise economy, have pleaded in the most abject terms for the very socialist controls which they once regarded as a threat to independence. Socialist theoreticians, such as the brilliant Fabian and former Communist, John Strachey, or John Maynard Keynes, would have been delighted with the accuracy of their predictions, could they but see what is happening today.**

We have a report that a Country Party branch at Gympie, in Queensland, resolved to seek Price Controls, and accordingly forwarded a resolution to this effect for discussion at the annual general conference of the Party. That such a resolution was in complete contradiction to the eighteenth of the stated objectives of the Country Party, which seeks to prevent the socialisation of Production, Distribution and Exchange, seems to be of little moment.

We think it worthwhile, therefore, to re-print the following article, which appeared in the *Courier-Mail* on February 18th, 1970, by economist Colin Clark, under the heading "**Price Control: Even Stalin could not enforce it.**"

"In an Irish village, the congregation was coming out of church. A young priest had just preached a sermon on matrimony. "Ah," said one old Irish woman to another. "I wish I knew as much about it as he does."

Those who now advocate price control as a solution for our economic problems provoke the same reaction on the part of this writer. His experiences have included drafting a State Act for price control in Queensland, and seeing from inside the Commonwealth administration the shortages and chaos produced as one commodity after another was declared subject to wartime price control.

And having to resist attempts by price control officials to learn the details of commodities covered by the retail price index (their intention being to impose special controls on these prices with the object of "rigging" the index.)

"But price control worked during the war," people still say, "Why not try it again?"

During the war, in the first place, public opinion was strongly, almost overwhelmingly in favour of price control. This at any rate mitigated the difficulties of running what was nonetheless a bad system. In peacetime it would be quite otherwise.

We must remember, too, that during the war people were not allowed to build houses, buy cars, or do many other things, which they would like to have done with their money. They were told that if they saved their money, instead of trying to spend it on the limited supply of goods then available, they would be able to buy houses, cars etc. when the war was over.

Another difference was that during the war there was a strict control of wages — with the accompanying right for manpower officers to compel men to work where they were deemed to be needed, rather than in employments of their own choice. Does anybody seriously suggest such restrictions now?

Even with these factors in its favour, price control during the war years did not work all that well. I shall always remember the chief price controller quaffing Scotch whisky in a bank parlour, and boasting that there was hardly any evasion of his regulations, while one of the younger bankers explained to me, "you wouldn't believe the difficulty we had to get that whisky. In the end we had to make it a linked sale."

There was a great deal of this going on (illegally). One businessman would let another have goods at the controlled price only if the latter did him some favour in return.

The reader may say that he is not concerned with Scotch whisky, but that he does want price controls on the necessities of life.

**But this would encourage producers to switch production to something else.** There would be a shortage of bread, and a comparative abundance of cake. So then you put price controls on cake, too, and **end up trying to control everything.** It becomes impossible to administer — and meanwhile people are often supplied with amenities, which they do not really want, at the expense of the necessities, which they do want.

State price-fixing legislation was enacted in Queensland in 1920. High hopes were entertained by the Labor

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Government that with proper price-fixing there would no longer be any need for "the nationalisation of the means of production" to which the party was committed, but which was not working very well.

It is true that State Price Control did impose some check on local monopolies, such as the brick manufacturers, but it had to back down when confronted with powerful opponents, such as the oil companies, who simply said that they would discontinue supplies if the price was fixed too low.

Mr. Dunstan is now claiming success for the working of State price control in South Australia. In order to make his case he compares Adelaide with Sydney, where prices have risen more rapidly than in other cities. Over the last decade prices in Melbourne have risen only slightly more than in Adelaide, and in Hobart and Canberra have risen less. State price control has a little effect, but not much. It can only be men of considerable ignorance — though some members of Parliament appear to be included in their numbers — who demand Commonwealth control of prices. It is quite clear that it is not within the Commonwealth's constitutional powers. A change in the Constitution to provide for this would take a long time, and is unlikely to be enacted.

For the States to refer price fixing powers to the Commonwealth, at any rate temporarily is a theoretical possibility. We'll transfer power to the Commonwealth somehow, some readers may still say, and then a sufficiently determined Government will enforce price and wage control.

Stalin's Government in Russia was probably the most powerful and determined ever known in the history of the world. Stalin accepted no constitutional or legal restraints, and had every instrument of despotism in his hands. But Stalin himself could not enforce wage and price control. During his "Plan period" prices were planned to go down and wages to rise only in proportion to productivity. What happened in fact was that both wages and prices in Stalin's Russia rose more rapidly than anywhere else in the world at that time. Stalin had imposed upon his industrial managers "plans" quite beyond possibility of fulfilment, however drastic the penalties with which they were threatened if they failed. The country's resources of skilled and even of unskilled labor were soon exhausted, causing the unfortunate managers to bid up wages rapidly in an attempt to attract labor away from each other. On a lesser scale we are doing just the same thing in Australia. We are creating demands, by our private consumption, by business investment, and by Government spending, which in the aggregate are beyond the country's productive capacity. As long as we go on doing this, prices and wages will rise. If Stalin could not control them with his totalitarian methods of government, what chance have we of controlling prices and wages in these circumstances?"

#### **PRODUCTION NOT PROBLEM**

We take issue with Dr. Clark on the reasoning in

his last paragraph. While economists continue to suggest that the basic problem is that our productive system cannot keep up with demand, there is little chance that any answer can be found save the freezes, squeezes, recessions and belt-tightening that are already wrecking industries. Why do they not ask the producers? For example, the quarterly survey of industrial trends, issued in the first week of December 1970 by the Associated Chambers of Manufacturers and the Bank of New South Wales, said, "insufficient orders continued to be the prime factor limiting expansion of output" (*Sydney Morning Herald*, Dec. 15, 1970). Farmers will assure Dr. Clark that they can't sell all they produce. A rise in the total cost of advertising in Australia during the twelve months of 1970 of \$90 million from \$350 million to \$440 million would indicate that selling goods produced is the dominating problem.

However, Dr. Clark's article sets out very clearly the pitfalls and dangers of Price Control.

### A NEW APPROACH TO CREDIT POLICY

Where, then, do we turn for an answer?

We reprint here a letter by the National Director of the Australian League of Rights, Mr. Eric Butler, which appeared in the early edition of the *Melbourne Herald*, on December 17th, 1970. For some strange reason it was withdrawn from subsequent issues later in the day. Could it be that it was too near the truth for someone's comfort.

"Dear Sir,

As it is generally agreed that the intention of the Arbitration Commission's decision to increase the national wage bill by 6 percent will be largely nullified by further price increases, would it not be an appropriate time to pause to consider some other method of achieving the desirable result of ensuring that employee's receive a permanent benefit from the nation's increased productive capacity?

Misled employees may believe that employers can pay increased wages out of profits and reserves, but employers are painfully aware that most of the estimated \$720 million increase in the national wage bill will have to be obtained on loan from the banking system, and that the repayment of the loan plus the current high interest charges, will require increased prices.

The result will be that next year the arbitration authorities will be called upon to make further wage awards. This is obviously a ridiculous and self-defeating process.

As there is no argument that \$720 million will be found to pay the latest awards by the Arbitration Commission, which states that the condition of the economy justifies this increase in the nation's money supply, I suggest that instead of burdening industry with increased wage costs which must be recovered through increased prices, the \$720 million should be paid direct to wage

earners in the form of what might be called a national production bonus, and financed out of credits provided by a national credit authority.

This would ensure a permanent increase in purchasing power and provide employees with an incentive to increase production efficiency, knowing that this would be the basis of future national production bonuses as awarded by the Arbitration Commission."

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### A NEW ECONOMIC POLICY?

"The NEP has still to make the economic text books, but it was unveiled last week by the Prime Minister at the Premiers' Conference. Unfortunately, I was not in Canberra for this historic event. But I am sure that the former Prime Minister, Mr. Gorton, must have been furious for not thinking of the idea himself, so that he could have kept on side with Mr. Askin and Sir Henry Bolte and still have kept himself in the Lodge.

"Like most revolutionary ideas the NEP is breathtakingly simple and once it has been explained one wonders why nobody came up with the idea years ago. In essence, the NEP postulates that it is possible to create non-inflationary finance providing it is used to pay off existing debt and is not used to finance new expenditure. The States have been given \$43 million on the understanding that they will use the money to reduce their combined budgetary deficits of \$20 million. The concept has exciting possibilities if applied to the private sector. Mr. McMahon is obviously on to an election winner if he can use Treasury Bill finance as gratis to individuals on the understanding that the cash is only used to pay off existing debts such as hire purchase commitments or housing loans of individuals and not to finance new expenditure commitments."

—Economist Kenneth Davidson in *The Australian*, April 10, 1971.

Since the interesting incident mentioned by Mr. Davidson, there has been a strange reluctance by Mr. McMahon and his colleagues to comment on the NEP. If Mr. Davidson is correct, then obviously new credit can be created without furthering inflation. The same principle could easily be applied to the desperate wool industry. A sum of, say, up to \$400 million could be created to subsidise wool sales up to a profitable price. This new money would then be cancelled out of existence as woolgrowers used it to start liquidating their present total debt of \$2630 million. This in turn would mean an easing of the woolgrowers' interest burden, estimated to be absorbing between one quarter to one third of the total net income of the woolgrowers for 1970-71.

But we fear that Mr. McMahon's NEP is not going to be extended — not unless tremendous electoral pressure is applied.