

# THE NEW TIMES

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

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## COMMON MARKET BATTLE OF VITAL IMPORTANCE TO FREE WORLD

By *ERIC D. BUTLER*

**The following notes were prepared by Mr. Eric D. Butler at the conclusion of his 1972 lecturing and fact-finding tour of the United Kingdom under the auspices of the British League of Rights. Mr. Butler met with many anti-Market leaders like Mr. Enoch Powell, and the famous British historian, Sir Arthur Bryant. During his public addresses he strongly attacked the claim that the Common Market was a barrier against Communism, which required further strengthening by British entry.**

Mr. Enoch Powell has spoken of the "political thugery" which has been used in the desperate campaign to drive the British into the European Economic Community and to surrender a thousand years of history. One estimate claims that no less than £15 million has been spent on the campaign by the power-groups planning for what could be the most vital step of all in the programme to produce the World State. It is little short of a miracle that in the face of a war even more insidious than Hitler waged, that the British people have fought back with a grass-roots tenacity which left Prime Minister Heath without that public mandate which he claimed he must have. When the evidence showed clearly that the majority of the British people refused to accept the proposed surrender of their sovereignty, and that even he might be lacking a majority in the House of Commons, Mr. Heath and his backers resorted to that naked "political thugery" mentioned by Mr. Powell. In a colourful turn of phrase, Mr. Powell made it clear to me that the only way to shift sufficient of the Marketeers was electoral action, which would make "their teeth chatter with fear".

### RESISTING THE FOREIGN INVADER

While in the United Kingdom I was interested in a debate concerning whether the BBC should present a type of documentary showing what might have happened in the United Kingdom if the forces of Hitler's Germany had actually landed. There is little doubt that the character of the British people being what it is, there would have been desperate and continued resistance. In order to impose its policies, made in Germany, Hitler's Germany would have had to attempt to make what use they could of British officials so that organized society did not collapse. I thought of this debate, and the various speculations, as I listened to a political cross-section of speakers on the evening of Edward Heath's further act of political thugery when he forced through a vote in the House of Commons to drastically curtail the debates

on the Common Market legislation. One speaker canvassed the question of whether British constitutional tradition enabled one Parliament to bind its successors; that in spite of what the Treaty of Rome says about being for an indefinite period, a future anti-Common Market Government could refuse to accept this as being binding. But the most striking reaction took place when the Conservative speaker said that if the time came when British officials attempted to impose regulations made in Brussels by "a foreign power", he would urge British electors to ignore those regulations as they would have neither "constitutional nor moral validity". It may have to come to this before the battle to retain British sovereignty is finally won. But once the British realize that they have been invaded by a foreign power, imposing alien controls then will come that moment which will decide their future. As I write, the battle still rages in the House of Commons, in the electorates, and is being carried through the Courts. However, one must be realistic and admit that Heath's "political thugery" has so far just carried the day for the Marketeers. One must therefore think in depth for the future. As the international power groups reach for their ultimate objective of the World State, so does the outline of the threat to Civilization become clearer. The time factor is becoming increasingly important in the

Continued on Page 8

### INSPIRING FIRST BRITISH LEAGUE OF RIGHTS DINNER

The first annual dinner of The British League of Rights, held in London on Friday, April 28, was an inspiring address and a tribute to the progress being made by National Director and his colleagues. Mr. Eric Butler was the guest of honour. We are holding over until our next issue a full report on this historic event.

## TO THE POINT

Older readers of this journal will recall that we were dealing extensively with the ecology and conservation issues thirty years ago. Pioneers of the organic movement, men like Sir Albert Howard, were conservatives. It is important to make this point at a time when there is disturbing evidence that the One Worlders and other totalitarians are seeking to exploit the growing problems of pollution to force mankind into accepting the "inevitability" of a vast extension of centralized power over the individual.

Most farmers are instinctively conservationists. They have a "feel" for what is right concerning the treatment of their soil. But under the whip of financial inflation they have been forced to place quantity ahead of quality. They have been forced to "mine" their soils, to destroy more trees and other natural growth than they desire. An enormous amount of industrial activity, polluting both air and water, is quite unnecessary—except as a means of distributing those financial credit-tickets so desperately necessary to prevent the present finance-economic system from collapsing in complete chaos. The different brands of Socialists are concentrating upon exploiting effects, not upon removing causes. They must therefore be labelled as reactionaries, not as the progressives they like to term themselves.

There is no doubt about the reality of the environmental threat. Thirty-three distinguished scientists have given their general support to a document termed "Blueprint for Survival", in which it is stated that there is sufficient evidence to show that "if current trends are allowed to persist, the breakdown of society and the disruption of the life-support systems of this planet, possibly by the end of this century, certainly within the lifetimes of our children, are inevitable." The Blueprint speaks of "an entrenched minority" imposing "great suffering on the rest of mankind", but does not identify this "entrenched minority". We suggest that the great pioneer in the field of ecology, Sir Patrick Geddes, should be consulted by those who wish to know something of the identity of the most dangerous "entrenched minority". More than 50 years ago Sir Patrick Geddes spoke of the financiers. He observed that they could finance war and destruction, but would not finance constructive endeavours.

Sir Patrick spoke of "Utopian credit", terming it the "crowning legacy of Western inventiveness", but warned that "the key of economic entrance into Utopia" was in the possession of the bankers. The growing threat to man's environment can only be defeated by breaking the monopoly of credit and re-orienting man's economic activities towards serving the individual's real desires - - greater freedom and less Government-sponsored "full employment".

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The following is one of Federal Treasurer, B. M. Snedden's "gems": In answer to a question on consumer subsidies: "In regard to the suggestion for the introduction of consumer discounts, I do not believe that this would be a practicable proposition. A system of consumer discounts would require a comprehensive system of controls over prices to ensure that the prices of goods were decreased

as subsidies were granted. To ensure an equitable distribution of goods among the community, a system of rationing would also be required where the artificial price reductions would cause demand to exceed supply. I think it most unlikely that the community would tolerate the unpleasantness of rationing and the fixing of wages and prices except in time of dire national emergency." (vide letter dated May 18, 1972).

Perhaps we could help Mr. Snedden to understand the meaning of the nonsense to which he has appended his signature. We have little doubt that it was written by one of his Treasury "experts". If a consumer discount is paid **only** when a sale is made at the retail counter, then it is elementary that the reduction in prices by the amount of the discount would be quite automatic. Normal competition would continue to operate. Surely even Mr. Snedden can grasp this elementary point. The suggestion that rationing would be necessary because of "artificial price reductions" is merely a Treasury Department red herring. Mr. Snedden should be asked, and a concrete answer demanded, to state which goods would require rationing if, for example, a discount of 20 percent were applied. Would a 20 percent discount on the price of butter, eggs, cheese, meat, all woollen articles, mean that producers of these basic items would not be capable of meeting the increased demand? We wait to hear what Mr. Snedden's "advisers" have to say on this question.

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Following his visit to a conference organized by that sinister international movement generally known as the Bilderbergers, Mr. Neil Brown, the young Victorian lawyer

### BASIC LEAGUE FUND SURGES PAST OBJECTIVE

In spite of a very difficult financial year for many League of Rights country supporters, the basic objective of \$25,000 was passed three weeks before the end of June. Old and new supporters combined to ensure that the League had the necessary financial support to maintain its expanding programme. All those who have not contributed may still do so. The League also requests that all pledges be met before the end of June.

Confident that the rapidly growing number of League supporters would make the necessary finance available, the League has planned the biggest and most comprehensive programme ever from now until the Federal Elections. Readers are requested to cooperate in every possible way.

backbencher from Diamond Valley, felt it necessary to criticize Australia for not taking a sufficiently strong stand against South Africa and Rhodesia. Mr. Brown's electors should keep for reference his address in the Federal Parliament on May 23. When *The Age* and *Sydney Morning Herald* smear articles on the League of Rights appeared in February, Mr. Brown was one of the first of the politicians to "dissociate" himself from the League. A very self-righteous young man, Mr. Brown wished to make it clear that never would he be associated with those wretched "anti-Semites". Perhaps Mr. Brown has a bad memory, so we recall his complimentary remarks concerning an address by National Director of the League, Mr. Eric Butler. That was, of course, before he entered Parliament. And surely he has not forgotten accepting an invitation to the home of Mr. Butler to meet and hear Mr. Ivor Benson, the distinguished South African journalist and writer, in 1970?

Mr. Brown has become consumed with a great concern that Australia should be a faithful lackey of the United Nations. In his address on May 23 he said, "I am very concerned about the fact that we are a member of the United Nations and that we realize it is important for us to play our part in the world by remaining members of the U.N. If we are to remain members we must act in accordance with the resolutions of the U.N. in practice and in spirit". Perhaps Mr. Brown would care to say when he is going to demand that the U.N. resolutions concerning Israel are to be applied? We note with interest that *The Age*, Melbourne, of May 24, reports that at the conclusion of his critical speech on South Africa and Rhodesia, Mr. Brown was congratulated by Mr. Cohen, Labor Member from N.S.W., who crossed the floor of the House to shake Mr. Brown's hand. Other Labor Members

congratulated Mr. Brown in their addresses. In any real swing against the McMahon Government at the coming Federal Elections, Mr. Brown would be one of the first casualties. Should this happen, his successor could not possibly be more dangerous to Australia's future than Mr. Brown!

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Events in the U.S.A. remorselessly continue to confirm our repeated warning that present finance-economic policies must, if persevered with, eventually destroy the free society. An old Chinese proverb states that it is no use running when on the wrong road. As the Americans have been running harder than anyone else on the wrong road, it is not surprising that their problems are bigger than those of most other peoples. Inflation and unemployment figures for May provide further evidence that President Nixon's conversion to Keynesian economics is of no value whatever. For the fourth time in the past six months food prices have risen sharply. May marked the 19th consecutive month when the unemployment rate was 5.8 percent or more. Mr. Herbert Stein, chairman of the council of economic advisers to President Nixon, has told a news conference that in view of the inflation and unemployment figures, that there was a "need for caution and persistence of policy". Mr. Stein is clearly one of those who believe that the alcoholic should do everything to cure himself except give up drinking. Compared with five years ago, the American wholesale price index has increased by 18.2 per cent. Irrespective of who wins the Presidential contest later this year, it is certain that unless Americans challenge the monopoly of credit policies which generate increased debt, taxation and inflation, they are going to be driven further down the Marxist road to more centralized controls.

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## NO LAW, NO FREEDOM

*D. Watts*

**"O Liberty, what things are done in thy name!" said Madame Roland, looking up at the Statue of Liberty from the foot of the waiting guillotine.**

**People, today, prefer the word "freedom" to "liberty". Is it because of the many terrible things that have been done in the name of liberty; or because the word was befouled by those permissive persons, the libertines, and by the permissiveness called libertarianism; or is it because "freedom" seems to be even less confined than liberty? Whatever may be the reason, as many crimes have been committed in the name of freedom as ever there were in the name of liberty.**

In view of the dreadful deeds done, the excruciating agonies inflicted ostensibly for love of freedom, there should be some sober efforts made to discover what freedom really is and to give it into the care of wisdom instead of emotion. The word can be attached to almost any action or kind of behaviour—freedom to enjoy rights; freedom to inflict wrongs; freedom to practise virtues; freedom to commit crimes; freedom to oppress; freedom from oppression; freedom from all restraints; freedom of conscience; freedom of thought. We could continue indefinitely.

Is freedom a sacred word, as idealists think, or has it magical qualities, as idolaters believe? It has been regarded

in one way or the other till we have arrived at the position where whatever evil is perpetrated, it is taken by the offenders and often by their defenders to be permissible if it can be called a freedom.

Most of us remember how African, Negro demagogues, demanding political independence, would cry, "FREEDOM". Of course it was mainly a rallying or battle cry, though undoubtedly they meant freedom from colonial government; but more particularly they had in mind power for themselves, personally. Naturally, the Negro masses as a whole, and especially after having been stirred up by agitators, would rather be governed by Negroes than by whites. They might even prefer to be badly governed

by men of their own race to being well governed by men of a different one; but apparently they have enjoyed no more freedom under rulers who once yelled "FreeDom" than they did under Europeans. What is of interest is that white dreamers took it for granted that the Negro leaders and masses meant what they, themselves, meant by freedom, and that is a civilized freedom in which the arts flourish, or anyway technology abounds, and in which all people go their gentle way to unhindered advancement. Such is the power of a sacred word to free people from the pains of common sense!

### THE NATURE OF FREEDOM

What, then, is freedom? Is it a principle? That, again, depends upon what is meant by a principle. Really it is a state or condition. As that, it defines limits. There is no such thing as absolute freedom, but its limits confine actions within its bounds and, at the same time, give it space in which to operate. Freedom is related to motion and is therefore essential to creation, for there cannot be creating without motion and movement. It is also essential to destruction. If one observes the purposes to which freedom has been put, it seems that if freedom be used for creation it produces more freedom, but if it be used to destroy, eventually it destroys itself. What do they teach in the universities that so many students seem to be ignorant of that? Why have social and political revolutionaries remained blind to the fact that when destruction is complete, there is no more freedom left in which to create?

Behind freedom and motion there is Power. What agitators screaming for FreeDOM really want is Power for themselves; and now the Negro rioters and the inciters of rioting in the U.S.A. say it: Black Power. Without some power there is no freedom. **With too much power at one centre there is almost no power anywhere else.** That is a condition corrected in a true democracy, but aggravated in communist organization, in absolute monarchies and in mock-democracies. He who has too much power destroys not only the freedom of others, but also his own power and freedom. That is to be seen in the case of absolute monarchs. The absolute monarchial, governing power acquired by Louis XIV of France very soon destroyed the French Monarchy. The absolute power of the Russian Czars and nobility eventually destroyed the Czar and the nobility. The absolute power after which the Trades Unions hanker will destroy them if they get it. The absolute power which rioting masses try to exercise must result in the loss of much of their freedom, for their trampling down of the freedom of others makes it necessary to curtail their own.

Dr. J. F. Cairns, Victorian Labor M.P., commenting on the jailing of five demonstrating women for trespass was reported in *The Sydney Morning Herald* (April 14, 1971) as saying, "As far as I can ascertain, never before in the history of British Law has trespass been made a criminal offence, as opposed to a matter for civil action." A little farther down a related paragraph followed. "Over

the ten years—or even less—the civil rights of Australians had been steadily eroded." As this paragraph, as printed, was not in quotation marks, it cannot be said whether Dr. Cairns or the reporter or the editor was implying that trespass should be a civil right; but what is attributed certainly to Dr. Cairns bears out the contention that an abuse of freedom brings with it a loss of freedom. Trespass could be considered a civil offence so long as it was committed by only private individuals. When it becomes a deliberate and organized breaking of the law for considered purposes it moves into the category of offences against the community and the penalty incurred must be adjusted to the gravity the wrong committed. If Dr. Cairns cannot understand that, he is not a fitting person to govern, or to aspire to govern, the community to the protection of which members of Parliament are, in duty bound, or should be, in conscience, devoted. The wrongs involved in mass trespass—the obstruction of the freedom of citizens going about their lawful business, the intrusion which denies the freedom which legitimate privacy gives, the burning and bombing which interferes with the freedom of people from assault, are worse than civil offences and must be curbed by laws capable of preventing the masses abusing mass power.

Everyone has heard it said that great power corrupts and absolute power corrupts absolutely. It is further to be observed that the corrupt use of power is identical to the abuse of freedom.

### FREEDOM ABUSED DESTROYS ITSELF

Certain sections of the Press, today, claiming to be the

## HAVE YOU BOOKED FOR ANNUAL DINNER?

### Its later than you think

"The New Times" Annual Dinner on Friday, September 22, is over three months away. But, as usual, there is a heavy demand for seats for this unique event. First preference is given to "hardcore" supporters, but if they do not make their bookings before the end of July we cannot guarantee seats later. A \$6.00 donation must be sent with each booking. Every effort will be made to seat guests with friends.

The principal guest of honour for the 1972 Dinner will be the well-known South African journalist, commentator, and author, Mr. Ivor Benson, who will give a Paper at the National League of Rights Seminar, to be held the following day, Saturday, September 23. Every effort will be made to provide private hospitality for country and interstate visitors, but early requests would vitally assist with the large amount of organisation required. These interstate visitors intending to be at the Dinner and League Seminar, and requiring hospitality, should not leave their booking until the last few weeks.

watch-dogs of freedom, demand something approaching absolute freedom, which is the same as absolute power, within their field of action; but as they use their power to suppress truth, to distort and mislead, they lose their power over the thought and opinions of their readers, for people cease to believe what they say and their freedom is that of a squirrel scuttling about in a cage. That is, they become the prisoners of disbelief. Has that had anything to do with the failure of so many periodicals?

There is a great to-do made by some about the preciousness of a writer's freedom. That last is something for civilized governments to respect; but the freedom being demanded is not for telling the truth or expressing honest opinions, it is freedom to abuse freedom by presenting obscenity, thus lowering more than literary standards. Writers have no right to claim absolute freedom from censorship unless they, themselves, exercise a reasonable censorship over what they publish. Moreover, these abusers of freedom have, by lowering the cultural standards, undermined to a remarkable extent the freedom of others to publish works of greater literary merit than that of the near-monopolists of publication.

Recently I received a letter from a not altogether obscure writer who had aspired to be also a publisher. In it he said, in effect, that he could not afford to publish a work unless it looked like a sure-fire best seller; and that certainly would not be a work of literature or imagination. Other authors, he remarked, are the least responsive of the reading community, and the Australian community is small enough as all Australian publishers are discovering to their cost.

#### **ABUSED FREEDOM RESPONSIBLE FOR CULTURAL DECAY**

Yet just as small communities have supported authors of works having great literary value, the cultural rot is to be discerned in the popular writers and their works. Their taste has been debased by sensational pornography and they know that they, themselves, must contribute to the debasing if they want to be popular. Those who have abused freedom of expression have compelled them to do this. The end result is that publishers are finding it unprofitable to publish even stinking novels.

The emotional opposition of pornographers and their admirers to an officially imposed censorship needs to be examined carefully in order to discover what relation this has to a love of freedom. To begin with, there cannot be creating without government. Laws that protect freedom must restrain freedom from destroying freedom. Good government does not impose unnecessary restraints, but it does impose those that are necessary. For instance, scientific inventors or technologists creating forms or directing action which, even a hundred years ago, would have been pronounced impossible because against natural law, do not defy the natural laws, but obey them and, by obeying them, gain a freedom which the laws bestow, but would deny if not obeyed. They are laws that regulate

the natural order and thus produce the conditions necessary to creating.

#### **OBEDIENCE TO NATURAL LAW CONFERS FREEDOM**

So in a community, obedience to the laws governing an order in which the freedom of the citizens is safeguarded makes a man free. Certainly, laws against murder and arson and rape and so forth do interfere with the freedom to murder or commit arson or any other crime; but if a man makes these his own personal laws and so has no wish to murder or to rape or to steal or otherwise do what the laws forbid, the laws do not limit his freedom, but they protect him from those who would unlawfully deprive him of his freedom to go his own way in peace. Freedom, then, lies in government of a person by himself, and not in the absence of all government, in being absolutely untrammelled by any law. Freedom is transference of natural and Common law from imposition by an external implementer to imposition of them by an individual upon himself. But laws must be imposed, if not by the self upon the self, then by nature or social environment, or the community's government.

Groups of rebels or demonstrators going on a physical or cultural rampage, breaking laws, flouting those attempting to maintain order, interfering with the freedom of others, are not enjoying a glorious freedom, but are destroying freedom. Those so ready, in the name of freedom, to defend excesses might ask themselves whether what they are helping to destroy are hindrances or safeguards.

Power over others is only conditional power and freedom. It depends for its possession upon the political or social or military environment and so rests less upon the will of the person exercising it than upon the support of protectors. The absolute power, which is truly the possession of a man, is generated within the self. A man increases his real power by increasing his ability to do, his capacity to appreciate, and his power to reason and understand. He uses his environment to increase his power and in

#### **DR. WALTER HENDERSON FOR DINNER AND ANNUAL SEMINAR**

The eminent jurist, Dr. Walter Henderson, Federal President of the Australia-Rhodesia Association, has agreed to present a paper on Rhodesia at the 1972 National Seminar of The Australian League of Rights on Saturday, September 23. Dr. Henderson will also be a guest at "The New Times" Dinner. Dr. Henderson was internationally acclaimed when he examined the constitutional aspects of Rhodesia's independence. Following an exhaustive first-hand survey of the Rhodesian situation last year, Dr. Henderson was deeply disturbed by the implications of the settlement terms agreed to by the Smith Government and made a most critical appraisal of them. His Seminar paper will be a real treat.



so doing conquers it and pushes back its constricting limits. He becomes free within a wider and larger field of experience. A dethroned king loses the power which was bestowed upon him by his supporters, but though a man of great mental power or practical ability be imprisoned by others, he still retains the powers that are truly his own, even though prevented from exercising them. Freedom within the social and political organization should be commensurate with a person's natural or cultivated powers, but only insofar as he imposes a proper government upon the use he makes of his power and freedom.

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## FEDERAL AID BANKRUPTS STATES

**From "The Wanderer" (U.S.A.) we re-print this article by Thomas A. Lane. The techniques employed by the Federal Government in the U.S.A. may be a little different to those employed by the Federal Government at Canberra, but the effects are the same — the growing poverty of the States (American and Australian) and their increasing dependence upon the Central Government for their temporary survival. The instrument employed by the Central Governments in Washington and Canberra to bring about the eclipse of the States is the same: Finance.**

It seems paradoxical that the states and localities are impoverished not by the funds, which Congress withholds, but by the funds, which Congress gives. Yet, that is the way Federal grants-in-aid have worked.

These Federal grants provide matching funds for state and local health, education and welfare projects. They set standards for local performance. In order to get the "free" Federal money, states are pressured into vastly expanded programs, which strain their own tax resources. The process is illustrated by the Medicaid programs, which have so severely strained our richest states, New York and California; but the same influence is operative in all programs.

As these programs are enlarged, they never seem large enough. As the principle is accepted that the state — not the individual — must provide for his individual health, education and welfare, the public treasury assumes an inexhaustible demand for services. The clamour is not merely that the Government provides assistance for the poor but that it provides for everyone standards of service, which no society can sustain.

This is the road to bankruptcy and dictatorship. Only the authoritarian state is capable of controlling the public appetites aroused by such demagogy. This is the road, which our political leaders follow today.

We are on this road because our political leaders and our courts have lacked the moral and intellectual integrity to sustain our constitutional order. Federal grants-in-aid are a tool for destroying our government. They violate the limitations on the Federal power. Congress has authority only to raise money for the Federal responsibilities defined by the Constitution. When we allow Congress to

levy taxes for the support of state functions, we destroy the separation of State and Federal powers which the Constitution is.

The consequences of this Federal intrusion on State functions have been disastrous. First on a pretext of helping the States, then on a pretext of setting performance standards, the Federal bureaucracy has established a control of local activities in which no proper Federal interest exists. Powerful national lobbies have driven Congress to the creation of a Department of Health, Education and Welfare which should not even exist in the Federal establishment; and to the funding and staffing of this Department at a phenomenal rate of growth. The Department has become a law unto itself, without effective control by the President, the Congress or the States.

This Federal usurpation of State functions is predicated on the premise that health, education and welfare are proper subjects of congressional concern. They are not. Lobbyists draw false comparisons with other national governments, which are not like our own, excluded from local affairs. Within our society, these are and should be functions reserved to the States.

Ours is an unprecedentedly rich society. Individuals are capable of providing for the health, education and welfare of their own families. When they do this personally, by direct payment for expenses incurred, they will do the job well. When they do the job through governmental bureaucracies, they will do it poorly.

The care of the poor is properly a private responsibility. When our churches and other private institutions shifted the duty of charity to the State, they abandoned the poor.

Moreover, if we accept a governmental function of public charity, the responsibility must be exercised locally where public officials are close to the need. There is no State in the Union, which cannot provide essential health, education and welfare services for its own poor without Federal assistance. There is no State, which cannot do the job better than the Federal Government can do it.

The proper course for President and Congress is to turn the ship around. They should inaugurate a program of reducing Federal appropriation for health, education and welfare to zero. There is no other escape from bankruptcy and dictatorship.

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## DEBT

The Canadian *On Target* reports: "From 1900 to 1940, the Canadian Federal Debt increased by \$4 billion. From 1940-1970 the Canadian Federal Debt increased \$34 billion. If the rate of increase continues, the debt will increase by another \$25 billion by 1980.

The total federal, provincial and municipal debt in Canada is now approximately \$70 billion. The total interest bill is over \$4 billion annually. This means that an average Canadian family of four is paying (through taxes) nearly \$800 a year in interest on a public debt, which is increasing in size.

Including private debts, Canadians have a total debt

burden of nearly \$156 billion. Yet if they were to surrender every dollar they have, this would discharge only 25 percent of the total debt. The total Canadian debt per average family of four is \$28,336. Taking average interest on this debt at 8 percent, the average Canadian family of four is having to pay in interest some \$2266 a year. An increasing part of Canadians' incomes is being taken in various taxes, merely to service a debt, which is accelerating. This is one of the major causes of growing inflation."

Britain, too, is sinking in a quagmire of debt. Her war-debts alone are staggering: "In the year 2004 Britain will finish paying the Americans for the tanks and planes, guns and ammunition she used in World War II. As the old soldiers of that war fade away, Britain will go on another 32 years paying for the arms they fought with. She is still in the red for lend-lease supplies received from the U.S. in the years 1941-45 to the tune of £197 million. Britain has a war debt of £23 million to Portugal, her oldest ally, who remained neutral during World War II. That debt must be repaid by 1973. Britain ran up similar "occupation" debts by her presence in Egypt and India during the war against Germany and Japan. The Egyptians and the Indians got their money soon after the war. Britain also ran up massive debts to Australia and other Commonwealth countries between 1939 and 1945 when she had no foreign exchange to buy her imports of food and raw materials. To some extent the sterling balances held now in London by Australia and other countries arise directly from these wartime debts. The British, to their credit, have made nothing of these facts during the recent discussions of their debts to their sterling area partners. And even now there are many people surprised to find how much of Britain's debts are a burden they have shouldered fighting two world wars. At the end of World War I in 1918, Britain's war debts to the United States amounted to \$4806 million. She at once began paying it back—capital and interest. After 15 years the amount owing had been reduced by only \$500 million. By the time she had weathered the Depression of the early 'thirties, Britain was incapable of keeping up the repayments. The debt went dormant, and has remained that way ever since.

To rebuild her shattered industry after World War II, Britain took another massive loan from the U.S., and Canada. That debt now stands at £1631 million, and she will go on paying it off until 2004, at the rate of £90 million every year. She also has another £131 million to pay back to Washington for aid received under the Marshall plan. Altogether, Britain has to pay back £5500 million by the year 2004 in war debts." *Letter from London, Daily Telegraph, September 13, 1968.*

Britain's financial problems have led to wage and price control, massive international borrowing and an economic crisis. With one and a half million people unemployed, and industries in serious trouble, it is back to depression days in the United Kingdom. Inflation is the biggest trouble. The government blames wage increases. But the

*London Daily Telegraph*, writing on the ninth of September 1970, said:

"It is a remarkable fact that employees' income, expressed as a proportion of the national product, is lower today than at almost any time during the past century. Thus, in 1957 the proportion was 47.7 percent; in 1964 45.7 per cent and in 1969 only 43.9 per cent. Put another way, between 1963 and 1968 output rose by roughly a sixth, while employees' real incomes increased by only about an eleventh. Thus, for every pound's worth of additional production in those five years, wage and salary earners received less than five shillings." Mr. Cockcroft, author of the article went on to say: "The main reason for the apparent contradiction between relatively stagnant real wages and escalating costs is the growing tax burden on employers."

This is hardly surprising, for as the *Time Magazine* quoted earlier pointed out, taxation in Britain now takes 43 percent of her gross national product. This enormous tax revenue enabled the government to bring down a surplus of £2598 million in 1970-71. Sir Roy Harrod, Conservative Member of Parliament, in a letter to *The Times*, London, on August 17, 1970, said: ". . . the real reason why we have the surplus is that it makes life easy for those who have to manage the National Debt, in an age in which gilt-edged securities make little appeal to most investors. It is these Debt managers, and not Ministers and civil servants in other departments, who determine our basic policy."

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## NEW LIFE FOR WESTERN TOWNS?

There is probably more talk today of the importance of decentralization than for the last 20 years. The added problem of decay in many small country towns has added a note of urgency into the subject.

But we seem as far from achieving rural growth as ever, and the many people moving into the big cities do not seem to diminish in numbers.

But a new note has been injected into the argument by the publishing of what has been called *The Little White Wool Book* by some wool producers in western New South Wales. It is going to cause some red faces in government circles, and a lot of discussion amongst those in the wool industry.

*The Little White Wool Book* tells the story of the Nyngan Wool Scheme—a proposition to establish wool processing industries in the hard-pressed western areas of New South Wales and Queensland—in graphic and readable terms that anyone can understand.

Almost the sole work of one man, Roy Donahoe, a retired grazier and engineer, an enormous amount of research and detail on costs of establishing such centres, and on the range of plant and machinery available, has been done.

One of the surprises in *The Little White Wool Book* is

the low cost, as compared to some other schemes, of the Nyngan Wool Scheme proposals.

Another surprise is that much of the latest machinery in the textile world has been designed and built in Australia. Other countries, it seems, are taking advantage of this material before Australia has woken up to the potential.

Many approaches have been made to Parliamentarians and officials for some answer on the proposals, according to the book. While there has been a lot of interest expressed on a private basis, nothing has been done. The booklet quotes some of the correspondence on the matter, and if half the claims quoted are correct, then a few knuckles should be rapped.

Wool men have had such disheartening battles in the last few years that many have given up hope of a real alternative. But *The Little White Wool Book* is worth reading. Although not printed in the most impressive style, we should not judge it by its cover. It could be that this contribution will do more to solve industry problems than anything we have had yet. It should be of interest, not only to wool men themselves, but also to leaders and businessmen in country towns who are concerned about the future.

The booklet is obtainable from: The Nyngan Wool Scheme, Pangee Street, Nyngan, N.S.W. 2825, at a cost of \$2.00; or, The Institute of Economic Democracy, P.O., Kingstown, via Armidale, N.S.W. 2350.

Continued from Page 1

world struggle, and British resistance is a vital factor in that struggle.

### THE FINANCIER-MARXIST NEXUS

The influential Fabian Marxist group, Political and Economic Planning, founded by Israel Moses Sieff of chain store fame, and supported by prominent international financiers, welcomed the Second World War, observing that it was only under war, or the threat of war, that the British would submit to central planning. PEP endorsed the concept of a United States of Europe, one which Trotsky, the Bolshevik leader who married the daughter of an international financier, had advocated earlier. Hitler was also in favour of a Common Market. In their campaign to destroy British independence, the Marketeers have used the threat of Communism, urging a "united Europe" to meet that threat. But what do the Communist theoreticians think of all this? *The Financial Times* of January 15, 1971, reported on a meeting in London between the Italian Communist theoretician, Signor Amendola, and someone "very close to Heath" who took "good note" of Amendola's views which "are oddly Gaullist . . . particularly stressing a monetary union . . . a much bigger market, eventually taking in the Communist countries . . . he is remarkably resigned to multinational mergers..."

*The Times*, London, of May 3, 1972, carries a report from its Rome correspondent, who reported further on Signor Amendola's views on the Common Market. Amendola spoke of European unity "from the Atlantic to the Urals". When "Conservative" Edward Heath signed the Treaty concerning the Common Market on January 22, he made the remark that "Europe is more than Western Europe alone. There lies also to the east another part of our continent . . . this ceremony marks . . . beginning of another stage in the construction of a new and greater united Europe". *The Times* of March 15 had Heath enlarging on this: "A dynamic, enlarged Community will provide a growing market for East Europe. Industrial operation within the Community will provide a base from which we can contribute to new projects, some of them so large as to go beyond the scope of one firm or even of one country, in the Soviet Union and elsewhere in East Europe". These revealing statements show beyond all argument that Heath, the international bankers' man, holds the same basic philosophical and economic views as the Marxists. Lenin said it was impossible to create the World Communist State without an international economic system. The growth of super-monopolies, operating across national boundaries, is welcomed by the Marxists, as witnessed by Lenin in his *Imperialism*: "The economic quintessence of imperialism is monopoly capitalism. This very fact determines its place in history, for monopoly that grew up on the basis of free competition . . . as the transition from the capitalist system to a higher social-economic order".

### DECISIVE YEARS AHEAD

Writing in *Social Credit* in 1924, C. H. Douglas observed, "To anyone who will examine the subject carefully and dispassionately it must be evident that Marxian Socialism is an extension to its logical conclusion, of the theory of modern business." The Common Market, and the developments inside, are an extension of the philosophy of monopoly. The British family of nations has always been the biggest barrier to the extension of monopoly on a global scale. That family had to be destroyed. The point of complete destruction has been brought much closer with the campaign to destroy the United Kingdom. But it has also helped to bring into the open the real nature of the combination of power forces working towards the World State. The exposure of the Financier-Marxist conspiracy is now taking place through a grass-roots movement, which is becoming highly organized and completely independent of what the mass media does. All members of the British family should encourage the British to hold on a little longer in the war for survival. Every day that resistance continues and increases make the task of the power lusters more precarious. The decisive years are just ahead.



# Enterprise

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## "DOWN THE SINK"

**Imagine, if you will, a desperate man in a cellar that is rapidly being flooded. He repeatedly curses his three children, whom he has set to work bailing out the cellar, while he fiddles with the piping system. The children might be called "Worker", "Employer" and "Farmer".**

The plumbing is so arranged that of three gushing taps on the wall, only one can be turned off at any one time. One tap is labelled "inflation", one "squeeze", and one "capital inflow".

It is a grim situation. Goaded by an irate parent, the children, fearful of the rising water, are blaming each other. The father, while roundly cursing his children, runs aimlessly from one tap to another, but nothing he can do will stop the flood.

The picture is complicated further by the next-door neighbour, Mr. Expert, who stands on the top step leading down to the cellar, so that his feet are comfortably dry, while he shouts directions to the people below: "A little less inflation, so turn on the squeeze! No good, try capital inflow!"—and so on.

By now you will have a picture of what passes for "economic policy" in those countries in the world, which are trying to manage an unmanageable system, the legacy of Karl Marx and John Maynard Keynes.

*Time Magazine*, March 13, 1972, appeared with a front cover depicting a sorry-looking Uncle Sam with his empty pockets turned inside-out, under the headline: "Is the U.S. Going Broke?" The leading articles on the economy is worth quoting in part:

"Can a nation with a trillion dollar economy be running out of money? That startling question is forcing itself upon every government official who must shape a budget, from President Nixon down to the head of the smallest local mosquito-abatement district. By most measures of private wealth, the U.S. is the world's richest country. But in terms of its ability to pay for the public services—health, care, education, welfare, garbage pickup, pollution control, police and fire-protection—that make the life of its citizens pleasant, or at least tolerable, the country seems almost to be going broke.

"This anomaly has come as a bitter shock. Americans have long thought that they had the resources to accomplish practically any goal that they set for themselves. Political liberals have argued for years that economic growth could pay for vast improvement in housing, health care and education programmes, and leave an ample margin for tax cuts besides. Only a few years ago liberals and conservatives alike thought that the major question of

public finance was how best to use the 'peace dividend' of \$30 billion a year that they expected the U.S. to collect once the Vietnam war ended.

"Today that 'hubris' has been drowned in a rising sea of red ink. In 1970, federal, state and local governments spent \$60 billion more than they took in, and the deficit certainly yawned even wider last year. Meanwhile, taxes keep going up and up. Though federal taxes have been reduced since 1960, the cuts have been offset by severe increases in state and city income taxes, property taxes, social security taxes and 'sin' taxes on liquor and cigarettes. Between 1960 and 1970 the tax burden on every American man, woman and child almost doubled, from \$711 to \$1,348. Many Americans, worried about just what will be taxed next, could echo the Beatles' song, TAX-MAN:

If you drive a car, I'll tax the street,  
If you try to sit, I'll tax your seat,  
If you get too cold, I'll tax the heat,  
If you take a walk, I'll tax your feet.

"The higher taxes and higher spending have brought little, if any, improvement in public services. In many cases the nation's streets are dirtier, its mass transit more decrepit, its public hospitals more understaffed, its streets more crime-ridden today than in decades.

"The knowledge that they are paying more and more for less and less service has bred in many citizens a suspicion that they are being cheated and has fanned a mood of rebellion."

The article continues by outlining what can only be described as the financial collapse of states and local government bodies throughout the nation. In the federal sphere, President Nixon, who hotly denounced deficit budgeting prior to election, will have brought down a deficit of an estimated \$U.S.87 billion between 1970 and 1973.

Increases in taxation are a common enough story, and don't make pleasant reading in the United States:

Total taxation in the United States in 1960, including federal, state and local taxes, totalled approximately \$130 billion. By 1970, this had risen to just under \$270 billion. The third highest item of expenditure in all government

spending, exceeded only by Education and Defence, was Debt. The Federal Government has to find \$12 billion in interest alone. Yet the only solution which *Time Magazine* can offer is to increase taxation, the explanation for this answer being that there are other countries—Britain, Sweden and Canada—where taxes are higher.

The United States is staggering along the Keynesian path, hypnotized by the "growth syndrome, which sees ever-greater production as being the means to shelve the crisis for the moment. The producer is caught between a remorseless pressure which forces him to increase production on the one hand, and more and more penalties for the pollution and destruction caused in the process from on top, on the other. Consumption under this pressure is no longer a natural corollary of a supply and demand system, but an impossible attempt to provide full employment in order to distribute purchasing power. If the consumer will not take production off the shelves, no matter what the inducement or pressure under which he is placed, then production must be destroyed to keep the system going. *The Daily Telegraph*, April 6, 1972, reported that: "The United States is piling up solid scrap waste materials at the rate of 3500 million tons a year." This is the worst example of a world problem in which more than half the minerals extracted from the earth since time began have been taken out in the past 60 years, with consumption rising spectacularly each year.

A recent evening spent with one of the top men in the newly created Department of Environmental Control in New South Wales made it evident that he saw no solution to the problems of pollution other than the imposition of further penalties from the top. Under consideration, he told me, was a plan to introduce a financial cost, to be included in prices, on the use of raw materials, or as a "licence to pollute". This would pervert the monetary system even further, turning it from what it should be—a means of exchange—into a means of control. It would do nothing to solve the problem. If inflation, reflected in rising prices, has become a pressure from which men may only escape by increasing production, no matter what destruction they cause in the process, then no solution can be gained by increasing prices still further.

The situation in Canada is no better. *The Calgary Herald*, March 22, 1972, reports: "Unless underlying economic factors change, Canada faces another serious bout of inflation, and the cure for it may hurt more than in the past, Chairman John Young, of the Federal Prices and Incomes Commission, said today. His report came on the heels of a report from Louis Rasminsky, Governor of the Bank of Canada, in which he noted growing evidence of more rather than less inflation in the Canadian economy." Louis Rasminsky, a London School of Economics graduate, will no doubt continue fiddling with the taps in the cellar.

In Australia we seem incapable of anything but a repetition of the folly of others. At the end of December, 1971, after a restrictive budget which had induced an

unemployment figure of 150,000, the Australian Bank Officials' Association inserted an advertisement in *The West Australian* of December 13, which said, inter alia: "... Current inflation is caused directly by government policies of TOO HIGH INTEREST LEVELS and TOO HIGH TAXATION, direct and indirect..." (Emphasis in the original). This was, if anything, an understatement. The following table gives some indication of the current position:

\$ million	1968-69	1969-70	Increase	1970-71	Increase
Production	25,633	27,071	+5.6%	28,125	+3.9%
Outlays by					
Govts.	8,682	9,470	+9.1%	10,573	+11.6%
Wages & Salary					
Sup'ments	14,050	15,767	+12.2%	18,078	+14.7%
Company					
Incomes	2,782	3,139	+12.8%	3,103	-1.1%
Farm Incomes	1,265	950	-25.1%	741	-22.0%
<b>Income Tax</b>					
Persons	2,377	2,855	+20.1%	3,175	+11.2%
Company	1,033	1,191	+15.3%	1,432	+20.2%
Indirect taxes	3,000	3,320	+10.7%	3,647	+9.9%
other taxes,					
Fees, fines	365	392	+7.4%	408	+4.1%
<b>All taxes,</b>					
<b>Fees fines</b>	6,775	7,758	+14.5%	8,662	+11.4%
Minimum Male					
Weekly					
Wage	\$49.66	52.40	+5.5%	58.20	+7.0%
Average Weekly					
Wage	72.60	79.10	+9.0%	89.80	+13.5%
Consumer Price					
Index	107.2	111.2	+3.7%	117.2	+5.4%

#### CONSUMER PRICE INDEX COMPONENTS

Dec. Qtr. to Dec. Qtr.	1968	1969	1970	1971	4 years to end 1971
*Housing	+4.3%	+5.5%	+7.0%	+7.9%	+27.1%
†Miscellaneous	+4.4%	+3.4%	+6.0%	+11.2%	+27.0%
Clothing, Drapery,					
Food	+2.0%	+3.0%	+3.5%	+6.4%	+15.6%
Household Supplies,					
Equipment	+1.6%	+1.2%	+2.6%	+4.4%	+10.1%
Food	+1.5%	+1.5%	+4.6%	+4.2%	+12.3%
All Groups	+2.6%	+2.8%	+4.9%	+7.0%	+18.4%

\*Costs of housing are affected by interest rates, municipal and water rates.

†Miscellaneous" includes prices of petrol, cigarettes and tobacco, postal and telephone charges, radio and television licences, fares, hospital charges—all driven up by governments increasing taxes and charges.

Consumer Price Index percentage increases vary slightly in the two charts quoted. The first is based on June figures, the second on those in the December quarter.

**SOURCE for both charts, Economist Roger Randerson.**

It can be seen from the first chart that, in terms of income, the primary producer has fared worst. It is hardly surprising, therefore, that latest figures from the Bureau of Agricultural Economics reveal that in the five years to December, 1971, 83,000 people have left their rural occupations, 1300 have abandoned their properties, and 50,000 have left country towns in Australia. The number of rural holdings has been reduced from 245,000 to 198,000. Of Australia's small population of some 13 million people, 86 percent now live in five capital cities, and economic pressures look like reducing the 14 percent

in country towns and rural areas still further. *The Daily Telegraph*, May 23, 1972, reported as follows: "The growth of capital cities could saddle Australia with an almost impossible social and economic problem by the end of the century, Mr. Hunt said today. Mr. Hunt, the Minister for the Interior, said that most Australians may see no alternative to living in capital cities. 'I am convinced that the basic responsibility for reversing this trend lies primarily with government at all levels—municipal, state and commonwealth,' he said."

Yet when a group of graziers in the Western Lands Division of New South Wales spent five years preparing a survey to show how a capital investment of \$20 million could revitalize ten country towns in western N.S.W. and Queensland, they could not even get members of Mr. Hunt's party to investigate their findings and to give them an answer. Their scheme showed the possibilities of establishing wool-processing plants in the areas where fine wool is produced, providing increased employment in the country towns, and increased income for destitute and debt-ridden graziers.

Something of the dramatic debt growth in the rural areas can be seen from the following table:

#### RURAL INDEBTEDNESS—1960-1970

Year (\$ Million)	Total Rural Debts	Gross Major Bank Deposits	Trading Deposits	C'wealth Govt. Securities held by farmers	Credit Balances of Pastoral Finance Cos.	Net Rural Indebtedness
1960	980	689		168	46	77
1961	993	655		160	40	138
1962	1,050	665		147	39	199
1963	1,088	713		134	46	195
1964	1,152	815		126	52	159
1965	1,302	791		115	43	353
1966	<b>1,411</b>	801		103	39	468
1967	1,604	833		97	42	632
1968	1,871	764		87	34	986
1969	1,966	814		83	38	1,031
	2,095(P)	756		80	35	1,224(P)

(P)—Preliminary

Increase in net indebtedness—1,490% over 10 years.

**SOURCE for the preceding table, The Reserve Bank, Perth.**

*The Countryman* (Western Australia), January 27, 1972, reported: "The Bureau of Agricultural Economics has estimated that one-twelfth of the average woolgrower's income was necessary to meet interest bills in 1966-67. This rose to **one-third by 1970-71**". Of every three dollars that he earned, one went to meet interest commitments, without even considering redemption, which cuts deeply into the other two.

Obviously, a reduction in interest rates, and the extension of existing debt on to a longer term might have been the salvation of many of those 83,000 people who left the rural areas, and might yet save many of those who are on the point of leaving.

Yet in a letter dated June 25, 1971, to a desperate grazier, the present Minister for Primary Industry, the Hon. Ian Sinclair wrote: "With regard to your view that the interest rate of 6¼ per cent for farm build-up is too high, I would like to point out that the term of the loan is far more important than the interest rate. For example,

a loan of \$10,000 at 6¼ percent over 20 years would require an annual interest and capital repayment of \$890. Even if there were no interest to be charged on such a loan, \$800 would not be sufficient to service the loan if repayment were spread over 10 years."

Mr. Sinclair's logic comes straight from the kindergarten. Even bush logic will show that there is a considerable difference: \$10,000 over 20 years at 6 percent interest, flat rate equals

\$12,000 interest only. \$10,000 over 20 years at 3 percent interest, flat rate equals

\$6,000 interest only.

This represents a clear difference of \$6,000, which could make the difference between success and failure for many producers.

At reducible rates, the sum is as follows: \$10,000 over 20 years at 6 percent reducible interest

equals \$6,280 interest only. \$10,000 over 20 years at 3 percent reducible interest

equals \$3,140 interest only.

This represents a difference of \$3,140, again being the difference between success and failure for many.

The same lack of understanding is evident in statements made by the Deputy Prime Minister, the Rt. Hon. J. D. Anthony. Speaking at Wyalkatchem on November 18, 1970, Mr. Anthony said: "If there is cheap money, someone has to subsidize it". Farmers have no hope of long-term, low-interest finance until leaders such as Mr. Anthony take time off to do some elementary study on the mechanics of banking. His statement makes it clear that he believes that banks lend money, which has been deposited with them. Professor Arndt, author of *Australia's Trading Banks*, makes it clear that he regards such views as "mischievous".

P. A. S. Taylor's *A Dictionary of Economic Terms*, says: "It is important to note that a banker can create bank deposits by giving a person or corporation a claim against him, not in return for money deposited, but for COLLATERAL SECURITY deposited with him, i.e. he makes an advance and thus creates additional Bank Money". The book goes on (page 15): "Since banks create money when making an advance, they are capable of providing cheap money if the Government desires. **No one subsidizes bank loans at low interest rates.** For example, in Britain a 'cheap money policy' was adhered to between 1932 and 1951, during which time the bank rate was maintained at two percent, apart from a short period in the autumn of 1939."

The Vernon Committee Report, page 968, makes it clear that in January, 1947, the Rural Credits Department could advance Government-guaranteed loans at 3½ per cent. At the same time the Trading Banks Overdraft rate was 4½ per cent, a rate that has gradually risen to 8¼ percent, only recently dropped to 7¾ percent. In December, 1969, according to Commonwealth Year Book No. 56, 1970, page 495, 4.3 per cent of the Major Trading Bank advances were costing five percent or less. This

small percentage could have been expanded throughout Australia, had the Government desired it.

In order to make dear money even dearer, hire purchase and other finance companies had an overdraft limit of \$86.1 million in January 1970 (page 494 of the same Year Book). It looks as though bank credit at current rates is being re-lent at even dearer rates by the hire purchase companies.

### CAPITAL INFLOW

Latest figures reveal that companies operating in Australia owe approximately \$5000 million to overseas lenders. This is largely due to the fact that Australian interest rates are the highest in the Western world. The following table gives an indication of current interest rates:

Percent Per annum	Treasury	Banks' Lending Rate to	
	Bill Rate	Prime Borrowers	
	December, 1971	December, 1971	Latest
Australia	5.08	7.75	7.25
U.K.	4.46	5.50	5.50
U.S.A.	3.72	5.25	5.25
Germany	3.28	7.25	7.25
Japan	5.17	7.10	7.10
Canada	3.21	6.00	6.00
Euro-dollars		6.63	6.63

The results of Australia's high interest rates, coupled with speculation on changes in exchange rates, has resulted in an enormous increase in capital inflow, the bulk in the form of loans, and a considerable proportion as investments in shares, debentures, convertible notes, joint ventures and real estate, resulting in the alarming fact that over 35 percent of Australian industry is now foreign owned.

Capital inflow is as follows:

1963-64—\$ 495 million	1967-68—\$1,223 million
1964-65—\$ 478 million	1968-69—\$1,173 million
1965-66—\$ 941 million	1969-70—\$ 796 million
1966-67—\$ 537 million	1970-71—\$1,456 million

Of this, an increasing proportion is flowing overseas again in the form of debt-service. Because we have been using capital inflow to balance a continual balance of payments deficit, we have reached the stage where we are trying to borrow money in order to meet our external debts. The gap between capital inflow and overseas payments is narrowing each year. What happens when we owe more than we can borrow?

Overseas debt-service, paid from capital inflow, is as follows:

1963-64—\$ 48 million	1967-68—\$602 million
1964-65—\$109 million	1968-69—\$715 million
1965-66—\$430 million	1969-70—\$746 million
1966-67—\$341 million	1970-71—\$777 million

### SOURCE: Economist Ronald Randerson.

So, like the man in the cellar, we resort to three disastrous alternatives in a grim endeavour to stay afloat. Either we try and stimulate the economy by inflating prices. When this gets out of hand, we go to the other extreme, and bring in a recession, causing untold hardship to those who are thrown out of work in the process. And when these two fail, we sell a little more of the

farm, passing our nation, and our heritage into foreign hands.

How could we deal with foreign ownership? Economist H. W. Herbert, writing in *The Sunday Mail*, March 26, had this to say:

"It took a special inquiry to find out what happened in 1971, that the increased capital inflow was due to loans. This is something the Government should have been tracking years ago, but a complacent philosophy prevailed, that capital inflow was part of the free-enterprise system, therefore good, and not to be molested with questions.

"Our rulers became intoxicated with overseas capital. Now they are awake, but the elephants won't go away. What can be done about the huge inflow of loan money, which later this year may help make the total supply of money in Australia too much? A bold but logical step would be for the Reserve Bank to buy out the bulk of the overseas lenders. It would then become the lender to the businesses in Australia, and able to control the lending directly (using exchange controls against further excessive borrowing overseas).

"Where would the Reserve Bank get the money to buy out the overseas lenders? It has it already in the huge hoard of \$2700 million of overseas assets the Bank now holds. A year ago it held \$1500 million overseas (and that was ample). Each time during 1971 that an Australian business borrowed from overseas, the lender deposited his foreign currency with the Reserve Bank's overseas branch and the **Reserve Bank in Australia created an equivalent amount of Australian money** (counterpart funds) for the Australian borrower." (Our emphasis.)

Mr. Herbert went on to say: "This is a simple and vital process that few politicians seem to understand. Perhaps not even Mr. Snedden, who said last week that overseas investment had added \$6500 million to the utilization of Australia's natural resources. Without any overseas investment at all, we would have still created the same amount of Australian money, enough to keep nearly everyone employed . . ."

Mr. Herbert has hit the nail on the head, and has reaffirmed what Sir Denison Miller, first Governor of the Commonwealth Bank said many years ago; "My task, as Governor of Australia's government bank, is to make financially possible anything which Australians have the physical capacity to undertake."

So, in conclusion, Australia's future is in a melting pot, which is just coming to the boil. Physically, Australia has everything going for it—immense resources, highly proficient industry, and a population with more "know-how" per head of population than probably any nation in the recorded history of mankind. Financially we are not far short of destitution, a nation staggering through the convulsions of bankruptcy and insolvency. We seem bent on selling our heritage to try and balance the books. Our problems are not productive, but financial, and it is only by grasping the nettle of finance that we can turn once more to the prosperity which our efforts have earned for us.