

THE NEW TIMES

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Every Friday, 3d

HANDS OFF THE PEOPLE'S BANK!

URGENT!

The following matter is of vital concern to every man, woman, and child in Australia.

The Commonwealth Bank Act Amending Bill, which was brought before the House of Representatives by the Hon. R. G. Casey on 25th November last year, and which will be debated shortly, represents the final stage in a 15-year plan to deprive the people of Australia of their power to control the money supply of their country.

In 1924, our Bank was placed under the control of a Board of Directors composed of nominees of the Private Banking System.

Now, in 1939, certain politicians (under cover of other unpopular legislation) are seeking to remove the last vestige of control of our Bank



"USE THE GREATEST WEAPON KNOWN!"

CITIZENS! If you allow the Commonwealth Bank Act Amending Bill, 1938, to become law, the People's Bank will be sold to the Private Financiers. **Read the facts.**

from the Government of The hope of Australia the country, and place it today lies in the Commonwealth Bank working group of financiers. ing for the people's wel-

fare by eliminating depressions engineered by private manipulators of finance. IF WE FORFEIT THIS RIGHT, ALL TALK OF FREEDOM, SECURITY, and DEMOCRACY WILL BE IDLE AND FUTILE.

This matter is of the utmost urgency.

It is **essential** that electors **take immediate steps to stop the passage of the Bill, BEFORE IT IS TOO LATE.**

This can only be done by making direct demands upon individual Members of the Federal Parliament.

YOUR Member of Parliament is YOUR Parliamentary Representative -YOUR political servant -paid by YOU.

Should you fail to tell him what YOU want—**YOU BECOME RESPONSIBLE!**

IF YOU

Have faith in Australia and Australians—
Are opposed to Autocracy and Dictatorship—
Believe in Democracy—

ACT NOW

Sign, detach, and send the following demand letter, **and get your friends to do likewise—TODAY,**
.....M.H.R., Canberra, A.C.T.

Dear Sir, —

I wish to express my alarm at the proposals to sell Debentures on our national institution, The Commonwealth Bank.

I refer to The Commonwealth Bank Act Amending Bill introduced by Hon. R. G. Casey during November last.

The proposals, if given effect to, mean that the holders of the debentures will have a 5 to 2 control. As such holders would be private financiers, the position would be that the Bank would no longer be National—an intolerable state of affairs.

As my Federal Representative, I desire you to press vigorously for the elimination of this or any other clause in the proposals that gives private interests power over our Commonwealth Bank.

In the event of your not doing so, I shall feel compelled to vote and work to replace you at the first opportunity.

Yours faithfully,

(Signed)..... (Date).....

(Address) Federal Electorate.....

THE FOLKLORE OF FINANCE

A Digest of a Phantom Book

By JEFFERSON JACKSON BRYAN* in *Dynamic America*

By "The folklore of Finance" I mean those pure conventions of the monetary system, which are not regarded as folklore but accepted as fundamental laws of economics. —J. J. Bryan.

The folklore of 1938 was expressed most ceremoniously by the literature of money and banking. Here were found goldenly framed the visions, which financial scribes had of society, as it ought to work. Of course, this literature was not called folklore—except by a mass-production manufacturer of motorcars who had once discredited himself by calling history a word that meant balderdash. Almost no one else thought of sound principles of finance as a religion. They were revered as painful truths, as natural, inexorable laws, as principles of ethics, and as the only method of an ordered society. This, as a professor of law who joined the State Department in that year reminded the people, is a characteristic of all vital folklore or religion. He said that the moment folklore is recognised to be only folklore it ceases to have the effect of folklore. It descends, he somewhat unjustly added, to the place of poetry or fairytales, which affect us only in our romantic moments. The professor's style was adapted to the need of opening the eyes of the living gently. What he meant was that folklore which is recognised as folklore comes to be regarded as superstition and provokes derisive mirth from posterity at the expense of its ancestors.

The effect of the peculiar folklore of 1938 was to encourage the type of organisation known as banking and discourage profoundly the types known as industry and government. It also discouraged the individual citizen who, incorrigibly materialistic, clamoured for a roof over his head, clothes on his back, and food in his stomach. Under the protection of this hypnotic folklore the profits of American banking were remarkable, and in remarkable contrast to the losses of industry, the deficits of government, and the impecunious condition of the citizens. There was no questioning of myths, which supported the vast centralisation of control in the great financial institutions. It was occasionally pointed out by obscure writers that seventy-five to eighty percent of the world's real assets were passing into the control, direct or indirect, of financial institutions, but no clouds of philosophical debate arose. The House of Morgan never lost its direction, but proceeded boldly and confidently.

With respect to private business and political government, however, our superstitions had the opposite effect. Business had a wonderful plant. There was no shortage of raw materials, nor was there a shortage of willing workers and administrative talent. But business feared to borrow. It feared it could not sell its products to people who needed them, and thus repay its indebtedness. The banks said that they bulged with money to lend business. But business only asked plaintively, where are the customers with cash? And so there was what

 *Editor's Note: Jefferson Jackson Bryan is the pseudonym of a well-known American writer, lecturer, and leader in the money reform movement.

was called a "recession" by one group of newspapers and a "Roosevelt depression" by another group. There, were layoffs of fine machines and able men, retail trade slumped badly, and delegations began to entrain for Washington to complain about the "hard times."

Before these complaints the political government had to give way. It had been preparing to perform a rite called "balancing the budget," but now it faced a dilemma in which it acted timidly, indecisively and ineffectively. If it proceeded to "balance the budget" by reducing State expenditures and increasing taxation, the condition of the country would be worsened, great political unpopularity would be insured, and social disorder—even revolution, according to some—would ensue. But if the Government decided to spend more to offset the recession in business, that meant it would have to go, cuff on wrist, to the banking system and ask for accommodation, which meant a terrible and immoral thing—namely the swelling of the national debt that would be saddled on the future taxpayer. The Government decided on a half-measure that violated no taboos. This half-measure was called "pump-priming." The banker was requested to man the pump handle and to lend a cupful of money to prime it in the hope that the great production machine would, after a chug or two, resume its powerful beat.

The operation of this financial folklore, which paralysed organisations with the name "government" or the name "industry" attached to them will make a fascinating study for the future historian. He will unavoidably note a striking resemblance to the mediaeval myths, which impeded medical knowledge for hundreds of years. He will observe businessmen unquestioningly accepting it as a moral duty that they should provide employment as well as produce and deliver goods—even though the burden of production had been transferred from men to machines. He will observe Governments accepting dictation from manufacturers of money because Governments did not dare break the taboo against using their sovereign prerogative to be themselves the source of money. He will undoubtedly head his survey of The financial Life of Western Civilisation in the First Half of the Twentieth Century with that entertainingly profound proverb from the Hindus: "The Devil is God upside, down."

A few illustrations will be given of how men constantly sacrificed present prosperity in order to avoid the future retribution supposed to result from the violation of taboos.

A Conference of Little Business Men

In the spring of 1938 the writer happened to visit an office where a group of small businessmen—a book publisher, a salesman, an accountant, a promoter, and a printer—were discussing the national economic crisis. They were expressing indignation at money reformers—"currency cranks," they called them—like the priest at Royal Oak and the Premier of Alberta who had promised dividends to all. Every man there had complained of money

stringency. Yet all were convinced that money should now be "tight." They looked like gloomy Puritans as they talked about the riotous life of prosperity, which was identified with extravagance, gambling and waste. Deflation was the proper punishment for such sins. In fact, it was God's punishment—or so the writer gathered in spite of much taking in vain the name of the Deity as these businessmen expounded their views.

Money reformers, it appeared, were crackpots who created confusion and even destroyed confidence. Confidence was needed first of all. Restore confidence in the money system, tighten our belts, and we would win through. The men were sincere in their indignation, which was also visited upon a few dishonest bankers. So far from being selfish were they at this moment—none was a stockholder in any bank—that it was clear their indignation had its roots in pure idealism.

The writer tried to comprehend the idealism that was inflating the opinions of this group. It appeared that every man there believed that a commercial bank was simply the repository of funds brought to it by its customers. It lent and did business with the money entrusted to it by the depositors. It was responsible to them. Therefore it had to be scrupulously honest. It had to be cautious and safe in the interests of the depositors, for it was lending money on deposit.

The writer quoted from an authoritative textbook or two on banking. For instance, Reginald McKenna's words: "Every bank loan creates a deposit, and the repayment of that loan destroys the deposit. Every bank purchase of securities creates a deposit, and the sale of securities destroys the deposit." The statement had a sacrilegious sound. It was dogmatically answered that money could not be created from thin air or by a pen-stroke. To get a loan, collateral had to be pledged—which is usually true but irrelevant to the question.

The writer then wanted to know if any gentleman present had ever received a notice from a bank that his deposit had been temporarily reduced because the bank had lent part of it. None had. But instead of starting a reasoning process, the question released a great deal of emotion. One gentleman—his point of departure was not clear—delivered a long speech on the need to keep the banking system free from political control. Another criticised the Government for loose talk about moneychangers in the temple. The discussion ended on a high moral note of renunciation to preserve the sound banking system from the perils of a "German inflation."

Until the end this discussion was backed by much newspaper learning and half-remembered editorials. Yet it was easy to see its emotional source. These men pictured the bank as a trustee, a sagacious conservative man of great probity who had once been a personal friend—before 1929—of the family. They did not want to hear this man of principle abused; they did not want to hear it hinted that he was operating a private mint. The personality of the bank was so real and dignified that it was impossible for them to analyse the concept into terms of selfish interest. No; this trustee-friend maintained a Rock of Gibraltar-of prudence and trust and honesty amidst a sea of recklessness and double-dealing and ferocious competition, and they did riot wish to see the rock inundated by man's lower nature.

In defending the bank, they were defending their higher nature, all that resisted economic temptation and broken promises and foolish spending.

The bank represented to them the domain of law, which the business world was always trying to evade. They felt guilty before it, and were expiating their sense of guilt. They had transgressed the laws of sound finance, but were now repentant and determined to uphold them.

Convention and Law

The stereotype of emotive thinking just cited is the result of powerful suggestion. It is persistently suggested that the laws of money are akin to the laws of nature. Natural laws, like the progressive diminution of returns for a uniform application of energy, have to be obeyed. They are true, unalterable economic laws. Financial laws have somehow become associated with the natural laws rather than with the rules of a game like roulette or court tennis or chess. The rules of a game are made by men, and are subject to change by men. They are pure conventions.

Once established, it is true these conventions behave like laws. Consequences flow strictly from them, and the consequences are statistically calculable. But in games men do not forget the arbitrary character of the initial conventions, and never proceed to identify them with inexorable nature. The group of little businessmen, however, was convinced that they were upholding principles of nature. Knowing the principles, they did not need to study the details of bank-creation of money. But it happens that they had even the principles wrong, and were only defending vehemently a popular delusion about banking. The principle, as they could ascertain from the Encyclopedia Britannica, is "banks create credit... a mistake to suppose, that bank credit is created to any important extent by the payment of money into the banks." This is known as the cash-reserve-ratio principle, and in practice it means that a bank can lend about five times its "cash" reserves. The money that it lends is created by a bookkeeping entry. Now this is clearly a convention and not a natural economic law. It was devised by men and is, in fact, the refinement of a practice begun by the goldsmiths of the Middle Ages.

The Gold Standard Convention

Take another example. In 1938 there was some discussion of a book entitled *The Promises Men Live By*, which won the plaudits of mighty names in finance. In this book it was argued with a disarming sincerity that money should be regulated by some standard other than economic production. There was a chapter on why gold is the world's money, and the reason was given that every nation is an indissoluble part of a world society. In the catch-phrase, "interdependence of nations." "And gold," said the author triumphantly, "is the prevailing money of this economic world society!"

The author and those who agreed with him felt they were in

(Continued on page 8.)

Mr. L. G. DeGaris (266 Latrobe Terrace, Geelong, Vic.) is asking for subscribers in favour of the following up paragraph 487 of the Banking Report, with subscriptions from 1/- to 10/-for crusading and publishing.

Subscribers receive literature to the amount subscribed and accept no responsibility for the viewpoint expressed.

—Adv.

THE WAY OUT OF WAR

Fr. Drinkwater, of Birmingham, on an Alternative to Chamberlain

As I write this, Mr. Chamberlain is arriving back in England with his umbrella, which, incidentally, looks like being needed.

And when General Franco wins his war in Spain, Mr. Chamberlain will have to make another journey to Rome, where he will find an altogether different kind of smile on the face of his host.

To many people, now, the policy called "Appeasement" seems to consist in trying to find out what the totalitarian rulers really want, and giving it to them whatever it is, before they take it.

"Versailles remade the world very badly, and Geneva failed in its duty of correcting Versailles. But the world, as remade over again at Munich and elsewhere, looks like being far worse.

Mr. Chamberlain keeps on saying: "Well, what would you have done in my place?" There are only two alternatives (he tells us): either keep on the concessions to the Dictators till they are satisfied, meanwhile fighting them in trade and getting ready to fight them with arms if necessary, hoping that the danger may somehow pass; or risk plunging England into general war at once. Chamberlain and Appeasement, or Churchill and War—that is supposed to be our choice.

It is false. There is a third alternative, practical and easy, far more practical and easy than the obvious absurdity of Appeasement plus rearming. A third solution, which would soon bring the tigerish totalitarians back to sanity, without any risk of war, and without any sacrifice of English honour. Above all, a solution that would be just and would establish, justice, because it takes men and nations as what they are, not rival business firms, but fellow-children in the family of God their Father.

(Isn't it just about time we had something to say—those of us who believe there is a God and that He is the Father of all men on this earth?)

The third alternative is by this time clear, or ought to be clear, to every intelligent person who is able to keep himself properly informed (naturally, not a large number). It is never mentioned—indeed, its mention is forbidden—in any of the daily newspapers.

A Third Solution

For a time it was taken up by some of the Catholic newspapers, but as the Spanish war developed, and the Catholic press allowed itself to be pushed into a more and more pro-Mussolini and pro-Chamberlain attitude, the true solution of the international problem was once more silenced, or relegated to the correspondence column, as if it were a new and difficult question still needing to be argued out by specialists and cranks.

Before stating what that third solution is (it is necessary to state it!), let us first take a sort of bird's-eye view of what the totalitarian States have done.

We all know they have done a lot of evil; they have suppressed political freedom, they have ruled by terror, they have doped their people's

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minds, they have behaved like savages to the Jews, they have reduced treaties and pledges to a joke, they have destroyed the beginnings of international law, and enthroned violence. Above all, they have set themselves up, some more, or some less, in the place of God himself.

But what we don't all realise is that they have done a lot of good too—a lot of good that ought to have been done by the Christian conscience of each nation, but which was left undone.

Those totalitarian States have dethroned finance, ended unemployment and malnutrition, multiplied small-ownership on the land, provided unlimited funds for education, enabled all young people to marry and have a family (yes, Russia, too!), abolished class distinctions to a great extent (whether that is altogether a good thing remains to be seen, but anyhow, they have done it), and made it possible for every citizen to share the sports and theatres forth that were formerly the privilege of the idle rich.

England Could Do This

Well, now here is the point. Whatever the dictators have done in that way they have done by taking back the nation's money power into the hands of the State, and using it for the common

AN OPEN LETTER TO THE LEADER OF THE FEDERAL OPPOSITION

Dear Mr. Curtin,
Just where does the Australian Labor Party stand in connection with National Insurance? For some time we have had considerable misgivings about your attitude towards the Act. These misgivings have been more than justified by your recent utterances, as reported in the Melbourne press on Saturday, February 18. You were reported as saying, "... Parliament would be asked by the Government to correct flaws, adjust anomalies and ameliorate many hardships. In that task I and the Labor Party generally will gladly join. The Labor Party is not opposed to national insurance."

Well, that appears to be definite enough. You go on to say that the fundamental objection the Labor Party has to the scheme in its present form is that unemployment insurance is excluded. You might therefore explain why this "fundamental objection" was not even mentioned in the amendment to the Act, which you moved on May 27, 1938, in the Federal House. The full details of this were given on page 1491 of "Hansard." Looking at the matter from a broad viewpoint, it appears quite definite that the Labor Party agrees with the idea of national insurance, although it disagrees with the present Government on the method of extortion.

good; at any rate, for the common good as they see it. In this one thing, at any rate, they have been a thousand times right.

Could England do the same? Most certainly, and far more successfully than some of the totalitarians, since our natural resources are so great. That is the never-mentioned third alternative. That is the Appeasement that would be genuine.

At present the totalitarian countries are afraid (as Mr. Chamberlain boasted at a City banquet just before Christmas) of the financial power of Britain, and that fear is the chief element in their violent behaviour. If they saw that financial power turning to good ends their fear would turn to co-operation in, and international trade, instead of being a cutthroat struggle for markets, would become genuine exchange of commodities to the advantage of all.

If the true remedy, then, is the nationalising of money, why does not England adopt it? Because it is the last thing the Cabinet wants to do. On the contrary, the Cabinet's main purpose—its only continuing purpose through all its feeble wavering and hesitations—is to prevent anything like that happening, and to keep its masters, the private money-lords of London, in their present irresponsible power. They call this "preserving financial stability and confidence."

You may ask: How do you prove all this?

It proves itself, as soon as it is understood; because it is the one key which explains all the facts, which otherwise do not make any sense at all.

Simply keep it in mind, and you will find that it fits in perfectly with every action the Government takes, with every speech its Members make, and with all the multitudinous things (in agriculture, for instance) that it leaves undone.

—Catholic Worker.

THE HIDDEN HAND

In 1876, Bismarck revealed the inside information concerning the raiding asunder of the American Republic. This information was imparted by the Iron Chancellor to Conrad Siem, and published by him in *La Virile France* in March 1921. Bismarck is quoted as follows:

"The division of the United States into two federations of equal force was decided upon, long before the actual outbreak of the Civil War by the High Financial Powers of Europe. These bankers were afraid that the United States, if they remained in one bloc and in one nation, would attain to economic and financial independence, which would upset their financial domination over the world.

"The voice of the Rothschilds predominated. They foresaw much booty if they could substitute two feeble democracies, indebted to the sinister financiers, for the vigorous Republic, confident and self-providing. Therefore, they started their emissaries out in order to exploit the question of slavery, and thus to dig an abyss between the two parts of the Republic.

Lincoln never suspected these underground machinations.

"He was an anti-slavist, and he was elected as such. But his character prevented him from being the man of one party. When he had the national affairs in his hands, he perceived that these sinister financiers of Europe, the Rothschilds, wished to make him the executors of their designs. They made the rupture between the North and South imminent. But Lincoln read their plots and soon understood that the South was not the country's worst foe, but those sinister financiers. He did not confide his apprehensions; he watched the gestures of The Hidden Hand. He did not wish to expose publicly the questions, which would disconcert the masses.

"He decided to eliminate the international sinister bankers by establishing a system of loans, allowing States to borrow directly from the people, without intermediary. He did not study financial questions, but his robust good sense revealed to him that the source of any wealth resides in the work and economy of the nation. He opposed emissions through the international financiers.

"He obtained from Congress the right to borrow from the people by selling to it bonds of the States. The local banks were only too glad to help such a system and the Government and the nation escaped the plots of the foreign financiers. They understood at once that the United States would escape their grip.

"The death of Lincoln was decided upon! Nothing was easier than to find a fanatic to strike. The death of Lincoln was a disaster for Christendom. There was no man in the United States big enough to wear his shoes."

— From *Sunshine News*, U.S.A.

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The National Herring

The National Insurance Act is dying hard; killing it is like trying to kill a snake with a broomstick: the reptile keeps writhing long after it is dead. As far as a majority of members of our House of Representatives is concerned, it is safe to say that it is no longer wanted. Many individual members of the United Australia Party in the House wish they had never heard of it, Cabinet is heartily sick of it, the people as a whole are furiously antagonistic towards it, but R. G. Menzies insists that the Act must be put into operation and threatens to resign if Cabinet does not see that that is done.

Actually we are to be kept on tenterhooks for as long as possible on the National Insurance issue, probably with the idea of diverting our attention from other legislation that is to be pushed through the House with the maximum of speed and the minimum of discussion.

In an article, which appeared in the New Times in December of last year, it was suggested that the Government's stubborn refusal to listen to the demands for the repeal of the N.H.I. was dictated by the necessity for keeping the electors' eyes off a major issue. The fact that the obviously doomed Act was not scrapped before the House rose lends colour to the suggestion.

In the Melbourne *Argus* of Wednesday last Sir Earle Page is reported to have said that he favoured the indefinite postponement of the Act until all aspects of defence, including economic impregnability, had received attention.

"If we provide more basic facilities, more sustained employment, and an invincible basis of defence we can still give ourselves National Insurance and other social benefits at a later

stage, but if we lose our country nothing else will matter," said Sir Earle Page.

In view of the fact that the unpopular National Insurance Act has been used to cover up the fact that an attempt is to be made to steal away from us the instrument by which the people of Australia, as distinct from the financiers, may expect to achieve economic impregnability—namely, the Commonwealth Bank—one imagines that Sir Earle Page was speaking with his tongue in his cheek. It is of major importance, however, that we, as electors, show no falling off in our attitude towards the N.H.I. Act, but it is still more important that we show an unbroken front of opposition to the still more iniquitous Commonwealth Bank Act Amendment Bill, which seeks to deprive us of a major part of what is left of our national heritage for, to paraphrase Sir Earle Page, "If we lose our Bank nothing else will matter."

Public Defence and Private Banks

In a recent issue of the *New Times* we referred to the temptation offered to private individuals to foment a war spirit by reason of the large profits that went into private pockets as a result of any large-scale rearmament programme. We averred then, that if the Government wanted the blood of the young men for the "defence of their country" they must for one thing, see that the armament profiteers were prevented from "cashing in" on the prospects of that bloodshed. While it is not pleasant to think that anyone can enjoy a ghoulish prosperity as a direct result of the wholesale slaughter of the battlefield, it must be pointed out that our objection is not based on a dog-in-the-manger refusal to let anyone have something that we can't share. Our demand is based on the fact that the prospect of profit out of the manufacture of arms is one of the secondary causes of war.

In view of the fact that the British Air Mission is out here at the present moment for the purpose of discussing the matter of Australian-built 'planes for "Australia's defence," it is of interest to note that our recent remarks on the "Re-armament Racket" received support in the columns of no less a paper than the Melbourne *Argus* of February 20, in which the following extract is republished from the *Sunday Express*, London:

"It is a remarkable fact that the building up of vast defences has been approved by every party, but a feature that is arousing uneasiness among Conservatives, as well as Liberals and Labor members, is the swollen profits that are apparently being extracted from Government contracts."

The article cites three aircraft companies, whose dividends

were 61, 42, and 33 per cent., in addition to watering their capital. "The Government should consider methods for increasing the tax on profits on re-armament," the paper says. 'Citizens look for vigorous action here and now.'

The *Express*, it will be noticed, suggests that the best way of getting over the difficulty is to impose increased taxation on the armament profits, and there is not the slightest doubt that thousands of readers of that journal will join in that vigorous demand for such increased taxation. The whole point, of course, is that the racket is so barefaced that it is felt that something must be done about it, and the armament firms themselves are fully aware that the only way in which they can silence public opinion is by submitting to some form of increased taxation, in order that a real cure for the racketeering and the conditions from which it arises shall not obtrude itself on the public mind.

In this connection it should be noticed that it is now, at the very time when the Government of Australia is making its most stirring appeal to the "patriotism" of the people that that same Government is seeking to steal away one of the potentially greatest public utilities, the Commonwealth Bank. While the people have been demanding over a period of years that the profits be taken out of armaments, the so-called people's Government is arranging for the Australian private banks to get the full benefit of any future defence borrowing. The fact that we still have a Commonwealth Bank represents a danger to the financial interests, in that there is a possibility that a Labor Government (or any Government under sufficient electoral pressure) may use it for the purpose of financing any great national expenditure, instead of drawing on the private banks. While the present Government remains in power, of course, the private banks are assured of the fact that the Commonwealth Bank will not be used to compete with them in any way. But there is every likelihood of a party split in the near future, with the probability that a Labor Government will take office. We hope, and the Banks fear, that a Labor Government might refuse to be a tax-gatherer for the private banks.

ELECTORAL CAMPAIGN NOTES

VICTORIA

To those who have not taken an active part in the campaign against the antiquated financial system, which permits poverty amidst plenty and the fruitless party-system, which is controlled by it, we extend a hearty invitation to do so. We ask you to get in touch with U.E.A. Headquarters, with a view to joining up with or forming a group in your district, and thus help the band of earnest honorary workers who need your assistance. The Movement exists only to co-ordinate activities; each individual only needs to grasp the idea and to spread it to their immediate circle. We need sincere, earnest people who are not actuated by motives of self-advancement or notoriety—with this spirit permeating the movement, nothing can stop it from achieving its objectives. To those already in the fight, Headquarters makes the special appeal *not to let up*.

SPECIAL ACTIVITY. — The Commonwealth Bank is threatened with dominance by private finance. This is a national institution, the subjugation of which by private interests must not be tolerated. The liberty of our national institutions must be preserved. Special literature is being prepared for this campaign. **GET IN TOUCH WITH H.Q. ABOUT IT IMMEDIATELY.**

HAWTHORN. — The Mayor of Hawthorn has agreed to convene a public meeting to discuss National Insurance. The date will be announced later. Supporters are requested to watch for this, and all willing to help organise the meeting are requested to contact Mrs. Allsop, of 26 Grove Road, Hawthorn, whose efforts have made this possible.

"NEW TIMES" BACK NUMBERS. — H.Q. have supplies available, and supporters should make a point of calling or writing for same (postage only would be required). These are good publicity—what about distributing some in your neighbourhood on Saturday night or Sunday morning for weekend reading? Local functions or meetings? (Continued on page 6.)

WOMEN'S MEETING.

To be Held in the U.E.A. Rooms, 5th Floor, McEwan House, Little Collins St., C.I. On Wednesday, March 1, at 8 p.m.

All women interested in forming a Central Women's Branch for the U.E.A. are cordially invited to attend.

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BEWARE OF MR. S. M. BRUCE

Australia's Greatest Betrayer

(VI.)

His Blow at the Commonwealth Bank

A Letter to the Editor from BRUCE H. BROWN.

Sir,

Before considering the way in which our Commonwealth Bank was emasculated by "Australia's Noblest Son," I would like to call attention to a significant aspect of the "news" published last Saturday. Last week, you will recall, it was pointed out that while our very own Stanley Melbourne Bruce was having discussions with the Wall Street bankers in New York, Mr. Anthony Eden was also there having conferences with the same parties. We were not given the names of the persons with whom Mr. Bruce conferred, but his subsequent utterances have been on all fours with those of Mr. Eden.

Van Zeeland Again

Mr. Eden's principals were M. Van Zeeland, Mr. Winthrop W. Aldrich, and Mr. Owen D. Young. The first-named was representing the Bank for International Settlements at Basle (which seeks world-wide hegemony through finance), and is himself a banker and ex-Premier of Belgium; the second-named is chairman of the Chase National Bank, one of the institutions controlling the American Money Trust from Wall Street; and the last-named is a director of the General Electric Company, also officially named as one of the Wall Street controlling bodies in the American Money Trust. The significance of all this comes from the remarks of Mr. Eden and the reply of the Government in the debate on Unemployment in the House of Commons on February 16. Mr. Eden said that if all nations would join in putting into force the Van Zeeland report there would be a great improvement, and he could see no reason why Britain should not have its own four-year plan, comprising the construction of camps for the unemployed, etc. The President of the Board of Trade said that the Government would like to see the Van Zeeland report operating, but did not believe that a world conference for lowering trade barriers could be successful. "Our hope for the future," he said, "lies in the export trade. If we can hold and increase it in the coming year, an effective inroad will be made into unemployment. I believe the whole country is ready for a move forward if the fear of war can be removed."

They All Say the Same

So there you are. If we can hold and increase our export trade, and, at the same time, remove the fear of war, *which is actually caused by the attempts to increase exports*, then everything will be right. Mr. Bruce is talking similar nonsense, and thereby establishes himself as the agent of the British Government, the mouthpiece of the Bank of International Settlements, the servant of the Wall Street Bankers, and the deadly enemy of the Australian people. He talks about anything but the murderous and swindling system of finance under which it is impossible to give citizens access to the bounty of God and the wonderful resources of their country, yet he is the man who four years ago said that "A social upheaval is inevitable unless the people are given the bene-

fits of science." The reason why we cannot get the benefits of science is the simple fact that we have not the MONEY to buy them. It is a question of MONEY, not of science or defence. But money, except as loans from his friends who create it out of nothing, is not one of the subjects on Mr. Bruce's address list.

The Betrayal of the Commonwealth Bank

Now about the Commonwealth Bank. Its history, naturally, falls into two periods—the first from 1911 to 1923, when it was controlled by a governor; and the second, from 1924 onwards, when it has been controlled by a board of directors.

In the first period we derived many important benefits. Between 1910 and 1917 the profit on the "Australian Notes Account" was sufficient to enable the bank to contribute £5¼ millions towards the cost of the East-West Railway. Instead of paying 3 per cent, to the private banks for the flotation of loans in London the bank did it for a quarter of 1 per cent.—i.e., for five shillings per £100 instead of £3. The bank also saved the Australian producers from ruin by financing the several wartime "pools," such as wheat, wool, meat, butter, etc., and by enabling the Government to purchase the Commonwealth Shipping Line. In addition, it facilitated the payment of Australian soldiers abroad.

After the War

After the war it continued to provide finance as required by the Government, and found £1½ millions for jam and fruit pools, £4 millions for Australian homes, £9 millions for Local Government bodies, and paid £3 million to the Commonwealth revenue from the profits of its Note Issue Department, as well as £4½ millions for debt redemption. In 1921 the Governor of the bank admitted that he had provided wartime finance to the extent of £350 millions, and that productive purposes could be financed in the same way.

The Bank's Greatest Achievement

But perhaps the most significant and important action of the bank in the whole of its existence was its refusal in 1920 to sacrifice the people of Australia to the international financiers. These men had decided to impose a policy of deflation in all countries with the object of forcing them back to the gold standard, and, following a conference of private bankers in Brussels, early in that year, Montagu Norman was selected as "Wall Street's deflation agent" to take charge of the Bank of England and restrict credit throughout the British Empire. Deflation and restriction of credit are the same thing, and usually are referred to by the single word DEPRESSION. These unconscionable bankers had therefore deliberately decided to impose a depression THROUGHOUT THE WORLD, knowing that the people, in their ignorance of money, would look upon it as a natural calamity and go to God with prayers for "wisdom and guidance" in their time of trouble.

That is exactly what the people did do in other countries at the time, and what so many in Australia did later on. Yet hardly a voice was heard about having the CAUSE removed.

An Australian Snag

Anyhow, Montagu Norman quickly made his presence felt in England and other parts of the Empire, but struck a snag in Australia. That snag was Sir Denison Miller, Governor of the Commonwealth Bank. In a splendid little booklet entitled "The Story of the Commonwealth Bank," Mr. D. J. Amos, F.A.I.S., of Adelaide, explains what happened as follows: "In the latter half of 1920, the banks in other parts of the world started their policy of deflation in order to raise the value of currency to such high levels that they who possessed the monopoly of it could secure the real wealth of the nation for themselves." and in the winter of 1920-21 the price levels were falling alarmingly. (The price levels, you see, are governed by bank policy, and NOT by the so-called "law" of supply and demand, for the simple reason that both demand and supply are themselves controlled by financial considerations.) "The private banks in Australia commenced to follow the example set by the banks abroad, but Sir Denison Miller brought the Commonwealth Bank with a rush to the rescue of the threatened people. Partly by purchasing Commonwealth and other Government securities, and partly by increasing his advances, he released between June and December 1920, £23 millions of additional currency as a slight hint to what he would do if necessary, AND DEFLATION WAS DEFERRED." In other words, the Commonwealth Bank PREVENTED a depression in the year 1920, and gave the clearest proof that Australia is NOT bound to follow the banking policy of other countries. There is no doubt at all that had Sir Denison Miller lived, there would have been no depression in Australia in 1929-31 either, and it is easy to see why the private banks watched the progress of the Commonwealth Bank "with ill-concealed rage and fear."

When Sir Denison Miller Died

When Sir Denison Miller died in June 1923, the private banks were thus freed of their most formidable adversary, and with a bankers' Government in office they immediately prepared to get the nation again by the throat. They took the offensive, through their agents in Parliament, the following year. Mr. Bruce was then Prime Minister, and his lieutenants were Sir Earle Page and Sir John Latham.

In June, 1924, Dr. Earle Page introduced a Bill in the Federal Parliament to amend the Commonwealth Bank Act by taking the control of the bank out of the hands of its governor and placing it in the hands of a directorate consisting of six persons "actively engaged in agriculture, commerce, finance, and industry." The Governor of the Bank and the Secretary of the Treasury were also to be on the directorate, but the Bill provided that the Governor was merely to be the directorate's chief executive officer. It would never do to allow a sincere and devoted Australian to continue preventing depressions, and when he submitted the Bill to Parliament, Dr. Page referred to the conferences, which members of the Cabinet had had with representatives of THE PRIVATE BANKS!

Who Owns Them?

Now it is most important to bear in mind that these private banks are owned by the three monopolies known as the Sugar-Tobacco-Gas Monopoly, the Metal Monopoly, and the Overseas Group respectively. Prominent members of the Government were beneficiaries in these monopolies, the Prime Minister himself being connected with the Overseas Group, whose three banks, the Australasia, the E.S. & A., and the Union, have their headquarters in London! The present Federal Treasurer (who is endeavouring to deprive the people of ownership of their bank) derives his affluence from the Metal Monopoly, whose three banks are the National, the Commercial of Australia, and the Bank of Adelaide. The other three are the Bank of New South Wales, the Queensland National, and the Commercial Banking Company of Sydney, belonging to the Sugar, Gas, and Tobacco gang, who have their direct representative (Sir Claude Reading) as chairman of the Commonwealth Bank Board!

Who They Were and Where They Came From

It was these private banks which had inspired the amendment of the Commonwealth Bank Act, and of the six "directors" appointed, at least four of them came from the magic realm of finance, having been recruited directly from the selfsame banks and their associated institutions. These men were given charge of the "people's" bank by the Bruce-Page Government, and next week we shall see who they were and where they came from. In the meantime, keep your eye on everything Mr. Bruce does, and analyse everything he says. You will find that he proposes nothing to bring you relief from crushing taxation or to assist in your escape from the grinding load of debt. On the contrary, he is seeking to persuade you to accept increased taxation so that you will have to pay more of what you are already too short of as interest on costless money to his friends, the money controllers, of whom the late Pope so truly said: "... no one dare breathe against their will."

Yours faithfully,
BRUCE H. BROWN.

DULL, BUT IMPORTANT

Dr. Isador Lubin, U.S. Federal Commissioner of Labor Statistics, explained a series of charts showing an estimated loss of 133 billion dollars in national income since the production peak of 1929. He held that the national income must be stepped-up from its present level of 62 billion dollars to, possibly, 80 billion dollars a year. This should be accomplished, he asserted, by increasing the income of the 54 per cent, of the nation's families, who live on less than 1250 dollars a year.

—Money, New York.

C. FORD

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(Continued on page 7.)

A PEOPLE'S BANK

The Bank of Venice

1171—1797.

I have in mind now a bit of history concerning a monetary system that operated in Europe for 626 years without a panic. The Government Bank of Venice existed for 626 years, during which time it never failed or suspended. It was, according to historians, the admiration of all people; the chief facilities for commerce for a large portion of the Continent. It was a war between the Venetian Republic and the Greeks that gave rise to the Bank of Venice in the year of 1171, very much the same as the Civil War gave rise to the American greenback system, the currency or exchange medium in both cases being of the nature possessing the same basis and qualities.

At that time, the Venetian Government, having exhausted every other financial resource, had recourse to what is falsely called a forced loan. In the year 1171 the Venetian Government needed war equipment, all of which had to be paid for. Money had to be obtained. Since the Venetian Government had none, it borrowed of its own citizens in such sums as each felt able and disposed to contribute. As the citizens of Venice loaned money to their Government they were simply credited with that amount on the books of the Government Treasury. The credits were made transferable, in part or in whole, like a chequeing account. The credit vouchers became a medium of exchange, and a substitute for other money, in the payment of debts. The Venetian Republic gave its citizens credit vouchers, which were used as money, and which purchased supplies and paid for services. The Venetian money was simply an inscription of credit. A man who had credit at the Venetian court or bank, used it in the purchase of goods and payment of debts, just as we use greenbacks. If he owed a man a thousand ducats, more or less, he transferred to his creditor that amount of his claim against the Government.

These credits were irredeemable by the Government. Cowell says: "Reimbursement of the loan ceased to be regarded as either necessary or desirable. Every creditor was reimbursed when he transferred his claim to another on the books of the bank." Thus, the cost of this was not felt by the Venetians, as the money expended was immediately replaced by an issue of money credits. The entire public debt was in the form of a medium of exchange. The Bank of Venice was simply a Government bureau having charge of this fund, similar to our own bureau of the Comptroller of the Currency. It kept the record of the owners and the transfers of the funds for the commercial business of the country.

The credit money of this bank was the most popular medium of exchange the world ever had, and it commanded a premium over gold. The volume of the credit used was not restricted to the original, but was increased as the demand for funds increased. We may judge in what high esteem that this money was held, as history tells us that from its establishment coin was continually being deposited for bank credit, depositors knowing that the coin would never be returned to them.

During this time Venice became the great sea-board shipping and trading centre of Europe, and instead of international debts and trading being handled in terms of gold, that metal fell 80 per cent, in the ducat money, while their inflated fiat money stayed at 100 per cent.

Defeat of Usury

Thus, for 626 years there existed a system of finance based on public credit, with entire confidence on the part of the people and admirable prudence and good faith on the part of the Government, converting the entire public debt into currency or a medium of exchange which, in reality, made the public debt a public blessing, instead of a curse, and produced a degree of prosperity never before or since attained by any people.

The Venetian money system continued until the latter part of the 18th century. At that time the issue had reached a circulation of about 380 per capita, which, perhaps, is the largest ratio of per capita currency to the population ever recorded before or since.

The Venetian money system came to an end when Napoleon conquered Venice. Napoleon believed that there, were hoards of gold in the Venetian Treasury. He believed that the long and consistent prosperity of the Venetian Republic was because their Treasury was filled with the gold, and immediately Napoleon about to conquer the Venetian Republic and confiscate their Treasury. It is true that he conquered Venice, but Napoleon did not find any golden ducats in the vaults of the Bank of Venice, as he expected. He found that ages ago the original gold had been used in the arts and sciences. This is one story in the history of the world that the international bankers do not print on the financial pages of the metropolitan pros of this country, for they could not use this kind of money system to enslave the people of the United States.

—From *National Union Farmer*. U.S.A.

TECHNOCRATS ACTIVE

Paul Brown Corr, appointed Provisional Organisation Secretary for the Continental Committee on Technocracy, has reopened National Headquarters in the offices of *Money*, and the New Economics Group at 170 Fifth Avenue, New York City.

Some two years ago the Continental Committee merged with two other organisations into the People's League for Abundance. The Continental Committee did not join in the subsequent realignment, and did not establish a central office until Mr. Corr was designated to expand the organisation. These have been carrying on local independent activities.

The Continental Committee has condensed into its Plan of Plenty a continental objective for America. This challenge to "want in the midst of plenty" rests on the factual basis of the National Survey of Potential Product Capacity conducted by Harold Loeb.

ELECTORAL CAMPAIGN NOTES

(Continued from page 4.)

ings are also good distributing points.

KOORYONG. -- Press reports indicate that Mr. Menzies (the strong man), supported by Mr. Casey, are the only two standing out strongly against Cabinet on N.I.P. Quite a democratic stand, you will agree! Perhaps a few more thousand signed N.I.P. Forms would be of value—anyway they will have a value for coming events. What about special effort along these lines?

ERIC BUTLER. -- Reports to hand from the North-East indicate that Eric is back to his usual tempo of at least two or three meetings a week. A special address to the Benalla Apex Club on Tuesday, February 14, entitled "The Importance of the Individual in a Democratic Society," caused very favourable comment by those present. Many questions were asked, and answered in a very convincing manner. Both the local papers gave the address good publicity.

Benalla. -- On Thursday February 16, Eric addressed a meeting of Benalla supporters, and gave a brief outline of the object of the Assembly Hall meeting. It was decided to take similar steps in Benalla. A financial drive is to be organised, and a very determined effort will be made to substantially increase *New Times* sales. At a later date a special meeting for women is to be organised, in order to encourage more women to take part in the activities of the local U.E.A. Branch.

Myrtleford. -- After Benalla Eric travelled up the Ovens Valley to Myrtleford where he gave a brief talk on National Insurance and the Campaign for its repeal. As the night of the meeting Friday, the 17th, was not very suitable, the audience not as large as expected.

However, apart from one persistent questioner, who told the speaker that he might learn something when he got older, those present were keenly interested.

New Times readers were obtained, and a return meeting on suitable night at this centre should produce much better results. The local paper gave the address splendid publicity.

During this week Eric was billed to address four meetings before leaving for Sydney. Reports of these will be published as they come to hand.

SOUTH AUSTRALIA

WOMEN'S DIVISION. — On Wednesday, March 1, at 1 p.m., the women's monthly luncheon will be held.

The guest-speaker will be Sir Stanton Hicks, K.S.C., M.B., Ph.D. who was in charge of the Commonwealth Nutritional Survey in South Australia.

The speech will be "Some Aspects of the Nutritional Survey."

In view of the fact that the report of this body has not yet been tabled in the House, despite the much time since it was submitted, the subject should be of special interest to all who are interested in the welfare of the community.

Men and friends are particularly welcome on this occasion. Luncheon, 1/-.

Felix Frazer, Charles Steele, William B. Smith, Frederick Sterling Keeler—members of the Provisional Executive Board of the Continental Committee—and others.

GOOD-BYE TO ALL THAT National Insurance Repeal Campaign In Retrospect

Our Government is either possessed of a sense of the dramatic or it lacks a sense of humour, for the 1939 Homes and Building Exhibition in Melbourne, includes a stand labelled "National Insurance Commission." The stand might well have been labelled "Defeat," for, beyond the flaring poster and some rickety furniture, the corner was as desolate and forlorn-looking as a Robinson Crusoe desert island. All that was lacking was the Robinson Crusoe, for there was no one in attendance. That stand may be said to represent the defeat of Party Politics at the hands of Democracy.

In view of the approaching debacle in Parliamentary pro-National Insurance circles, it is of interest to review the history of the People's Campaign to defeat the measure and the part played by the *New Times*, which has, since August of last year, correctly forecast the ultimate fate of the Act and the manner in which the Government has since sought to hide the fact that it is at the hands of the individual electors of Australia that the Bill has received its conge.

On May 31, 1938, Mr. F. C. Paice, who was the first man in Victoria to publicly point out the now accepted futility of the Act, took the negative side in a debate "Is National Insurance in the Best Interests of the Commonwealth?" The debate was held under the auspices of the Housewives' Association. Mr. Paice's speech was published in the *New Times* of June 10, and portion of it read as follows:

"I am opposed to the so-called National Insurance because it will mean reduced incomes, higher cost to live and higher taxation, and because it is only another way of bringing about deflation. The insured will have 1/6 per week taken from his wages; his cost of living will be at least 1/6 to meet the employers' share, which will have been added into prices, and the Government has to obtain more money through taxation, and you are the taxpayers. If it were suggested that wages were to be cut by at least 4/6 per week there would be an immediate outcry, but because the cut in incomes is put up to you under the name of National Insurance, you take it lying down.

"We are arguing points of detail, when the basis of the scheme is bad. How can you expect the scheme to be beneficial when it is based on debt, taxation, poverty, and malnutrition?

"More than 50 per cent, of the people concerned are earning less than £3 per week, and cannot afford to pay an extra 1/6 per week out of that.

"In conclusion," he said, "the whole question is one of money, and if money will secure National Insurance, then give the people money as individuals, and so ensure them individual security, a far more desirable thing than State security, for, after all, the State is a collection of individuals, and if the individual has economic security, then we will have State security."

In the same issue of the *New Times* Mr. Bruce H. Brown wrote an analysis of the Act, which was also an exposure.

At the time the people of Australia were inclined to accept National Insurance at its face value. They had "agreed" to the Government giving them a form of insurance and the fact that the Government had responded with a most pernicious tax was overlooked. The tax had been called "Insurance," and as such it was accepted. For that very reason the anti-National Insurance campaign

met with considerable opposition from the very people who would suffer most, when it was first instigated. It was necessary to explain the terms of the Bill and expose its true nature to as wide a circle as possible if the Bill was to meet with any opposition at all.

In the *New Times* of May 20, the following announcement was contained in an article entitled "National Insurance, Banking Legislation and Mental Bankruptcy":—

Proposed Benefits

"The 'benefits' proposed by the Bill are staggering in their meanness. They are as follows:

Health: Free medical attendance and treatment; sickness benefits of £1 a week for men, 15/- for women, and 3/6 for each dependent under 15; disablement benefits of 15/- a week for men 12/6 for women, and 3/6- for each dependent child under 15.

Pensions: Old-age pension of 7/6 week from 65 for men and 15/- a week for women from 60, and 3/6 allowance for each child under 15; free medical attendance and treatment for remainder of lives of old-age pensioners; pension of 15/- a week for life or until remarriage of widow of insured man and allowance of 3/6 for children under 15; orphan pension of 7/6 a week for each orphan child under 15 of insured person.

Juvenile contributors, under 16 will be entitled to medical benefit only. They will pay a reduced weekly contribution.

No one but a half-wit could possibly imagine that these payments are sufficient either to maintain self-respect and decency or to allow the recipients to perform properly their necessary functions as consumers."

Despite the fact that pressure politics was comparatively new to Australia and a majority of the people who were to be effected by the N.H.I. Bill were under the impression that it was, on the whole, a good piece of social legislation the repeal campaign had received such impetus by September, that Mr. Holloway, M.H.R., referring to the Bill in the House, stated:

"Something has been done at last, but it is something which will press down the standard of the people rather than raise it. The National Health and Pensions Insurance Act has been placed on our statute book. But, unfortunately, this will do more harm than good to the working people. The more we examine that measure the more disappointed we are with it. We had not sufficient opportunity to examine the Bill thoroughly while it was before this House, but since it has become law many of us had not had a peaceful night because of the bombardment of questions from our electorates. Our people have wanted to know exactly what the effect of the measure will be, and I am very sorry to say that we have been forced to the conclusion that it will depress rather than lift the living standards of the people."

Gradually the people of Australia were becoming educated to use their power to *make* their member do what they wanted him to do, irrespective of his party interests.

In our issue of November 11 we were able to announce the successful storming of the first trench. We forestalled the daily press announcement to the effect that National Insurance was to be postponed till May, with the prophecy that it would be postponed to the end of 1939, and suggested in our following issue that the victory of Pressure Politics over the party machine was practically accomplished.

By November 25 the National Insurance Repeal Campaign had achieved such power that we were able to confidently state that not only was victory in sight, but that as a result of that campaign there were definite signs of rebellion among the rank and file of the U.A.P. and Country Party in the Federal House.

On March 1, a meeting of the leaders of all parties will decide the fate of the Casey Frankenstein.

It is possible that efforts will be made to arrive at a temporary compromise. The Government has one or two little jobs to do before it will willingly vacate office, and those members of Cabinet who have split on the subjects of defence and National Insurance will probably try to gloss over their differences for a sufficient period to enable them to carry the Commonwealth Bank Act Amendment Bill through the House. Whatever else happens, it is no part of the U.A.P. policy to let Labor attain power while there is any possibility of their having the power to use the Commonwealth Bank for the purpose of averting the "recession" that is now being arranged for us.

While it is essential that we now concentrate on the defeat of the Commonwealth Bank Act Amendment Bill, it is highly necessary that we continue our efforts to see that the N.H.I. Act receives a decent interment, so that over its grave democracy, a true democracy possessing the knowledge of its own power and the will to use it, can erect a fitting stone on which shall be inscribed, "Gone, but not forgotten."

MR. INTEREST

A close friend—now over 70 years of age—tells of the first man he worked for as a boy, saying to him: "Son, do you know there is one man in the world who is getting all the money? His name is MR. INTEREST. When you borrow, say, 100 dollars from Mr. Interest (banks) you have to pay 7 per cent, interest (then the legal rate), and also furnish security, so Mr. Interest can't lose. In fifteen years you will pay 105 dollars in *interest alone*, and then start all over paying it again. So, you see, every fifteen years Mr. Interest gets back all the money he loans—but the debt is not reduced at all.

"Every so often, these money-lenders (Mr. Interest), when business is thriving and people are prosperous, connive together and suddenly stop making loans, which causes money to "tighten"—makes business suffer, and brings on 'hard times.'

"Then Mr. Interest forecloses on your note and takes the security you pledged for the loan away from you. Now, son, don't ever forget this, and never get into the clutches of Mr. Interest."

V. L. Harvey, in *Money*, New York.

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MELBOURNE (Cont.)

(Continued from page 6.)

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MOTOR GARAGE, Kew Junction Service Station, Cr. High and Denmark Streets. Haw. 6457.
RADIO EXPERT, J. G. Littlewood, 267 High St. Also Elec. Applncs.

MORELAND.

BOOT REPAIRS, J. T. Nolan, Holes St., 4 doors Moreland Rd.

NORTH FITZROY.

KEITH PARLON, The Fitzroy Tailor, 45 Best Street. JW1555.

NORTH CARLTON.

W. BROWN, Hairdresser & Tobacconist, 733 Nicholson St., N. Carlton

SANDRINGHAM.

A. RYAN, opp. Stn., Shoe Repairs. Tennis Racquets Restring from 7/6
GROCERS, MCKAY & WHITE, Bay Rd., opp. Theatre. XW 1924.
HAIRDRESSER and Tobacconist, A. E. Giddings, 18 Station Street.

ST. KILDA.

HARVEY'S COFFEE GARDEN. Sweets, Smokes. 227 Barkly Street.

SPRINGVALE.

DAIRY, M. Bowler. Buckingham Ave.
R. MACKAY & SONS. General Storekeepers. UM9269.

WILLIAMSTOWN.

DUNSTAN, DAIRYMAN. 28 Station Rd. Phone: W'town 124.

WINDSOR.

E. COOKE, 49 Chapel St. W.8044. High Class Butcher (Cash).

THE FOLKLORE OF FINANCE

(Continued from page 2.)

a combat situation, and, as in all combat situations, both sides—the anti-Gold Standard and the Gold Standard champions—believed intensely in the morality and sacredness of their cause. Each conjured up a parade of future horrors if the nation stayed off or returned to gold. The argument centred on the familiar symbols of the German mark and the Russian ruble, the cross of gold and the vaults at Fort Knox.

A realist—or a child—contents himself with asking questions. Why is gold the world's money? What relation, if any, does it bear to crops, natural resources, factories, and goods? How is it related to men's desires for necessities, comforts and amenities, luxuries? What in nature connects gold with man's ability to produce and man's needs and wants as a consumer?

The questions elicit one truth. Nothing could have been more absurd than the contention that there was something sacred about the Gold Standard. It is a pure convention, a rule of the game. It has suited men in the past, probably those owning gold, to tie production and consumption to this metal, but the tie is no more "real" than the convention in baseball that four bases must be touched to count one run.

It is impossible today for a nation to wage war and stay on the Gold Standard. The conventions of finance are changed speedily enough when the population is at the bank-door and the enemy's planes are winging toward the capital. Nor has the Gold Standard convention ever impeded bankers from expanding money as much as they pleased. Its convenience lay in its availability for purposes of contracting money, or deflation.

The realist might halt at this point and say that he had no convention to suggest for replacing the Gold Standard. Be that as it may. A production-consumption standard has been suggested by at least one new credit-school, and there are, no doubt, many intelligent rule makers willing to oblige. The realist, without committing himself in advance, would admit them all for examination on the plane of pragmatic convention.

As for the "interdependence of nations" argument in *The Promises Men Live By*, there are many economists who have demonstrated that it is the simple truth about the relative values of national currencies that they exchange at their internal purchasing power. This is a truth difficult to see for the folklore.

Taxes as Investments

The debate over budget balancing in 1938 offers another example of thinking under the control of an unquestioned financial convention. The proposal to go on unbalancing the budget was regarded by many editors as fundamentally immoral. It followed that the wages of sin is death. Grave peril of a somewhat unspecific character lay in wait for us. The nation was about to lose its honour and become a most reprehensible debtor of no moral fiber.

The debate was given a novel turn by an economist, David Cushman Coyle. But is the Government in the red? asked Mr. Coyle. True, it is by the conventional manner of keeping the Government's accounts. But supposing the Government adopted another convention and presented its

accounts in the form in which accounts are presented by any private corporation? Then it would offset its current expenditure by the appreciation of its capital plant—and it would be found that the Government is actually in the black.

This idea was not altogether new. It had indeed been presented several years earlier in a bolder and more original form by financial heretics in England, who had argued that taxpayers were investors, and should be entitled to a national dividend drawn upon their investment. To the devotees of orthodox folklore, Mr. Coyle's more modest suggestion was very irritating, and it was soon covered over with symbolic arguments, highly moral in tone, the automatic response to the struggle of a new idea to find a place among traditional ideas.

The realist would again have observed that it was not a question of an immutable law. It is a convention, and nothing more, that all Government expenditure must be a charge upon individuals. It may be a wise, practical convention, but it is not an inexorable law of economics. In a moment of scientific imagination, the realist, no doubt, could invent another convention that also would work and certainly would be much pleasanter. As for instance:

Both the Government and the individual citizens contribute to the total national wealth. Government services, however, are not charged to the common product—namely, the national wealth, but to the earnings of the citizens. If we think of a father (government) engaged on a job with his sons (citizens), it is as if the father took his wage out of his sons' pay envelopes instead of out of the job itself. The government could, however, create the money it needed and charge it against the combined national production. It would in so doing discover a "fresh source of revenue" without taking a penny from its partners, the citizens.

To financial priests in 1938 such a suggestion, if brought to their attention, would have seemed no less of an attack upon learning and fundamental principles of monetary science than did the discovery and use of quinine for fever in the seventeenth century. For the idea of taxation of individuals to pay for government expenses—a sort of money letting—is as entrenched in the faculties of the universities today as was bloodletting for the cure of fever entrenched at the University of Paris in the seventeenth century. Even statesmen felt that there was magic in taxation, as in disagreeable drugs, and Mr. Winston Churchill once declared that the more unpleasant a financial measure was, the more certain we could be of its soundness. However, in 1938, taxation was more than a financial problem. It was a moral problem, which affected the character, the freedom, and the homes of everyone. The University of Paris, when the Jesuits brought back quinine from Peru, declared the use of quinine unconstitutional, and banned the drug as dangerous. It was a "panacea" or an "artificial" cure, which would leave the patient worse off. Exactly these terms would be applied today to the proposal that taxation is unnecessary if the State makes its own draft against national productivity.

Other Conventions of Finance

The future historian will observe that there were other financial conventions masquerading as laws in the first half of the twentieth century. We have mentioned the convention of regulating the supply of money by relation to a metal good for stopping teeth, and the convention that the expenditures of the sovereign government should be charged to individuals. But there are at least four major conventions inviting the irony of the future historian.

There is, for example, the monopoly of money enjoyed by groups of private individuals own-stock in the key Federal Reserve Banks, a system that looks like a Government institution, but is actually dominated by private finance. There is, for another example, the rule in the economic game that the creation and appearance of all money should be in the form ultimately of a debt to a bank. The game did not allow for the debt-free creation of money, and such a suggestion would have been greeted with the utmost hostility.

Especially insistent are the players of the game upon the strict association of income and employment. Purchasing power, the future historian will emphasise, was distributed through industry. To participate in the communal wealth one had to participate directly in industry, had, that is to have a job. This requirement made the game very hard to play, for technology was always displacing men from jobs, creating the "unemployment problem," that kept statesmen awake nights trying to plan how to re-employ the millions expatriated from industry. None of them thought of dissociating income and employment and linking income to

wealth produced. That would have been altering the conventions—that had been accepted as laws.

Finally, there is a curious, one-sided convention in the price system. All depreciation and costs are accounted into price for the public to pay, which is fair enough, but it is a strict rule that there should be no deduction or allowance in price for the concurrent appreciation. The public pays for depreciation, but is never credited with appreciation.

It was a complicated business, and every few years the system stalled. Then the expert economic theorists crowded around the broken-down mechanism and looked at each practical measure through the spectacles of economic abstractions, in order not to be confused by immediate objectives. Thus the question of raising consumption to production had to be debated, not on the basis of whether it was desirable for people to eat without working, but in the light of its effect upon their morals ten years hence. Would the people not become demoralised if debt-free consumption-credits, for instance, were advanced to clear the market of its glut of goods? That question was persistently raised during the hearing of a Congressional Bill in 1938.

* * *

This way of thinking is as old as the Puritan tradition. The fear of one's shiftless neighbour controlled the thinking about economic employment in the Age of Scarcity. It controls our thinking about the body economic today in the age of plenty. Out of it have been spun our great financial principles, which have made our learning about government and individual freedom a search for universal attractions, rather than a set of observations about the techniques of human organisations.

LETTERS TO THE EDITOR

COMMUNISM AND "THE NEW TIMES"

Sir, — Mrs. Gadd has said that she would like to have the opinion of *New Times* readers on "Communism and the *New Times*." I would like to tell her that she has expressed my views exactly in her able letter.

Russia has accomplished a magnificent task against colossal odds in freeing vast millions of people from the yoke of centuries, from a degrading slavery, under which they were regarded as brute beasts, from a gross illiteracy, and shown them the immense possibilities that lie in man. Should we throw stones at them for that, just because their brand of reform is not identical with ours? — Yours, etc.,

LEONORA POLKINGHORNE.
Kings wood, S. Aust.

Gadd for her outspoken letter. I heartily agree with all she says and would like to say also that I think it is stupid to attack bodies or organisations that are fighting the battles of the people. The bankers and capitalists do not want us to know the truth about Russia. Therefore, what you see about them in the daily press you just take with the usual "pinch of salt."—Yours, etc.,

—E. B.

Camberwell, Vic.



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URGENT

The matter on the front page of this issue, including the draft letter to be sent to M.H.R.'s, is being printed as a 4-page folder.

The folder will be produced in large quantities from the type and block already made for this issue of the "New Times." Thus, the cost will be slight.

Movements, groups or individuals throughout Australia who desire to play a part in the campaign to save the Commonwealth Bank from passing into complete private control, should immediately get in touch with Mr. Norman F. Rolls, c/o Box 1226L, G.P.O., Melbourne, regarding supplies of the folder.