

# THE NEWTIMES

Vol 1. No. 4.

MELBOURNE, FRIDAY, JUNE 21, 1935.

Every Friday, 3d.

## The U.A.P. and Sane Finance

That the U.A.P. is much concerned in monetary policy is evident by its own choice as a subtitle of "the party of sane finance." It is almost entirely on financial grounds that this party claims support and receives it. That these grounds may be negative rather than positive, that they may appeal more to the fear of what the other fellow would do than to the hope of what the party itself may accomplish, is of very little importance. The central point is that the U.A.P. openly recognises the vital part played by finance.

Nowhere is this more evident than in the one document of note that Nationalism has thus far bequeathed to the world. That document is the Premiers' Plan.

### WHAT THE PLAN PROPOSED.

The Premiers' Plan contained five proposals, which were:—

(1) A 20 per cent reduction in all adjustable Government expenditure, including wages, salaries and pensions.

(2) A 22½ per cent reduction in interest on internal loans.

(3) Additional taxation, Federal and State.

(4) A reduction in all bank rates of interest.

(5) Financial relief to private mortgagors.

It is important to recall these proposals at this date. So much water has passed under the bridges since they were formulated in 1931 that our perspective tends to become distorted. So much has been said by awakening members of the public during the past year or two about the importance of our money policy that those persons and institutions who direct the U.A.P. are now rather desirous of discounting the importance of money. Let us not on that account allow them to escape the honour, which is their due. The Premiers' Planners first clearly indicated that our crisis was purely and simply a monetary one.

Did they invite us to grow more wheat or to eat more oranges? Not they. They said, in effect: "The trouble of your Governments is a lack of money." And they then proceeded to draw up the scheme outlined above. Government outgoings were to be lessened in respect of interest, wages, salaries and pensions. Government incomes were to be increased by taxation. The hard hit public was to be assisted where possible by the taking of something from the bondholder, the mortgagee and the banker and the giving of it to the debtor. Into the wisdom (or unwisdom) of the Plan's details it is not proposed to go here.

*The point is that it was a one hundred per cent monetary plan.*

And in general it will be found that the same thing applies to everything else which concerns the party of sane finance, whether in its means or in its objective.

### THE OBJECTIVE OF REFLATION.

That objective today, if translated from the vague realms of returning confidence, would probably be expressed by most U.A.P. folk as being the restoration of prices—not in the particular way in which the farmer thinks of his wheat, or wool, or butter,

[This is the fourth article of a series which began in the first issue of "The New Times," and in which an endeavour is being made to clear up some of the confused thinking of political partisans, and to show how the policy, "Abolish Poverty and Retain Liberty," may have a chance of being put into execution.]

but in the sense of prices in general.

The nostrum of the early depression, the main ingredient of the Premiers' Plan, was a reduction in costs. That method failed, as it was bound to fail, because the main reductions in costs were found to be also reductions in immediate purchasing power, leaving still more goods unsold. So we are now aiming at increasing prices again, or, rather, at restoring prices.

*For talk of an increase of prices leaves the banker and the economist (both good U.A.P. men) open to that dread charge, inflation, where-as their purpose, of course, is no such thing. What they want is merely, reflation.*

So far, so good. But how is this reflation to come about?

We constantly hear from our financial wizards (provided a U.A.P. Ministry is in office) that Australia has made a most spectacular recovery. Even the pessimists, like one South Australian admirer of the Prime Minister, have said that Australia is the least unprosperous country in the world. Yet at the same time we are warned not to expect too much until world conditions improve. The less prosperous — or, if you will, the more unprosperous — countries must give the lead. They must reflate; they must restore the prices for our primary produce on which so much of our present economy is built up.

While waiting for this price increase, however, the exponents of sound finance have apparently overlooked that the physical basis of our international trade is much the same as ever it was. That is,

*a bushel of wheat or a pound of butter will still exchange overseas for more or less the same amount of other commodities as in 1928.*

So it would seem that the barter principle of trading is still sound, and that the blockage is occurring somewhere in the money channel.

### PROFESSOR COPLAND WANTS MORE MONEY.

That this begins to dawn upon sane finance, that it realises we

must somehow increase the community's money supply, is daily becoming more clear from the writings and utterances of leading sane financiers, and particularly from those of the father of the Premiers' Plan, Professor D. B. Copland, Dean of the Faculty of Commerce at Melbourne University.

Lecturing in Brisbane on May 3, Professor Copland is reported as having said: "The world which refuses to increase its debts must increase its impoverishment. It will grow richer by increasing its debts, and not by reducing them."

Of recent months the Professor has indicated repeatedly what he wants us to do in order to grow richer. Thus he said in Melbourne on April 26 that there was no escape from public expenditure in bad times.

*His one criticism of Australia and the United States in the depression, he added, was that public expenditure had not been large enough.*

Swallowing without a gulp or the quiver of an eyelid this astonishing statement from the Chairman of the committee which formulated the Premiers' Plan -- for University economists nowadays stage reversals of form more often than down-the-line horses — one looks to see how the Professor would finance his public expenditure.

On that point he leaves us in no doubt. Professor Copland, if his advice were taken, would expand our money supplies through the provision of new cash in exchange for Treasury bills. The Professor makes no bones about this actually being new cash. Describing the process in the *Melbourne Herald* on December 11 last, he said: "By 1931 most of the assets that could be used with prudence had been absorbed. The (Commonwealth) Bank then issued credit to the Government in the form of Treasury bills. In so far as it pursued the latter course, the Bank created credit . . . increased bank deposits and the supply of money on the market."

Professor Copland does not thus far appear to have explained to the public just what limit he would put

upon this issue of Treasury bills, how he would stop inflation, or how he would paternally guide reflation's uncertain steps. But these may be looked upon as administrative details, of minor importance compared with the admission that the country needs to have its total supply of money increased.

Having reached this conclusion, it is greatly to be regretted that Professor Copland has not followed his line of reasoning to its logical conclusion.

### DEBT AND INTEREST-BEARING DEBT

Possibly the idea of money as debt has confused him, as witness that telling sentence above, indicating that the world "will grow richer by increasing its debts."

In one sense what the Professor says is perfectly true. A world (or a country) growing richer naturally requires more money. Money is of its nature a debt from its issuer to its holder. Therefore, the richer a country grows the more it owes its own citizens.

If money were properly issued, this debt would have nothing burdensome about it—any more than, say, a picture show proprietor is burdened with the knowledge that a ticket has been sold for every seat in his house. And the showman, extending his premises, will grow richer only by a nightly extension of his debt.

In the case of the showman, you may very truly regard his ticket debt as only another way of expressing his wealth. It is much the same with the nation, except for one rather important difference, which is this:

*The showman issues his own tickets. The nation does not.*

What is worse, the nation (which comprises those who put up the building and those who made the picture, as well as those who want to see it) discovers that masked hold-up men in the box office are not only demanding the sole right to print tickets, but are also insisting that

*each ticket, as returned, shall bring us tribute a portion of another ticket—*

*weathered the depression in a remarkable manner. It has displayed great prudence, certainly, in handling its shareholders' funds—in the matter of staff pay, for instance. You will remember what was said on this subject by N.S.W. Labor members when the glass embargo last came up for discussion at Canberra. But, apart from wise administration, it cannot be denied that circumstances (such as the embargo) have helped the parent company or its subsidiaries greatly.*

*Today, Australian Glass is looked on as one of our gilt-edged securities—something much the same as bank scrip, in which widows, orphans and retired clergymen may safely invest their modest savings. Back in 1930 the ordinary shares fell precipitously to about £1. Now they are up again to the 70/- mark.*

*While this is very fine from the point of view of directors and shareholders, might it be suggested to your department as being also of interest to the Tariff Board?*

THE NEW TIMES

*The Hon. T. W. White, M.H.R.,  
Minister For Trade and Customs*

*Dear Minister,  
Did you notice a few days ago what a wonderful time the miners of the Australian glass monopoly have had during the past year? Thirteen per cent dividends; enough disclosed profits to have paid seventeen per cent, and goodness knows how much more if their assets were not so "conservatively" valued!*

*This news about the million pound monopoly, so closely connected in its personnel with the financial-industrial monopoly, which is Australia's Caesar, will doubtless be received with great interest by, South Australia's barley farmers. By the way, what exactly is the position in the Belgian glass—Australian barley negotiations since Mr. Bruce last told us what a queer people these Belgians are?*

*Our glass monopoly, in spite of the chairman's reference at last year's meeting to its difficulty in obtaining adequate tariff protection, seems to have,*

a demand which quite clearly cannot be met in full.

Professor Copland, like other sane financiers, has discovered in the interval since 1931 that our money supplies are insufficient.

Such conclusions must be taken as a sign of intelligence, even if somewhat belated in its exercise. Is it too much to hope that a little further use of that intelligence will lead supporters of sane finance to decide it is time for the banditry in the box office to stop?

It is no longer a matter of toying with the idea of a few millions more against Treasury bills or I.O.U.'s. The paramount issue lies in the nation's control over every penny of its own money or ticket system. And those who have hitherto supported the U.A.P. through regard for their own little savings and through fear of something worse have surely food for thought these days. They sacrificed much in 1931 for the cause of sane finance. What have they gained? What is the national prospect but further debt and further taxation?

Next Week's Article:  
THE TORY COMMUNIST

### Nature Too Generous

Man's history on this planet has been a varied one. For the first million years (or whatever it was) he spent his time fighting the parsimony of nature, and now he spends his time fighting against nature's mistaken generosity! No matter whether it is food or whether it is metal, or some other raw material, such as rubber, nature is far too lavish. In fact we have now begun to talk about tin *control* and rubber *control*, as if these unruly commodities were bucking broncos, which need breaking in.

Anyhow, we have a Tin Producers' Association, which seems well up to the job. It has just issued a report of its progress, with an air of conscious pride. When it began operations four years ago, tin stood at about £100 a ton. Now it is about £225 a ton. Stocks of tin had reached the "abnormal level of 60,547 tons." By April 1932, it had reduced them to "a more normal level of 20,000 tons." This last feat was carried out by forming the International Tin Pool (with the concurrence of Governments) which bought about 20,000 tons and held it until tin rose, whereupon it gradually sold it again. Later, a Buffer Stock Sub-Committee was formed to accumulate some 8,000 tons of tin "to be held in reserve as an adjunct to the control scheme." Its members are producers, and these producers net whatever profits are made by its Machiavellian operations.

Meanwhile, we read of the disappointment of Dutch rubber growers at rubber, under the new control scheme, sticking at about 5½d a pound, when they had expected it to reach at least 7d.

While congratulating, or sympathising with all these producers according to their fortune, may one ask what about the Little Man—that is, the consumer? Somehow he seems to have been overlooked. —Social Credit.

## CHRISTIAN CHURCHES AND ECONOMICS

### Brilliant Addresses at Assembly Hall

The Assembly Hall, Collins-street, was packed on Tuesday evening in response to the invitation of the Douglas Credit Women's Movement of Victoria, and those who attended had the privilege of hearing a trio of brilliant addresses, worthily introduced and eloquently summed up.

The chair was taken by Mr. J. T. Hargreaves, M.A., of Wesley College.

In introducing the speakers, Mr. Hargreaves said that all present would realise quite fully in what a very distressing period we were living. For several years now the world had been devastated by an economic depression, which was probably unparalleled. Lord d'Abernon, who was neither a Communist nor a Radical of any kind, had said the present depression was the worst in history.

We had all the equipment and all the genius necessary for a period of the most favoured prosperity, and yet in the midst of this we had widespread poverty. Even the most thoughtless people were realising the tragic paradox of the age. The man of science had been exploring the powers of nature, and the scientific technologist had shown how to apply the discoveries to the service of man, yet we had this disease of poverty and destitution which was destroying the morale of civilisation and undermining the health of thousands of young people.

#### WHAT IS DEMAND?

The orthodox definition of demand did not mean need. It did not mean desire. Demand was not recognised unless it came accompanied with the price. Such a definition had enabled Professor Copland to say: "The depression is caused by over-production."

Over-production! In Poland there was an unemployed army of 2½ millions, and there were hundreds and thousands of peasants living on oatmeal and water, chewing bark to allay their hunger, and mixing clay with their food to give it some solidity. In the face of that our academic economists told us this depression was caused by over-production.

#### FACTS OF ECONOMICS

There were two or three facts that we should apprehend. One was that work was not a primary economic need of man. Every new machine and device was diminishing the need for human labour. The prime need was supplies, and science was showing how to obtain these more abundantly than they had ever been obtained before.

The second fact was that production should take place only for consumption. A vast amount of food destruction was taking place all over the world at the present time—the slaughter of thousands of cows, the burning of wheat and coffee crops, and so on. And only recently millions of imported oranges were floated down the Mersey out to sea, while millions of people in England were living below a decent bread line.

**There was no shortage of anything in the world today except purchasing power, and purchasing power was chiefly paper money or lines of figures in banks' books.**

The problem we had to face was how to make our purchasing power equal to our powers of production.

A third fact was that money in any form whatsoever was not wealth. Only a few weeks ago Henry Ford had said: "People must learn this fact, that money is not wealth."

#### MAJOR DOUGLAS'S PROBLEM

The problem that Major Douglas set out to solve was how to distribute what we could produce so abundantly. The problem we had to face was

**an international financial oligarchy that had its malignant grip on the circulation of money.**

Money was treated as a commodity for profit making, and the fight against that was bitter in the extreme. Comparatively recently the Bankers' Institute in England was believed to have set aside five million pounds to frustrate and defeat all propaganda having for its object money reform, and the name of Major Douglas was specifically mentioned. The name of Professor Soddy was also included.

The press, which was also controlled by the financial power, refused to report or to open its columns to any debates on the subject. A short time ago a large meeting was held in Melbourne to discuss monetary reform, and there was not a mention of it in the papers, yet the following night a poorly attended meeting addressed by men in harmony with the banking institutions was reported to the extent of nine-tenths of a column. He guaranteed that whilst the three P's (Purchasing Power and Poverty) were ignored, tomorrow's papers would be full of the three B's (Barrow, Buffalo and Beechworth).

### THE CHURCH AND ECONOMICS

#### Rev. E. Hankinson's Address

Rev. E. Hankinson then spoke on "The Influence of the Church on Economic Questions." Various Churches, said Mr. Hankinson, were represented by the speakers on the platform, who included representatives of the Presbyterian, Anglican and Roman Catholic Churches, whilst the chairman was from Wesley College, indicating that the Churches were united in their opposition to the present monetary system. The Rev. J. T. Lawton was known throughout the land for his interest in this great question. When people said that the Church had been dilatory in manifesting any interest in the condition of the people today or the evils of the monetary and economic system, they were wrong. It might be that some dignitaries had refused to be sympathetic, but the majority of the clergy were heart and soul with the movement going on today for the amelioration of the people. Before the Christian Church came into existence the Jewish Church took a vital interest in economic questions. Usury was prohibited in the Old Testament. The violation of the laws relating to usury was punishable with death. In both the Old and the New Testaments we had the prohibition of usury. The terms "usury" and "interest" were synonymous.

In 1139, from the law laid down by the Lateran Council, no usurers were to be admitted to Holy Communion and no alms to be accepted from them. In 1275

Thomas Aquinas had a good deal to say about the subject. He said that money was barren and could have no progeny, and used the words "justice and the Just Price." Justice did not obtain in any branch of industry today.

With the Reformation the Church became split up, and because of this it lost its power to influence the people in economic questions. Then came the teaching of laissez faire, the most devilish policy every brought into existence, which treated even women and little children merely as beasts of burden. If the influence of the Church had only continued right through that period the world would not be suffering as it is today. But the financial people then came to the fore, and the principle of usury was used liberally to get power.

#### RECENT PRONOUNCEMENTS.

"It is to me a splendid thing," said Mr. Hankinson, "to see my comrades of the Presbyterian and Roman Catholic Churches, and to say that, as regards economic questions, we can stand shoulder to shoulder."

"At the Lambeth Conference of the Anglican Church in 1920, at which were 252 bishops from all parts of the world, a resolution was passed expressing the fact that

**it is the outstanding and pressing duty of the Church to convince its members of the necessity of nothing less than a fundamental change in the working of our economic life.**

"We then come to the Encyclical of Pope Pius XI in 1931; 'In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure."

"This power becomes particularly irresistible when exercised by

**those who, because they hold and control money, are able also to govern credit and determine its allotment, ... so that no one dare breathe against their will.'**

"Is this not true today? Truth is suppressed today because the financiers control the press."

"The Methodist Church a few weeks ago gave a unanimous vote against the present system."

"A committee," continued Mr. Hankinson, was recently appointed by the Church of England in London to inquire into economic and monetary questions. It went into those questions and brought three propositions before the Assembly, and its recommendation was that two of those theories were very much alike. The third was different in character altogether, and it was recommended that the third one **should be examined by a committee appointed by the Government, and that on that committee no banker or economist or financier should be appointed. It should consist of lawyers, administrators, clerics and businessmen, and the bankers and financiers should be compelled to come before the committee as witnesses. That third theory was the Douglas theory.**

"Those who spoke very strongly were the Archbishop of Canterbury and the Archbishop of York, the brainiest man in the Anglican Church. The Dean of Canterbury also spoke in its favour."

"In America," concluded Mr. Hankinson, "the noted radio priest, Father Coughlin, is doing great work in the cause of reform."

### NO SECURITY TODAY

#### Rev. R. Wilson Macaulay on the Fight for Markets

Rev. R. Wilson Macaulay, spoke on "The Insecurity of the Present Order."

Expressing his pleasure that the various denominations represented on the platform could come together on a common issue, Mr. Macaulay gave the audience a clear insight into Japan's attitude to the industrial question, which he had personally investigated during his recent tour of the East. A director of one of the largest industrial undertakings in Japan had explained to him how his nation had been forced into debt by the necessity of overtaking Western civilisation and being so handicapped in the march of industrial progress.

The speaker astounded the audience by revealing that he had been led to believe that absolute refusal by any country to permit the entry of another country's goods would be viewed by Geneva as tantamount to a declaration of war.

The importance of Singapore as a naval base and the possible consequences to Australia as a result of her geographic position were interestingly explained.

#### AUSTRALIA'S OPPORTUNITY

Mr. Macaulay considered that Australia was in the unique position of being able to lead the world towards economic salvation, as she had unity of race, creed, and language, conditions that do not prevail in any other land.

The birth of the Nazi movement in Eastern Prussia was entertainingly traced to a financial source by a story of a simple peasant, innocently parting with his farm in exchange for a bag of gold which he left with a bank for safe keeping and lost in the financial collapse.

The address concluded with a beautiful parallel drawn between Palestine in Biblical times and Australia. Palestine was built at the intersection of the great trading roads of the world; consequently all who passed carried tidings of her culture and beauty—a model for civilisation. Australia, as the focal point of the world's airways, could fill a similar position in the rapidly changing civilisation of the future.

### THE CASE FOR THE DIVIDEND

#### Strong Plea by Mr. Keogh

Mr. Keogh, after expressing hearty concurrence with the sentiments of the two previous speakers, supported them strongly when they urged that all Christian denominations should present a united front in meeting this attack. "With some knowledge of theories," he said, "with some knowledge of the principles of justice, and following the lead of my spiritual father, Pope Pius XI, I as a Catholic refuse to ignore the flagrant injustice which is crushing the whole world. I am proud to occupy the same platform with the preceding speakers, to unite with them in demanding that injustice be removed, and to propound a method by which it can be removed."

"Do we realise that we are living in an age when one turbine engine develops power equal to that of nine million men? It has been estimated that at the present time one man does the work it took 40 men to do 100 years ago. That is generally true of the world taken as a whole. There is no necessity to go into the full implications of the machine, but figures could be quoted showing the displacement of labour by the machine and what has been the result of this marvel of inventive genius."

"According to the International Bureau of Statistics of the League of Nations, 14 million people in Europe will never find a place in industry again."

The Washington Bureau of Statistics estimates that 55 per cent of the present unemployed will never be taken back into industry.

#### THE TRUE PROBLEM

"What is the result of this displacement of labour under the present system? No work, no money. No money, denial of the very right to live. The present efforts to meet this paradox are absurd. They are trying to abolish the plenty instead of abolishing the poverty. Is unemployment a problem? When we examine the matter closely we find that people require work, employment, not for the sake of the work, but simply because it is the only means by which they can receive the modicum of purchasing power they require in order to live."

**"The problem is not one of finding work. It is one of distributing the goods and services, and since money is the recognised and convenient medium for that distribution our problem is monetary."**

"In putting forward a remedy we must see that it squares with the inalienable right of everyone to life, liberty and the pursuit of happiness. That must be our guiding principle."

"Douglas, in putting forward a remedy, laid down three general principles. He put those principles before the Macmillan Commission. It is with the third I now wish to deal. It reads that the distribution of cash to individuals shall be progressively less dependent upon employment. That is, that the dividend shall progressively displace the wage and salary as the productive capacity increases per man-hour. To bridge the gap between total prices and total purchasing power a dividend shall be distributed to all equally, whether working or not."

#### SOURCE OF DIVIDEND

"Every person would thus be assured of a certain minimum standard of living, while those whose services were still required in industry would be able to live at a higher standard to the extent of the value of their services. This national dividend can be paid from the increase in the nation's productive capacity as a going concern, that is, its real credit or real capital. The same increase in a private company would be termed a profit, and would be distributed amongst the shareholders as dividends. Even so in this case; it is the national profit, and should be distributed as financial credit to the nation's shareholders. All of its citizens have contributed through some channel to its making, and all are therefore entitled to participate in a distribution. If no such distribution is made, the increased capacity to produce is of no benefit to the community."

"We cannot do better than reflect on the words of the Rev. Fr. Drinkwater, a well-known English writer, in an article in the *Catholic Times* of London. He says: 'From God's point of view there is plenty of milk. Give the poor enough money to buy milk. Milk should be as freely available as water. So with bread, potatoes, clothing and fuel. The time has arrived when the right to the necessities of life should be disconnected from work and wages. Justice demands it, and common sense, too. In England we are familiar with the idea of consumer credit in its various forms. Why not do the thing with a good grace and give everyone a national dividend that would guarantee the necessities of life to all, work or no work?'"

**"There is no earthly reason why money should be so scarce, except that it happens to suit the money lenders, who, by the most remarkable arrangement the world has known, are also the money creators."**

"The dividend proposal," continued Mr. Keogh, "almost invariably provokes the question: 'Where is the money coming from?' It is not our province tonight to deal exhaustively with the question of money. But we should remember this fact: Money does not grow on trees. Money is a man-made thing, a reflection of goods and services. Money can be made to the extent that it is required. The only question is: Can we or can we not produce sufficient goods and services to honour the dividend distributed? And the answer lies in the food being destroyed everywhere.

"The justification of the dividend on economic grounds lies in the unemployment problem. The existing and increasing unemployment, or, in other words, the existing and increasing economic-leisure-without-pay is ample economic justification for the distribution of a national dividend." Mr. Keogh then went on to prove that there can be no sound moral objection to the dividend idea.

#### SECURITY WITH LIBERTY

"There is this most important point," he continued, "in the remedy proposed by Douglas. It is the only remedy in conformity with Christian principles, because of all the attempts put forward to solve the present paradox it, and it alone, recognises and guarantees the proper relationship between the Government and the individual. We have Fascism, Communism, Nazism and rationalisation, but at what price? Demanding the sacrifice of man's inalienable right, man's surrender of personal freedom. Douglas lays down the basic principle that

**systems were made for man, not man for systems.**

"We want economic security, but not at the cost of personal freedom. What we want and what we can have is economic security and personal freedom. That is possible today by means of Major Douglas's proposals."

The chairman, in summing up the remarks of the speakers, said that, regarding the attitude of churchmen, he thought perhaps it had been somewhat like the bibulous

#### REMEMBER BELGIUM.

A Rome cable of June 18 reports that Signor Virginio Gayda, a leading Italian publicist, is conducting a campaign in favour of war with Abyssinia in the "Giornale d'Italia." After detailing alleged acts of hostility by Abyssinia against Italy since 1911, he concludes: "Before these bloody chronicles Italy's right to settle accounts becomes unquestionable in the eyes of all who do not renounce their virility and self-respect."

captain who, tarrying too long at the inn and seeing his men marching off, mumbled to the barmaid: "I must get out and follow those men. I am their leader." (laughter.) At all events, the Church was now giving a lead and taking its part in the work of rectification of the wrongs of the present system.

If we solved our monetary problems there would be little left for Parliament to do. The Douglas proposals were in their essence an attempt to establish justice, and in such a way that all might enjoy the comforts, graces and amenities of a highly cultivated civilisation.

A million oranges have been thrown into the Black Sea to save the Roumanian orange market. Thousands of people watched the dumping. There is such a glut of fruit that it was thought preferable to throw the oranges away rather than see a further fall in prices. — London "Evening News," April 20, 1935.

## WHAT IF THE MACHINE WENT "ALL OUT"?

By the VERY REV. HEWLETT JOHNSON, D.D., B.Sc., Dean of Canterbury (Eng.).

Years ago a novice bought a motorcar, a costly car. He ran it from Manchester to Colwyn Bay, pluming himself on its performance; "not once did he change gear from second up to top, nor did his pace once fall below, even if it never rose above, twenty miles an hour," yet the engine of that car would run like silk on top gear at seventy.

Let us not smile prematurely. We, too, are novices, experimenting with a machine we as ill understand, as did he. An industrial machine, new, capable, and costly. Its proper speed is seventy miles an hour. We run it on second gear at twenty. Never once have we run it on top.

Three years ago its speed decreased disastrously. Last year it went up a mile or two an hour, and we plumed ourselves on our recovery. Acting just as simply in our own way as that other novice did.

#### CAUSES OF THE BOOMLET

When men speak of boomlet or recovery, therefore, I feel little interest. To advance from twenty to twenty-two miles an hour is not exciting. It may even prove a soporific. Whether it lasts or not, it is utterly inadequate.

The industrial machine is capable here and now of seventy miles an hour; and every hitch in its working is costly in human life and human well being.

So in writing of this boomlet, I do it only to clear the ground for discussing wider possibilities.

#### Will the boomlet last?

It may, indeed, last a longish time if bankers omit to take their toll and delay to recall their loans. At the moment, there is little to recall, and overdrafts are even willingly extended. The money poured out to create this minor prosperity is not yet returning with its charges.

Frightened by the disaster of blind economy, expenditure has been encouraged; domestic municipalities and corporations have been incited to restart public works. Rearmament begins at home and abroad. Houses are built on instalment systems with money advanced by banks. Employment has increased.

#### THE OTHER SIDE

But the loans are coming home to roost. Debts incurred today mortgage the purchasing power of tomorrow.

Mr. Walter Runciman gives significant warnings. The present prosperity, he reminds us, is solely due to the development of the home market, and that approaches, if it has not already reached, the saturation point. It can expand no further. Apart from increase in foreign trade, any more improvement is doomed.

On a wide view, things are not too rosy.

Official figures show that destitution has reached its record height. Unemployment rises. And the rise is greater than the surface figures suggest. Workers in professional and clerical classes, for instance, never appear on unemployment lists; neither do youths who have never so far worked at all.

Hindrances of various kinds hamper the machine. Here is one.

A friend of mine owns some Northern farms. His rents are unpaid. A journey North reveals the cause. Gallons of milk have been produced, and the farmer receives 8d instead of 5d for every gallon sold. But buyers are wanting. Sales here dropped disastrously, and the upshot is loss.

Milk goes down the drains. Children go milkless. Rents are unpaid. Purchasing power retreats.

Incidentally, 40,000,000 gallons of the most precious foodstuff for children have been sabotaged. If every man, woman, and child in England took a gallon of milk and poured it down the drains, the nation would be scandalised at its own act, yet that

is precisely what in effect has happened.

Once again Civic authorities recoup themselves for money spent on public works by imposing higher rates. The assessment of a friend of mine has multiplied seven times, despite the Rating Acts. As these debts are garnered in, purchasing power will show still further retreat; the steady reduction of the floating debt will not help to stay it.

With luck, the boomlet may survive another year, or even two. It cannot grow to great proportions. And, to return to my earlier point, its achievements, in any event, are utterly inadequate. They in no way attain to what is immediately possible.

Productive powers today surpass belief. In face of those powers and in face of the urgent need of the things they can create, the crippling of the productive machinery is utterly disastrous. It is even criminal, and none the less so because it proceeds, for the most part, by unconscious processes.

Remove the hindrances and none need want.

#### THE MAN WITH THE MUCK RAKE

Why, then, I wonder, do reformers seek such narrow boons, or see salvation in minor savings effected by combined purchase, or in a paltry rise in wages? Is there even any permanence in wages at all for the whole mass of citizens in face of machinery, which constantly replaces men?

Minor seekings and scrapings such as these remind me of the man with the muck rake. We look down. We should look up. We strive for gleanings while the whole harvest awaits us.

An immense and increasing national discount off the purchase price of all commodities is immediately possible.

An increasing national dividend for every man, woman, and child from birth to death is also possible.

These things are just. They give access at last to the social increment, which the modern world has won by its corporate action and as its corporate inheritance.

They can be achieved without taxation.

They can be achieved also without that wreckage of valued elements of our national democratic institutions, or personal liberties, which we observe and deplore in other lands.

They are desirable, for they give immediate security, remove fear, cut the taproot of acquisitive instincts, and promise to release floods of creative energy.

All of which assertions demand other articles for their justification. They are bound up with the all-too-little understood question of money; its creation, control, and distribution.

#### WHAT IS PHYSICALLY POSSIBLE

Here and now I only assert the physical possibility of discount and dividend. And what is physically possible can be made financially possible, too.

If we think in terms of things and not of money, we shall see at once how possible the dividend is.

The things — and a dividend is valuable only when translated into terms of things—are already largely in existence. Things are produced in such quantities that we are obliged to restrict and even to destroy them. The U.S.A. destroys 6,000,000 dairy cattle and 2,000,000 pigs while it ploughs in every third row of cotton. Brazil destroys 26,000,000 bags of coffee. The Irish Free State is said to be destroying 200,000 calves at the rate of 25,000 a week. India, Ceylon, and the Dutch Indies restrict 121,000,000 lbs of tea.

Even with machinery running at a fraction of its capacity these things accumulate. What if the machine went "all out"?

What might happen if, for a start, we set the millions of men already idle working on the machines already existing and unmanned? Would the world lack sheets or shirts? Ask American cotton farms and Lancashire mills. Would it lack bread? Ask the Canadian prairie farmers. Would it lack clothes? Ask sheep farmers in Australia and woollen manufacturers in Yorkshire dales. And why are they not working? Because money is grievously at fault. For money is the link between production and consumption.

#### POWER AND PLENTY

Power is the key to unlock the door of plenty.

Power possibilities have grown incredibly within two centuries.

In 1712 a steam engine was invented which developed fifty-six horsepower. In 1772 a single engine produced 765-man power. By 1871 it had grown to 20,000 man power. By the 1890's a single reciprocating engine produced 234,000 times the work of man.

Those were giant strides. This century, however, has something greater still to show. A single turbine unit, working on a twenty-four-hour basis, produces 9,000,000-man power.

What may lie before us when, instead of cramping the engineer, the inventor, and the organiser, and actually threatening them with a moratorium on invention and bidding them curtail production, we give them freedom and adequate encouragement? Professor Soddy estimates that England's productive capacity has increased 4,000 per cent since the advent of power and the machine. What limit can we set for the future?

Even to man the present machinery with those now unemployed would pay a heavy dividend. And machinery can grow—how rapidly we saw in the world war, when factories sprang up overnight, and when boys and girls, and old men and women maintained us all and repaired the wastage of war, while 20,000,000 men were not only withdrawn from beneficent production but actually engaged on mass destruction.

Power increases daily. And the productive possibilities of the land, according to Sir Daniel Hall, the agricultural adviser to the Board of Agriculture, have been doubled in the last ten years.

Physically, therefore, the National Discount and the National Dividend are warranted and long overdue.

They can and must be made financially possible.

#### MYSTERY AND HUSH, HUSH AT THE UNIVERSITY

The services of an exiled German student of chemistry are being sought by the University. The council decided yesterday to apply to the Carnegie Corporation of New York for a grant of £550 a year for two years to enable the scholar, whose name has not been disclosed, to be brought to the University. A letter containing the highest recommendations and praise of his scholastic attainments from Professor F. Donnan, of the London University, was read to the council.

A fortnight ago the University made a similar request to the Carnegie Corporation for funds to enable it to obtain the services of another German student, who is a distinguished philosopher, and who was exiled from Germany for political reasons. — "Argus," June 18.

Twice within the last month the University has gone, cap in hand, to the Carnegie Corporation, begging that august body to finance the salaries of two unknown scholars, one in chemistry and the other in philosophy.

There is no hesitation in mentioning the sponsors of these gentlemen, so why keep the applicants themselves in the dark? The taxpayer provides most of the money for the University, and is entitled to know, with no

show of secrecy, whom it is intended to import for the education of his children. It seems obvious that these gentlemen are not wanted in their native land, and it is impolitic, to say the least of it, to bring to our seat of learning a teacher of philosophy (of all subjects) who has incurred the displeasure of the civil authorities of his home land. Whatever these gentlemen were deported for, it was not for playing parlour games or ping-pong, nor was it for contributing towards the peace, security and good government of their fatherland.

Nevertheless, who are they? We are taxed to maintain the University that proposes to welcome them with foreign money, and we are entitled to know. It is certainly strange to see German chemistry and philosophy receiving such a welcome at such a place. It is to be hoped they do not come across the speech delivered by one of our professors on the outbreak of the last war.

If the positions must be created, surely there are Australians with the necessary qualifications. And if the people possessed sufficient purchasing power to clear the goods they have already produced, the University would not need to solicit foreign financial aid in order to give positions to foreign scholars out of a job. Again—who are they? In all matters let us have the names.

-A.R.

#### FOUR POINTS TO REMEMBER

It is the public duty of all experts on Real Credit (such as, for example, all business executives, farmers, housewives, engineers, and poets) to continually complement the absurdities of finance with the realities of living.

To be specific, the following points, which are incontrovertible, must be insisted upon:—

1. Money is no mystery but simply a ticket-system, subject to the common will as to arrangements for production and consumption, and to nothing else.

2. The wealth of a country is its productive capacity, which can be drawn on to any extent by the proper money arrangements; and the extent to which it is drawn on must be decided by the nation, not by arbitrary fiat either of Government or any self-appointed authority.

3. The object of production and of national union is to deliver usable goods and services with the minimum amount of labour and trouble, and is not to make employment.

4. The existence side by side of unsatisfied wants and of unused productive capacity, either of men or machines, because of ticket difficulties must be corrected by changing the ticket system and not the productive system.

With these four (not, of course, exclusive) points of elementary sense in mind, the least informed among us is equipped with the rubber gloves with which alone finance must be handled. —New Democracy.

#### Radio Priest Attacks Huey Long

In his weekly broadcast on Sunday, May 12, Fr. Charles E. Coughlin delivered a cutting denunciation of Senator Huey Long's share-our-wealth scheme.

The National Union for Social Justice, he said, refused absolutely to accept the theory of confiscating all wealth and then dividing it equally. Fr. Coughlin then went on to say:

**"Wealth is not distributed now because money, the distributing agency, is unavailable. The volume and control of money is in the hands of a few who manipulate it to control wealth."**

## The New Times

Published every Friday by New Times Pty. Ltd., Elizabeth House, Elizabeth and Little Collins Sts., Melbourne, C.I. Postal Address: Box 1226, G.P.O. Melbourne.

Telephone: M 5384.

Vol. 1. No. 4.  
FRIDAY, JUNE 21, 1935.

### Wheelbarrows and Morons

A publican and a garage-keeper in a little bush town are liable to bet on anything. They have the time to. If they choose to match the one's trundling capacity against the other's sitting stamina, why not? Who cares, anyway? Or, more correctly, who should care? The local correspondent might be forgiven for a passing reference or two. Perhaps even the weary writer of the witty sub-leader or the poor wretch who subsists on Men I Used To Know might be excused for grasping at a new straw. That would be the utmost latitude which decent journalism would allow.

But columns and columns and columns of it . . . front-page pictures of the "heroes" . . . descriptions of the "training" to be undergone for sitting on one's—air cushion—in a wheelbarrow . . . charts and photographs of the roads to be traversed . . . and all the rest of that maudlin blather which has been spilled over our newspapers for the past week—what in the name of Providence has the public done to deserve it?

As a result of this latest exhibition of newspaper lunacy, we actually read that people came by **aeroplane** to see one man "push another in a **wheelbarrow!**"

But is it all just newspaper lunacy? Or is it part of a conscious newspaper policy?

There is an amazing document known as the Protocols of the Meetings of the Learned Elders of Zion, which has been the subject of spirited and often bitter debate for many years past. The Protocols outline a plan for the Jewish domination of the world. It is claimed that the writings themselves are forgeries. Every Jewish writer on the subject has said so, and as recently as last month a Court at Berne, Switzerland, decided that they are both a forgery and a plagiarism.

But the so-called authenticity of the Protocols is a minor point. Their significance lies in the diabolical cleverness with which, many years ago, they indicated the way by which the hidden and irresponsible hand of finance would work against the people. To call such finance Jewish is to restrict it unduly and often unfairly, for money symbols speak all languages. And the more the Protocols are read, the more one is struck by the genius, which foresaw, if it did not plan, the progress of events. And, realising to whose advantage those events have been turned, the more is one alarmed.

Discussing the use of the press, the Protocols, amidst a great deal of other matter, says:—

"The press will distract the current of thought towards new

questions (have we not trained people always to be seeking something new?). . . . In order that the masses themselves may not guess what they are about we further distract them with amusements, games, pastimes, passions, people's palaces . . . Soon we shall begin through the press to propose competitions in art, in sport of all kinds: these interests will finally distract their minds from questions in which we should find ourselves compelled to oppose them. Growing more and more disaccustomed to reflect and form any opinions of their own, people will begin to talk in the same tone as we."

This was written over thirty years ago.

It is not, of course, suggested that the editors of our Melbourne newspapers deliberately lent themselves during the past week to distract the minds of the people. It may be merely another case of the unwise and the angels.

Anyway, from what were we to have our minds turned, lest we should think too much? Surely not a trifle like the latest (but not last) loan? Of what importance is another four hundred and odd thousand a year in perpetual taxation compared with the extremity of an Evans's backbone? Hooray for the wheelbarrow marathon!

### Always a Preferred Creditor

Coming down to us from the ages before the moneylender acceded to the throne is a simple principle of justice in the matter of debts. Under that principle preference was given to the creditor who had suffered the heaviest loss or who could least afford to sustain the loss. Wages were thus, as they are still to some extent, a preferred claim against the debtor's estate. The last claim admitted was that of interest, or usury.

Nowadays the process is almost completely reversed. Take the case of your income tax. If you miss any payment, even through an honest mistake on your part, the law recognises no time limit, no statute of limitations. For an ever-increasing part of the proceeds of taxation is claimed to pay interest.

But while this burden of taxation grows constantly more fearsome on those who have to provide the interest, it is made correspondingly lighter on those who draw the interest—another of those scandals which go to prove, if proof were needed, who really rules this country.

The old pretence that the bondholder meant the self-sacrificing citizen who saved the State is too hoary to be resurrected at this stage. Most people have a pretty shrewd idea by now where the bulk of our bonds are held and where the interest goes. It is bad enough, in all conscience, that private individuals should draw their toll of interest on money which it is the State's own prerogative to provide, but that the income from such "subscriptions" should be free of State income and employment taxes, and others, is even worse.

Upon what possible grounds of morality can the procedure be justified?

### Mr. Lyons Begins Part Two

Mr. Lyons has bidden England the simple, unaffected farewell of the true Britisher. Almost unemotionally, as he weighed out at the aerodrome, he gave his last laconic messages to Jimmy Thomas, Sir Maurice Hankey, Stanley M. Bruce, Jack Dunningham, of Randwick, and the boys of Australia House.

Methodical to the last, the Right Hon. J. A. was at his desk till a few minutes before his departure. One likes to feel that, however hurried his flittings of recent weeks up and down the length of Great Britain, Northern Ireland, and the Irish Free State, he made sure before departure that all the accounts were in and duly paid (by Australia).

And so, nothing overlooked, nothing forgotten, Mr. and Mrs. Lyons set out on Part Two of The Innocents Abroad—the Continental tour.

Nothing forgotten! There was, to be sure, something about—what was it?—some meat agreement—

### A Chiel Amang Us

There is a chiel amang us takin' notes.

He is the eleven-year-old son of Dr. Marie C. Stopes, and she told the world about him in a letter to *The Times* of April 29. She has never given him any pocket money because "The prevalence of regular pocket money is one of the keys to that lack of adult responsibility about money which is widely deplored."

Dr. Stopes gives her son money on birthdays and other privileged occasions, but, in the normal course, this new Samuel Smiles earns his own spending money. At the age of four, interested in the household wages book, he asked for a wages book of his own, and began to earn money, entering it up in the wages book and signing for it. Looking back in that little record one finds items such as this: "To cleaning white paint in the drawing-room, 2d; to laying turf straight in garden, 4d; to chopping wood, 2d; to felling a tree, 6d," etc.

You may smile and talk about sweated labour, especially in connection with the last item, if it was a large tree. But Dr. Stopes, in refraining from accustoming her son to free gifts of money, is rendering him a signal service. She is protecting him from "the false idea that money is obtainable without work." So he carefully takes notes of all the work he does in house or garden, and signs on the dotted line when he gets his pay of a Saturday night. "Were a wages book established in every home," declares Dr. Stopes, "the national character would undoubtedly gain by it."

So get busy establishing your wages books, and no more of this nonsense about National Dividends. Did Douglas as a boy use a wages book? Did Orage? No, and that is the whole cause of the trouble. These men, and others like them, became accustomed to "the false idea that money is obtainable without work."

Indeed, if Dr. Stopes, when she was a child, had enjoyed this training, it is doubtful whether we should have heard so much about Birth Control. Dr. Stopes has given unstinted service to a Cause, without asking, one assumes, what was to be her monetary reward. Her son will possess a keener eye to his own interests. He is being taught that his faculties are something to be employed exclusively with a view to his own profit. He will no doubt observe that the rendering of free service has been the privilege of the natural aristocrat. And, observing further that the lot of the natural aristocrat is hard; he will no doubt go and do otherwise.

Yet one has an uncomfortable feeling that the training is incomplete. One assumes that the boy receives free board, lodging, clothing and tuition. He may argue that, after all, money's worth is obtainable without work. He may even grow accustomed to regarding his wages as merely a supplement to his main source of income. When the time comes, he may even display such a deplorable lack of character as to accept his share of the National Dividend!

—Tom Dixon, in *Social Credit*.

### The Honest Franc

M. Regnier, the new French Minister for Finance, has written an article in which he says:—

"The franc, based on gold and guaranteed by an imposing coverage, is a sound currency upon which Britain and the United States should align their currencies. They should not expect from France a new and impossible devaluation."

The measures to be taken by the Prime Minister (M. Laval) under the plenary powers recently granted him are not likely to be announced before the end of the month, when members of the Chamber of Deputies have departed for the holidays. —"Argus," June 17.

The numerous changes in the leaders and personnel of French Ministries during the last month or so have been sufficient to upset the traditional unruffled calm of a paddock bookmaker on Cup Day. The changes kept occurring at all hours of the day and night, and the gathering crowds outside seemed to be growing more and more restive. Eventually we were informed that M. Laval had been granted plenary powers by the Chamber of Deputies after they had stipulated certain safeguards.

The prime cause of the trouble seems to have centred round a "sound and solid Franc," and, in order to keep this perennial colt on his legs, drastic and unpalatable "economies" have, it appears, to be enforced. Whatever else the Franc does, he must be kept on gold; the more he is kept on gold the more restive the populace becomes, and that restiveness has a habit of transferring itself to the members of the Chamber of Deputies.

One may suppose that the Chamber would come under the heading of a corporation; but whether or not M. Laval subscribes to the old legal adage that "a corporation has neither a body to be kicked nor a soul to be damned," he seems rather chary of facing it when he comes forth with the measures necessary to ensure "a safe and solid Franc." If the colt does a satisfactory preparation, he is to be produced in public towards the end of the month, "when members of the Chamber of Deputies have departed for the holidays"—from which it would appear not correct to suppose that the more they are together the merrier they'll be.

It is openly stated that the governor of the Bank of France has been threatening the representatives of the people, and this is very interesting, for the reason that it is much easier to affix responsibility on one or two persons than on all the members of a Chamber. The French people are extremely fickle where bankers are concerned, as the history of Neckar shows, and there is just a possibility that some interesting news will filter through from France in the near future on the subject of "the sound and solid Franc." On recent performances one would not be safe in backing him with "bad" money. —A.R.

**DOUGLAS CREDIT MOVEMENT,**  
Block Arcade, Elizabeth Street  
Tuesday, June 25, at 8 p.m.  
An Address by Mr. Lagoni,  
"THE A.B.C. OF SOCIAL CREDIT."

### Will It Come To This?

The writer, like all great poets, has frequently been in court. From time to time he has heard allegations made against various detectives who have been accused of maltreating prisoners. On the merits of these allegations he would not presume to pass an opinion, but the worst of them seem very feeble when compared with the statements made in American courts. After reading numerous American papers and some books emanating from Chicago the writer has become afraid that the methods of American police departments may follow American films, novels and language into the peaceful State of Victoria, and he draws this dismal picture of the future.

With apologies to the late Sir William Gilbert.

I commenced my training at the age of four  
By brutal assaults on the boy next door.  
I smashed his leg and his arm and his teeth,  
And cost my father the price of a wreath.  
I had altered his anatomy so gleefully  
That now I'm a member of the C.I.B.

As I advanced I went to school,  
And learned the words of the "Golden Rule,"  
Which is knock 'em down, and when they squeal  
Just tread on their faces with a hard, rough heel.  
I trod on their faces so joyously  
That now I'm a member of the C.I.B.

And so I grow from boy to man,  
Maltreating every bloke I can;  
And the chap who once had met with me  
Was physically altered to a great degree.  
I altered those blokes so thoroughly  
That now I'm a member of the C.I.B.

I played in the League when my strength was full,  
And charged with the vigour of a shorthorn bull;  
I used my boot and my fist so free  
That the morgue had never a vacancy.  
I displayed my skill so frequently  
That now I'm a member of the C.I.B.

My destructive powers in the usual course  
Soon caught the eye of the head of the force.  
He subjected me to the usual test,  
Of jumping on an innocent prisoner's chest.  
I jumped on his chest so expertly  
That now I'm a member of the C.I.B.

From the very first day I joined this band  
I polished off the suspects with my hard, rough hand.  
I gave them the boot and the fist and the knee,  
And always got a statement which was voluntary.  
I got such statements with my boot so free  
That now I'm a member of the C.I.B.

So now you know that the golden rule  
May be learned in places away from school.  
Develop your muscle, and use your knee.  
Your fist, and your elbow most zealously.  
Use 'em all together most ferociously,  
And you all may be members of the C.I.B.

—William Blackstone.



THESE "HONOURS"

By BRUCE H. BROWN in the Castlemaine Mail.

Our newspapers made a great feature of the "Honours List" last week, and took pains to emphasise that it had all been so graciously arranged by His Majesty the King. The *Argus*, for example, came out on Tuesday, June 4, with an editorial which included this: "Australians especially will be gratified that this significant occasion was chosen by the King for honouring Sir John Latham . . ." In our belief the King chose neither the man nor the occasion. The man was the choice of people entirely unknown to the King, and the occasion was customary routine. Favours of this kind are ostensibly bestowed by the political party in office, but we have only to look at the lists for New South Wales and Victoria in comparison with those for the other States to see that the whole thing is more financial than political and more political than regal.

We suggest that as a pastime you secure a copy of "Who's Who in Australia, 1935," published by the Melbourne "Herald," and note particularly the history and interests of all the "Sirs" mentioned in it. You will find that the great majority of them are politico-financials and that they belong to the exclusive clubs, which form the real seat of Government. Experience has shown that upon receiving the knighthood most of the men figure prominently as directors of financial institutions and their allied interests, and are thus used to perpetuate the money swindle by advocating the continuance of the control of finance, which means the control of everything, by a private monopoly. People still suffer from the mass hallucination that the "integrity and honesty" of these bank-created knights is on a par with the noblesse of the ancient Knights of Chivalry, and the financiers know how to make use of this mass hallucination.

As usual, this year's list includes a politician, a soldier, a judge, and a banker. Go right through the list of those now living who have been "honoured" in this way and see how many you can find who have done anything at all to improve the living conditions of the people. Not one of them, we suggest, has ever come forward and told us the truth about things, especially about money and Government finance.

Take Sir John Latham, whose inclusion has been announced as "a recognition of his great service to the Commonwealth as statesman and diplomat." It may be admitted at once that he has been diplomatic enough, but what positive action has he taken at any time in his public career on behalf of the country itself and its people at large? Negative and passive attitudes could be quoted freely, but they never spell progress. He has been a great champion of the private banks and an unbending opponent of any inquiry into the oppressive money system which keeps us all in slavery. From 1925 he was a leading member of the Federal Government, which put us head over heels in debt to the banking system.

Here are a few figures to study quietly: for the year ended June 1925, we paid £47,000,000 in interest. This year, and notwithstanding a cut of several millions off the Australian bondholders, we are to pay £51,000,000. Think of it in another way. In 1912, it was only 10½ millions; now it is 500 per cent more! In the same period our taxation has been increased by 700 per cent! It's a great system, and how attractive the prospect if we continue it!

In the face of these facts, Sir John's attitude towards the Premiers' Plan suggested either that he was totally ignorant of the real position, or that he gave more sympathy to the views of his fellow members at the Melbourne Club than to the needs of the people of his country. It is difficult to be-

lieve that a man who was a Master of Arts, a Bachelor of Laws, a King's Counsel, and a responsible Minister of the Crown, COULD be ignorant on such a vital matter; but unless we do put it down to ignorance how are we to explain the eagerness with which he advocated the further restriction of purchasing power as a remedy for the inability of the people to buy? He must surely know that all money used in Australia is made in Australia, and that practically the whole of it consists of "credit," which is simply names and figures in bank ledgers. He must also know that this "credit money" is practically costless, and that these costless Money Ticket Figures must be available to measure up to industry's Price Ticket Figures before it is possible to effect the full distribution of goods to consumers and enable industry to liquidate its costs. His attitude may have been influenced by the representatives of the Metal Monopoly, who also meet at the Melbourne Club. That Monopoly, as you know, is the owner of three of the private banks. But whatever the explanation, the great bulk of the people have absolutely nothing to thank him for.

With other "Sirs," Sir John Latham is on the directorate of one of the Trustee companies working in with the plans of the Money Monopoly. These plans include the policy of deflation, which Sir John lost no opportunity to enforce. The aim of that policy was to increase the value of money and decrease the "value" of production, which meant an extension and intensification of poverty. One of his greatest supporters in the shameful business was Professor Copland, who also recently found a place in the "Honours" List for "Valuable services to the nation." We have never been told who decided the value of these services, but it seems remarkable that he should now be advocating a course directly opposite to that for which he was "honoured."

It is now reported that this Professor has written as follows in an overseas journal:—

"There is a great deal of risk in leaving things as they are and waiting for prosperity to restore itself. The amount of labour required to produce what normally was produced before the depression is even less today than it was five years ago, and even if all our mills today could be set running at full speed, and producing all that was produced before the depression, there would still be a large number of unemployed. I believe that the whole problem of credit, production, and industry must be regarded from a new angle."

This change of front is more than welcome, and we interpret it as the beginning of a confession that he advised us badly in 1931, and even since. A pinprick of conscience? But what a commentary on the "Honours List" and the "valuable services to the nation"!

The nation has never yet been served, and never can be served, by anyone who is under the delusion that money can only come into existence as debt to a private monopoly under the guise of "Public Loans." Sir John will be more worthy of his place in society when he joins in the fight for the abolition of poverty from this land of plenty. All that is necessary to accomplish this is the introduction of sensible bookkeeping methods in the Commonwealth Treasury and the Commonwealth Bank. Even the Churches are at last denouncing the existing methods, and yet it is for having maintained, such senseless methods that Sir John has been "honoured." Hitherto he seems to have favoured the inhuman section of the community, which preferred to see the gifts of God destroyed rather than have them distributed to the needy.

As to the Military and the Judiciary, we propose to say nothing

except to point out that they are both connected directly with the Power to Repress the People. Although neither of the men concerned has been much in the public eye, it is interesting to know that Sir Stewart McArthur, a former judge, is another member of the Melbourne Club.

Sir Ernest Wreford, also of the Melbourne Club, is a banker for the Metal Monopoly. He, too, as chairman of the Associated Banks, took a leading part in suggesting that the economic position of the people could be improved by making it worse. He helped to impose the policy, which increased the value of money at the expense of the bankruptcy of the farmer, the impoverishment of the pensioners, and the robbery of government employees. Like Sir John, he has been "rewarded" for what is termed "valuable services." *Valuable for whom?* We are not told who get any benefit from his services or from the sacrifices he helped to impose. Perhaps it is not fair to ask about that. Presumably he will now grace several directorates of the interlocking financial institutions.

So much for the representatives of the Metal Monopoly. Now consider the representatives of the Sugar Monopoly, which also owns three of the trading banks as private mints.

Sir Thomas Buckland is president of the Bank of New South Wales and a leading director in the varied interests of the Sugar Monopoly. Most of his co-directors had already been knighted, and so it was but fitting that he and Messrs. Stewart and Tout should be similarly "honoured." Besides, last year he presented £100,000 to the Government of New South Wales, knowing that he would not be asked to explain how he got it. Hither his "work" was much more valuable than the "work" of other deserving people, or he had inside information about the money-manufacturing business which controls all other businesses. Like Sir Ernest Wreford he helped to impose the Premiers' Plan on us and has now been "rewarded" for his bad advice.

Sir Frederick Tout is another prominent member of the Sugar Monopoly. He speaks for the wealthy graziers and is a director of Associated Newspapers Ltd. In the scheme, which recently gave control of the New South Wales Parliament to the financiers, he was appointed to the Legislative Council for a term of 12 years. Although his "work" has all been directed towards lowering the standard of the living conditions in Australia he has nevertheless done what he could for the wealthy, and will now, as Sir Frederick, be more impressive to the public as a director.

Sir Frederick Stewart is a member of the Federal Cabinet, and sits with Sir Frederick Tout on the directorate of Associated Newspapers Ltd. In addition, he is governing director of the Metropolitan Omnibus Company Ltd., Australian National Airways Ltd., New South Wales Woollen and Felt Mills, and 2CH Broadcasting Station. None of his activities has made the poor less poor or the farmer less a slave to the banks. Notwithstanding this, someone has considered them "valuable," and that someone has the say in the preparation of the "Honours" List.

One of the most disturbing "honours" so far as the interests of British people are concerned was the raising to the Peerage of E. C. Grenfell, a director of the Bank of England, and partner in the international finance firm of J. Pierpont Morgan and Co. You see, it is all Finance.

Another significant feature is the continued omission of Mr. Stanley Melbourne Bruce, more especially in view of the "honours" conferred upon his lieutenants, Sir Henry Gullett and Sir John Latham. Has he been placed temporarily in cold storage for something big, such as the Governor-Generalship of Australia and elevation to the Peerage? Time will tell.

HAPPY RETURNS

A Conversation on Unemployment

Box: I am pleased to see in my newspaper that the unemployment figure for this week is less than last week's by one person.

Cox: Ah, that must be my brother, George. He joined the army last week. Got fed up with doing nothing.

Fox: Yes, but how about my brother, Bill? He was buried last week. Why's his name not struck off the roll? Dead men draw no doles: and the saving should have been noticed.

Box: What are you talking about? The figure is down on balance, meaning that one more man has gone into employment than what have come out. Your two brothers are just lost in the crowd.

Glox: I reckon Fox's brother, Bill, shouldn't be knocked off the unemployed. People in their graves are the most unemployed of—

Fox: Don't try to be funny. It's bad taste—

Cox: Yes. You ought to know that you are given the figures so as you shall know that doles are being saved. Poor Bill won't do no more shopping.

Fox: Maybe. But what about your brother George? He's still going shopping.

Cox: Yes, but he doesn't draw the dole.

Fox: But he gets his pay and keep for doing nothing. There ain't no war on.

Glox: That's a good point. The whole army is on the dole.

Fox: And the navy and the air force.

Another disquieting feature of recent finance is the tendency to make local authorities large borrowers of public money. This means an unseen public debt, a debt that does not show in the ordinary public debt accounts, but which none the less adds to the interest bill that has to be met by the taxpayers and ratepayers. — Brisbane "Courier-Mail," June 3.

Knox: And the hot air force. Fox: What's that? Knox: Parliament.

Cox: Come off it. You're mixing up different—

Knox: Not at all. We're keeping the lot of them, and the only difference is who hands 'em out their dole, the insurance crowd or the Government.

Sox: Look here, if you're going on that line why not lump everybody together? When you buy a pint of beer you pay the brewer his profit and the potman his wages—

Fox: That's right, and a bit towards George's keep, and a bit towards the dole.

Box: I really don't understand you fellows; you seem to turn everything into a question of money.

Knox: It doesn't need any turning, my son; it is a question of money all the time.

Box: No, it is a question of service to each other. When I read that idle people have found jobs I—

Knox: You are really reading that those people have got a rise from a lower income to a higher income. Who pays? Where's the money come from? Out of our pockets.

Box: But don't you see that extra workers make extra goods?

Knox: Well, suppose they do. All the same, we pay for the making of them, and the extra men get our money and buy the extra goods for themselves. We get what's left for the money we've got left.

Sox: Yes, and suppose the extra men don't make goods for themselves; suppose they build battleships, aircraft, and suchlike things. Very well, they come buying goods that we should have got if they hadn't found jobs.

Knox: That's it: they drive prices up against us. We get less for our money.

Box: Ah, but surely you wouldn't be so selfish as to deny these poor fellows—

Knox: No; but this argument started with the unemployment returns, and you said you were pleased about them. Why? Not because you thought of our helping them, but of their helping themselves.

Sox: Yes. You got an idea that we were all more prosperous because there was more work

Cox: Well, isn't it bound to be so in the long run?

Knox: It might be if we had any say about the kind of jobs these people should be put at. Take your brother, George. If I could hire him myself I might put him to do something of use to both of us. But if I pay the Capitalist or the Government to make him do things *they*, choose, it's long odds that his keep will come out of my keep.

Sox: Yes; and I'll go on from there. Suppose the Capitalist sets George making a machine, which will put you and Knox and me out of work? We shan't have any keep to share with him.

Knox: And there's something else. When George had finished the machine and finished us he'd be finished himself. These machines last a jolly long time.

Sox: So it would pay us better to pay George for doing nothing.

Cox: Well, what you say seems right enough—but a man needs work to maintain his self-respect. George was ashamed of getting something for nothing

Knox: Quite so. But if George was here talking now don't you think he'd see that if he kept idle on our money he might be rendering us service? Anyhow, I'll say this for George: he's done the best thing he could in the circumstances; he's chosen a job where he won't produce anything; so even if he does feed off our plates, at least he won't bust up the place where our dinners come from.

Sox: No; George is really only training for a job; and if Providence provides him with the chance to *do* the job—sends us another glorious World War—well, he'll make enough work and wages to absorb all the unemployed, and some more.

Box: Dear, dear. What a terrible tangle we're all in, to be sure.

Knox: You've said it all, brother. So let's pack it up and go and have one. We'll just have time to drink a toast to George—

Sox: And the potential beneficence, as they might say in Parliament, of George's new profession. —*The New Age.*

READ—  
THE  
MONEY MONOPOLY IN  
AUSTRALIA.  
(Published at the request of some  
Fifty Representative  
Citizens of Melbourne.)  
Copies may be obtained  
from  
G. R. TRENOWETH,  
Hon. Secretary, Goodwill Group,  
123 Rennie Street, East  
Coburg, N.13.  
PRICE: TWOPENCE.  
Special Wholesale Rates to  
Distributors

## HAS THE "BOLONEY DOLLAR" A PLACE IN CANADA?

By ADAM SMITH, Jr., in the Vancouver "Weekly Province," of May 15.

Millions of earnest and sensible people will say Amen to the plaint of "The Vancouver Province" in the editorial titled "Again, What Is It?" in a recent issue . . . a plaint at once a query and a cry for light:

"But we do know that we can't imagine any 'costless creation' of bank credit . . . which would not in practice be the issue of fiat money, and which we strongly suspect would turn out to be boloney dollars . . . If not . . . what would it be?"

Well, boloney is found in very respectable company these days.

More and more, in the field of thought, it is passing as currency in place of ideas, and as gold slowly but surely loses its place as a monetary foundation due to the obvious impossibility of making a limited supply of it function as the trading mechanism for a limitlessly expanding productivity, and as boloney becomes more and more precious and highly regarded . . . then, perhaps, it behooves us seriously to consider whether or not it would be possible to place our monetary faith in boloney and to erect our future financial structure upon the boloney dollar.

### PAST MONEY WAS BOLONEY

The warrant for the hope that, perhaps, we might be able to function upon an out-and-out boloney dollar is the fact that students of these matters are now discovering that boloney money is the money, chiefly, on which we have operated, after a fashion, for several generations. It is true, say these savants, that there is or could be, no shortage of boloney; if boloney definitely were made our monetary standard and we ceased pretending that gold and not boloney was the foundation for money, then it would be quite easy to arrange that the quantity of money would be increased at exactly the same rate at which wealth increases. Never again, they say, would the situation arise wherein, as at present, we cannot avail ourselves of a constantly increasing abundance because we cannot afford it; that is, because there is not enough money to buy it.

We may take it for granted that a large part of human ingenuity has been directed since the dawn of time to the increasing of the ability to create and deliver goods and services. Now, it appears, we have, or can make the goods, and it only remains for us to deliver to ourselves the money or tokens to buy them. All we have to do is to discover how this issue of money may be arranged, and it would seem that if gold has failed us as the talisman which, when touched, entitles us to consume the goods we have made, then there must be something else that will satisfy our requirement that money be a product of magic and that will function as money. If, by the use of boloney or any other substance we can create money to represent the total of production rather than to limit production . . . well, why not?

At present, Mr. Maynard Keynes and Mr. Reginald McKenna will tell you the quantity of money has nothing to do with gold, but just its quantity, or its rate of flow to consumers, varies only with the issue or recall of bank loans and the purchase or sale of securities by banks. They will tell you further, if you don't stop them, that every time a loan is made or a security purchased by a bank a new and equivalent sum of money comes into existence . . . and also that every time a loan is recalled or a security sold an equivalent sum is destroyed.

The authority of these two men is almost divine. Mr. Keynes

is a best-selling economist and president of a huge British insurance company. Mr. McKenna is chairman of the Midland Bank, Britain's largest commercial bank.

If their word is not enough, there are various statistical proofs. For instance, the U.S. comptroller of currency tells us that from 1929 to 1933 the volume of demand deposits in American banks shrank from 24.3 billions of dollars to 15.2 billions. These demand deposits represent the circulating medium of exchange for carrying on business. From them is paid out, continuously, the most of American wages, salaries and profits, which, of course, represent the total purchasing power of the American people.

So it does not surprise us when the department of commerce at Washington, D.C., tells us that the total income of the United States was in dollars 81.0 billions in 1929 and shrank to 46.8 billions in 1933. This vast shrinkage in purchasing power could scarcely have been worse if the United States had had an out-and-out boloney dollar instead of what is laughingly called, these days, "sound money" based on gold, could it?

Obviously the thing to do about our present deflationary process is to reverse it. Whether this is done (no laughing, please!) by "sound finance" or as the fruits of demagoguery, if a rise in prices results from an increase in money and/or credit the process is inflation. Gold does not enter the picture; monetary gold stocks of the world rise annually at a slow but steady rate, and the ups and downs of the business cycle ignore it completely.

### HOW MONEY IS INCREASED.

The processes of increasing the money supply are many. If, firstly, money is increased by multiplying notes and token coins, by bookkeeping entries in the books of a State institution, the common belief is that this is dangerous. If, recently, it is increased by multiplying public and private debts by means of loans and advances from banks, then this process is called "sound finance" and the better elements of the population sleep better. In either case, however, the result is fiat money. In one case, if the fiat money is increased at a rate faster than the rate of increase of goods and services for sale so that prices rise, the value of money falls, then we have what may be called the boloney dollar. In the second case, when the new money is created as debt, all of it at all times is composed of boloney dollars. They are an increase of debt that cannot be paid without more debt being created, and the simple fact of the case is that for 100 years this debt has risen at a steady rate almost exactly twice as fast as physical production has risen per capita.

Does this seem complicated? Well, perhaps it is, but until a sufficient percentage of the citizenry bestow upon the problem about ten per cent of the attention they give to the intricacies of the Culbertson contract bridge system we will never be out of earshot of the moans of those who say it is too, too much for them, and hadn't we better leave it all to experts?

If one sought a splendid example of how fiat or boloney money is created, the search is not far. The Bank of Canada has been in operation a few weeks, starting with a capital of five million dollars. Its recent weekly report shows assets of, roughly, fifty million dollars in excess of liabilities. Where did that money come from?

Well, last year Mr. Bennett received Parliamentary authority

to inflate the currency by fifty-three million dollars. Canada had a 40 per cent "gold coverage"; the World Economic Conference (less tittering, please!) decided that 25 per cent coverage was good enough these days, and currency expansion to that point would be safe.

But there was a fatal objection to this fifty-three millions of new Canadian money; it would be debt-free! The country wouldn't owe it to anybody! All who study this matter know that the issue of money not owed to somebody is not "sound finance"; doubtless economists sat up until far into the night for months at Ottawa, thinking up a way to make this brand new fifty-three millions of dollars, earmarked for relief, backed by a gold coverage declared ample by the World Economic Conference, into a debt, so that taxpayers would pay interest on it from now to Doomsday. And they found a way; without public announcement and with some strange new authority to suspend the intentions and authorisation of Canadian Parliament, the money was printed by the Bank of Canada and loaned to the Government.

The bank's capital was not touched; no deposits of any kind had been received by the bank to be loaned to the Government mint in return for this service, which the Government could have done for itself, the Bank of Canada was presented with some fifty million odd of Government bonds. The whole operation was one of the "costless creations of credit" which so alarmed "The Province" editorial writer, in that the bank did not have to work for the money it created and loaned; did not use its capital; did not borrow money or enter a liability against the assets it obtained by the manoeuvre; its rents, salaries, etc., are so far entirely outside the question.

"Increased currency to cover the present building programme," says the budget despatch of March 22, "was included in the net debt because securities were handed to the Bank of Canada to cover any such issue." The word "banded" is a happy one. So, the "gold backing" had nothing to do with the "sound finance" here shown at work; the essential feature of the operation was that fiat money credit was created by the bank so that it would appear as debt and boloney might have been used instead of gold after all!

### FIAT MONEY IN THE WAR

It is granted that if some actuarially consecrated percentage of gold is maintained as "backing" to money, then money is not "fiat" in the definitive sense. But it is a fact that this percentage is changed from time to time by fiat, that the "price" of the gold is changed by fiat. It is true that if all the gold now "backing" Canada's money were to slowly change into boloney by some fathomless order of the great alchemist nothing whatever would happen to our money. Britain (and Canada) fought the war on fiat money, and nobody in England ever scorned a "Bradbury," the £1 Treasury note, until after the war when the hasty conversion of them into debt, "sound money," by exactly the same operation as above described about Canada's fifty-three millions, threw Britain into a financial and economic disaster that increased in intensity from 1925 to 1931. Then her people could stand the agony of "sound money" no longer, and she went off gold and began to innately money by issuing the debt variety of boloney pounds.

### WHY INDUSTRY SUFFERS.

Industry on this continent is working now at from half to two thirds its actual capacity, because the public as a whole, as shown by the fall in demand deposits, have not enough money to buy the output that could be produced. If today the volume of money

could be increased and its flow toward the public maintained at exactly the same rate as the flow toward the public of the price of the goods the public can create, then industry could work at capacity, everyone who wanted to work could work, there would be no inflation, and the value of money would remain constant.

The penalty laid upon the people for not studying and understanding this matter is, of course, increased

public debt to maintain the destitute, the continuous increase of taxation, the continuous confiscation, by means of falling prices, of businesses, securities and jobs, and the entry of their children into a world that can find nothing for them to do, and which wants them so desperately little that it takes them, when they become of age, and hides them out in the woods in camps, and denies them every aspect of life except food.

## LETTERS TO THE EDITOR

"The New Times" invites correspondence from readers on any matters of public interest. Disagreement with, or criticism of the policy of this paper will not be a bar to the publication of letters containing constructive suggestions, briefly expressed; but the Editor reserves the right to reject publication of any letters deemed unsuitable, or to condense when necessary. Rejected letters will not be returned unless accompanied by stamped and addressed envelope. The name and address of sender (not necessarily for publication) must be forwarded with all communications.

### GOOD MARKET FOR BONDHOLDERS

Mr. Casey is reported in Tuesday's press as having said at Canberra on Monday: "Every year several millions of pounds' worth of Commonwealth securities are bought and sold on the Stock Exchanges of Australia. Buyers desiring a gilt-edged investment for a longer or shorter period are always on the market. Purchases by the National Debt Sinking Fund Commission on the Stock Exchanges in Australia alone are between £3,000,000 and £4,000,000 a year. All the Governments of Australia set aside out of revenue sums, which now amount to about £3,000,000 a year as contributions toward the sinking fund. This large sum is distributed between the markets in Australia, London, and New York, and is used for buying Australian securities. About half of this £8,000,000 is used in Australia. These purchases create a steady and regular market, and an investor in the Commonwealth loan is assured of a ready sale at any time he may find it necessary to realise on his investments."

Does the above statement of the Acting Federal Treasurer, when stripped of its financial jargon, really mean that we have not only to meet the cost and interest of loans out of taxation, but have, in addition, to provide (also out of taxation) a fund by means of which the price of these bonds can be kept at a respectable figure?

It is told of an employer that, after an over-zealous employee had left him, he had occasion to write and thank his late assistant for leaving him the shop. That employer was luckier than he thought, for in our own case the bondholder seems to have got the lot. We realise now why John T. Lang was such a scoundrel; and also that Sir Philip was really Game—for he certainly was.

S. KINNED.

### THE SERVILE STATE

I agree with the views of "Anti-Servile State," as published in your last issue. It is only too true that democracy is being imminently threatened. We are growing dissatisfied with conditions generally. The depression is now in its sixth year. The politicians have done nothing. People are becoming as contemptuous of Parliamentary activity as they are of Arbitration Court awards. Both are futile. But it is the people themselves who are to blame. Let them demand, on pain of political extinction, results from their representatives. Let them give voice to their own policy. Let them refuse to accept a ready-made policy thrust upon them at election time. The party system is a curse. The electors are given the choice under it of selecting different methods to implement the one policy — the policy of

Finance. There is no hope for the world until the people themselves decide what they will vote about. Congratulations to your paper for its attempt to teach people the elements of democratic government.

DEMOCRAT.

### PURVEYORS OF FILTH

I find your correspondent, "No Wowser," amusing. He asks why smut should be imported into our daily lives. Why, indeed? Is he still as guileless as his innocent young relatives? Has he never read that remarkable passage, in a still more remarkable document, "We will corrupt the morals of the young and encourage the vices of the adult"? Is he still pottering around in the unreal world of youthful illusions, or is it just lack of perspicacity?

### A WAKE-UP TO THE BUSINESS.

### WILL BANKS BE EXEMPTED?

The State Attorney-General has now received the Report on the "Proposed Amendments to the Companies Act, 1928."

This contains many amendments for safeguarding the interests of shareholders and for informing the public on transactions which are now hidden in incomplete balance sheets and profit and loss accounts.

Will the Attorney-General state if this legislation is to be applicable to all companies or will the Banks be exempted, as they were from the provisions of the Moratorium Act brought in by the Commonwealth Government to reduce interest on Loans? —L.

### THAT TUBE CABLE

The Melbourne daily papers last week published a cable to the effect that the Duke of Kent, driving a tube electric train crowded with people, narrowly avoided a collision with a train ahead by applying the emergency brakes. Is the cable true, or is the London cable man just having a joke with Australia's dailies?

In all other great cities of the world electric railway lines have electric signals to protect trains and if these are passed while "at danger" the brakes are automatically applied and the train stopped, thus preventing any possibility of collision.

If the cable is true it is time Lord Ashfield of the London Tube Railways took a trip abroad to Chicago, or Leningrad, or Sydney, and inspected the safety devices generally used in electric traction. Or are railway accidents the most convenient method of getting rid of that section of the population, which England wishes to emigrate from her shores but which Australia at the present time refuses to take?

—SIMPLE SIMON.

## SCRATCH COCKIE

By D. IZZIE.

You farmers don't get to the city much these days, so you must be a bit behind with the news.

Collins-street has got the blues. For that matter, what street hasn't? I am not referring, however, to those blues, which afflict the streets of shopkeepers waiting for customers, or the streets of would-be customers waiting for money. The blue I mean is a hectic sort of Reckitt's blue displayed on every second building in Collins-street.

Every second building in Collins-street is a bank. Mr. Casey and the Associated Banks are advertising the new loan. I can understand Mr. Casey doing it, but why the banks? It seems like a suburban grocer asking his customers to patronise the man across the street.

I always thought the business of a bank was to make loans. What's it the banks haven't run short of

"The flood of British milk has become so great under the milk marketing scheme that nothing but unpleasant remedies will suffice." — "Manchester Guardian," June 18.

the bank's haven't run short of money. (If they have they'd better not let their depositors know, or the game will be up.)

The banks seem to have supported every other loan, but they are a bit shy about letting us know to what extent they have helped "rehabilitate" Australia. A table showing the holdings of previous loans was published last week. It enumerates the amounts held by friendly societies, insurance companies, etc., and then lumps the balance, which amounts to about 80 per cent, under the heading of Associated Banks and public. Such modesty is overpowering. We don't know whom we have to thank.

We are told that some of this loan money is to be used for the relief of unemployment. No one objects to that, although we may object to the way in which the unemployed are relieved.

Some more of it is to be used to pay off some of our floating debt. This is the banks' reward for advertising the loan. They don't get much for floating debts, but manage to get most of a debt that's properly nailed down.

The rest is for rural rehabilitation, and this is where you come in. Mr. Casey says it's our duty to put up our few pounds for this great cause. Dr. Page was a bit more direct. He told us that you farmers have worked hard to maintain Australia's credit in bad times, and now "fight for the privilege of economic survival." That's a hot one—and who said that these were good times, anyway?

Poor old farmers. The harder you worked the deeper you sank in the bog of debt, and now you have to fight to keep your noses above it. You're as far into debt as our friends the banks will let you. They evidently think that you'll have a better chance of getting out if the Government takes over your blister. Anyhow, it seems that some of you will be permitted to survive, and the rest will be pushed out to make room for some other optimist whose main qualification will be that he hasn't any liabilities and so will be in a position to acquire some. Those who must go would walk off now if they had anywhere to walk. Those who achieve the privilege of survival and those who replace the sunken will, no doubt, be enticed into debt by those same banks who are now so anxious that someone else should put up the cash to get you out of your present debts. That is, unless you farmers do a bit of thinking.

The harder you work the further into debt you get. Suppose you were to try no work and no debt? Or think of your counterpart in the U.S.A. He's got a great idea, but I suspect that he didn't think of it himself.

He doesn't work, and gets paid for not working. He gets paid for the wheat he might have grown and the pigs he might have raised. The one who doesn't bring home the bacon comes out on top. Of course, that wouldn't help us in the city much, but that is not your concern. Taking us here as a whole we don't get enough to eat, anyway. If you grow plenty we can't buy it, so it probably won't make much difference to us. Most of us are having a bit of a fight to survive, just as you are, but if we fight each other we'll all go under. You can grow enough food for all and we are able to turn out manufactures in plenty. If we co-operate and fight the right way we can achieve something more than survival.

You've been called the backbone of the country for quite a time, but there's never a mention of a cranium on the end of it. So scratch Cockie, and if you won't here's a new song for you:

Let the moneylenders crow.  
When they tell us that they know  
That our chances of survival  
Are not so very great.

At the fact we are not blinking;  
But we're thinking, as we're sinking.  
It's a privilege to suffer  
For the Credit of the State.

## Spare the "Ready"; Starve the Child

It seems a little odd, to put it mildly, that in an age of almost embarrassing profusion of food production we should need a Committee Against Malnutrition. It has been in existence just over a year and consists of a group of doctors and research workers who have chosen this name for it "because it exposes their frank opinion that all the factors necessary for the eradication of malnourishment are now completely within the power of society. Nutritional science has established the essential principles of human diet. The potential productivity of foodstuffs is almost incalculable. Man's capacity for social organisation has reached a high stage. Whatever degree of malnourishment might have been inevitable a century ago, it is now a social anomaly."

Well, there's the whole thing in a nutshell. You couldn't put it more plainly. Food is being destroyed in vast quantities in many countries because we don't distribute it. Is it reasonable to suppose there is not enough to go round? Suppose you kept casting nets into the sea and netting such quantities of fish that the nets broke and allowed a good deal of your catch to slip through the holes, would you gravely declare that your nets were all right but that the fish were rather scarce and your fishermen must work harder and distribute fewer fish the bigger the holes became?

If the facts became known, somebody would tell you pretty straight to patch up your nets, or try new ones. If you had the mentality of a banker you would reply urbanely that nobody could hope to understand fishing except a fisherman, that you must not interfere with natural laws, and that the holes in your nets were caused by a piscatorial cycle which would pass away in the spawning season.

For "nets" read "financial system," and you have an unexaggerated picture of what is happening today. And the sickening part of it is that when the money monopolists hand us out this line of guff, hardly anybody has the guts to say "Aw, nuts!" and call their bluff.

However, the Committee Against Malnutrition has said it, in politer language, and we take off our hats to them for it. They are holding a public meeting next week; we wish them a good attendance, as what they have to say about the nation's health should be known to all. — *Social Credit*

## THE MYTH OF THE IDLE MILLIONS

### A Fallacy in the "New Deal" Plans

[Editor's Note. — A reader, drawing attention to the large deposits in our banks, asks: "How can you say we lack purchasing power when the people have all this money in the banks?" Together with the inquiry we received in our mail a copy of the "Catholic Times" (London), in which the Rev. F. H. Drinkwater, one of the most prominent writers on economic and social affairs in England, deals with the same issue. Fr. Drinkwater's article is reprinted below.]

Mr. Lloyd George's plans for financing his New Deal provide plenty of material for melancholy reflections about human intelligence.

"Huge sums of money lying idle in the banks," says Mr. Lloyd George: "Let us use these idle millions and England will be prosperous once more."

The official Labor Party is not much better. Almost any day in Labor papers and speeches you can read similar phrases, faint echoes of the former daydreams of a "capital levy."

It is all rubbish, because money is not like that at all. Money in the twentieth century is not something that lies about in heaps of gold or even paper, waiting to be begged or borrowed or stolen. It is just figures in books—bank-credit in fact.

Isn't it true, then, that there are (say for argument's sake), a thousand millions on deposit in the banks, which the owners would be very glad to invest safely and profitably if they could? Yes, of course it is true. But what are those thousand millions in reality, and where did they come from?

#### BANK DEPOSITS AND BANK LOANS.

They are not any kind of permanent money, but merely a stream of bank-credit temporarily held up on its way to cancellation.

We must get into our heads the simple fact that bank-deposits are created by bank-loans. If the bank allows me a loan (overdraft) of £10, and I give you my cheque for that amount, you promptly pay my cheque into your own banking account, where it increases your own deposit, if you have one. If you happen to be working on an overdraft, the £10 will go towards repaying the overdraft to the bank, and thus the £10 will be cancelled out of existence altogether.

It is just the same when a bank allows some great industrial concern a credit of ten millions. The ten millions goes into circulation as wages, payments for raw materials, etc.; and in a week or two hundreds of primary producers and shopkeepers and house-lordlors have paid money into their banking accounts, increasing their deposits or repaying their overdrafts by a total of roughly ten millions.

Finally, the big industrial concern begins to sell its products, and myriads of bank-depositors spend some of their bank deposit in buying these products. The big industrial concern gets back its ten million pounds, uses it to repay its loan to the bank, and that ten millions is cancelled.

#### CONSEQUENCES.

In other words, practically every bank-deposit standing in somebody's name is the consequence of a bank-loan issued to somebody else and not yet repaid. Consequently the "huge sums of idle money lying in the banks" have ultimately the nature not of savings but of overdrafts. If you spend or invest your deposit it will ultimately result in the other man paying off his overdraft; that much money will be cancelled, and it will be re-issued only if the moneylenders see fit.

Consequence No. 1: Even if the Government did get hold of the "idle millions," and used them for unremunerative public works, they would be spent in a few weeks, and by being spent would be cancelled; and there would be no more forthcoming where that came from.

Consequence No. 2: Even the "idle millions" that are now in the banks would all vanish into thin air if the banks called in their loans.

Consequence No. 3: The stream can be made to flow through the consumption end of the economic process just as easily as through the production end, provided suitable arrangements are made for cancelling. In other words, consumer credit in the form of National Dividend is perfectly practicable.

#### A CONCLUSION AND A MORAL.

Conclusion: Except for the small change used in day-to-day transactions, there is nothing solid and permanent about what we use for money now. Money is a stream, constantly being issued at one end and constantly being cancelled at the other end after it has done its work.

The endless circle of water-supply in nature - - rain-cloud, spring, river, ocean, rain-cloud again—would be a fair illustration of how the money-and-credit system of a nation should work; the ocean standing for the National Credit, limited only by the natural resources of the nation.

Moral: The urgent thing is to free the source of that beneficent stream — "the economic life-

#### RECORD LOW LEVEL OF WORLD TRADE

The estimated gold value of world trade in February 1935, reached the lowest point yet touched. "The League of Nations' Monthly Statistics" calculated it as being 31.4 per cent. of the average for 1929.

blood" as the Pope calls it—from the Usurers who, with sublimest impudence, have established themselves at the very fountain-head, fencing it round as their own property and regulating the supply in accordance with their own selfish interests, utterly regardless of the fate of their fellow-men and women.

Only about 3 per cent of what we use for money in this country is King's money. The rest is Usurer's money, lent to us if we can pay interest for it. "Cheap money" in fact is proudly proclaimed as the policy of the Government.

Cheap money! The very words are an insult to God and His commandments! Money is not a commodity to be bought and sold.

#### TO OUR READERS—

You may obtain your copy of "THE NEW TIMES" from any authorised newsagent. Should your agent not have supplies, please ask him to communicate direct with New Times Pty. Ltd., Box 1226, G.P.O., Melbourne, C.1. (phone M5384).

If you wish to have your copy posted direct from this office, please complete the form below and mail it, accompanied by remittance payable to New Times Pty. Ltd.

#### SUBSCRIPTION FORM.

To New Times Pty. Ltd.,  
Box 1226, G.P.O., Melbourne, C.1.  
Please forward me "The New Times" for.....  
months, beginning with issue dated....., 193...  
{ cheque }  
I enclose { postal note } for the sum of.....  
{ money order }  
Name.....  
Full Postal Address.....  
Date.....

Please fill in name and address in block capitals. The subscription rate to "THE NEW TIMES" is 15/- for 12 months; 7/6 for 6 months, post-free.

To the Socialists we must say: The one thing that urgently needs to be nationalised is money. When that is done it will be easier to see what other things should be nationalised, and what things should be kept little and individual. But nothing at all can be done on the scale we urgently need, until that money-stream is set flowing for the welfare of all the people, to irrigate every corner of England and make possible once more the fruitful marriage of the effort of man with the bounty of God.

#### STOP ME . . . !

Meanwhile, perhaps you will stop me if you've heard this one:—

Chairman of Means Test Committee: "I see you are getting 15s. 3d a week, and living in lodgings. Don't you think you would be better off with your parents?"

Applicant: "Yes."  
Chairman: "Where are they?"  
Applicant: "Dead."

## ONE CANADIAN CONTROLS FIVE BILLION DOLLARS

### Outspoken Address by Former Federal Minister

A striking address to the students of Victoria College, Toronto, was delivered some weeks ago by the Hon. H. Stevens, former Minister of Trade and Commerce in the Canadian Federal Parliament.

The deadlock caused by the fact that the control of the credit resources of the country is concentrated in a very small number of men is the cause of most of Canada's economic troubles, he told his hearers.

The most significant lesson Canada has learnt during the national "stocktaking" of recent years was that this concentration alone intervened to prevent formation of a conscious policy of handling the credit system of Canada. Increasing consolidations in industry and concentration in the control of credit in the last fifteen years were disproportionate to the merit of the few men who exercise that control and to their services to the country.

The fact that one man, either as president, vice-president or director, dominates thirty-nine companies with total assets of 4628 million dollars was a threat to the health of the economic life of the country. Mr. Stevens asked if it was fair either to other men or to the country as a whole. In addition, the former Minister said, "no man can be super-efficient in ten different industrial activities."

He quoted further examples of credit concentration. In one case an investment dealer was director of thirty-three companies, at least twenty-five of which were "creatures of his re-financing skill."

# THE STORY OF MONEY

## and Its Management

(Continued from last issue.)

### THE INVESTMENT OF SAVINGS

There are people who would endeavour to confuse the public as to the effect of invested savings by saying that saved money goes into a bank, whence it is loaned out again, thus becoming purchasing power in someone else's hands.

Thus the "Sydney Morning Herald" of January 26, 1934, reported Mr. Spooner, Minister for Local Government in New South Wales, as saying: "Savings are mostly deposited with the banks and other institutions, and are reloaned for industry, building and investment. By this means the savings so invested again reach circulation and supply purchasing power of an equivalent value to consumers."

But you have only to look into statements such as this to see how incorrect they are. For nearly all-ordinary bank loans are for production. And since all costs of production must be included in prices, it follows that when invested savings do become available as purchasing power this takes place only with a fresh issue of goods, so that the one sum of money is then expected to buy two sets of goods.

Savings become substituted purchasing power only when they are lent direct to consumers. A case of this is co-operative buying, as in the case of the Starr Bowkett societies, where thrifty people club together and pool their savings, constantly exercising, by lot or rotation, their combined purchasing power. But, by comparison with the savings, which go into production, such schemes would be of trifling volume.

And company reserves are as a general rule either "used in the business" (for further production) or lent to the Government, as loans at interest, to supplement the shortage of purchasing power which they themselves help to create—among the greatest of the latter being the thrift savings accumulated in the hands of assurance companies, of which about £80 millions are at present on loan to governments or semi-governmental bodies in Australia.

It might be remarked, before leaving this aspect of the question that all such systems as time payment, hire purchase and cash orders, whatever their other defects and drawbacks, are endeavours to cope with this difficulty, though only by postponing the evil day. For such schemes simply mean that, in order to overcome the shortage of existing money, future money incomes will be drawn upon—a process of devil take the hindmost.

### THE VELOCITY OF MONEY—MAKING ONE SHILLING DO THE WORK OF TWO.

Before going on to see how the shortage of money in consumers' hands has in practice been made up, it may be well to outline what is called the velocity theory, or the contention that a quicker turnover of money will enable a smaller total supply to clear as much goods off the market as would be done by a bigger supply of money working more slowly.

Perhaps the classic instance of loose thinking along these lines that has come from a more or less responsible source in this country will be found in a brochure entitled (and attacking) "The Douglas Credit Scheme," by Mr. W. K. McConnell, Tutorial Class Lecturer in Economics at the University of Sydney.

"A shilling," says Mr. McConnell (p. 12), "that changes hands twice in the course of, say, one hour is just as effective as purchasing power as a florin that changes hands once in the same time." And to prove his point Mr. McConnell relates the instance of a motorist purchasing a pint of oil for a shilling, whereupon the garage man slips in next door to spend it on tobacco—from which it would appear that the one shilling, if kept on the run, might possibly do the work of twenty or more shillings in a single day. As Mr. McConnell would have it: "The 'effectiveness' of money is a resultant, not of its volume only, but of its volume multiplied by its velocity."

But what does all this hopping about of one shilling really effect? When Mr. McConnell's garage man received his shilling for oil, only a fraction of it—perhaps a penny—really belonged to him to spend, representing his wage or profit. The balance was due to travel backwards, reimbursing costs incurred in oil production and most probably finishing up, as we have seen, in the process of extinguishing a bank overdraft.

If the garage man, instead of devoting his takings to their rightful purpose of first paying his business debts, chooses to outlay them on tobacco or anything else, he is in the same position as the wage earner on Friday night who swells the hotel takings instead of paying his rent. It may be good for the publican, but it will certainly be bad for the landlord. And if the one shilling changed hands ten, twenty, or any number of times in a day, all except the last holder would be in Queer Street when they came to do their settling.

For, just as money is issued as a cost in goods, reaching its maximum amount at the point where they are retailed for consumption, so it must be withdrawn by a reversal of the process, and the misapplication of it through the "velocity" which

Mr. McConnell and others ascribe to it will leave merely a trail of unsatisfied costs, with ultimate bankruptcy or a charge of embezzlement facing those who experiment too daringly with this theory. As well might it be argued that a pint of oil can be doubled by pouring it into two cars, or the "effectiveness" of tobacco increased by stuffing it into two pipes.

The main sense in which velocity can occur is the sense in which the time required for a complete cycle of production and consumption can be speeded up. The motorist, by buying his oil to day instead of tomorrow, will help all those concerned to recoup their costs proportionately quicker, and doubtless stimulate the further production of oil, just as the garage man, by diverting his takings and leaving unpaid accounts, will slow it down. But this will not in any sense enable the one sum of money to serve a double purpose or to multiply its usefulness.

What has been said above applies to the use of money in payment for goods to which costs are attached. The meeting of those costs will generally lead to the direct destruction of the money through the repayment of a bank overdraft granted for the purpose of production. Even if production has not been financed directly through a bank loan, but through the investment of thrift savings (themselves a product of bank loans), the result will be similar. In the former case the bank will recover its advance, in the latter case the private capitalist will do the same.

Where money is paid for services, what occurs is merely a transferring from one person to another of the claim to goods which money gives. Doubtless Mr. McConnell could make another fine case for velocity in this respect. The merchant, one can imagine him saying, pays a bill at the doctor's. The doctor immediately gives the money to his gardener—thus the one guinea pays the doctor and mows the lawn.

In so far as these are services, pure and simple, it may. But let the doctor need a thermometer or the gardener an oilcan, and you at once begin to stop the velocity. And physical services use up physical energy, the restoring of which by the consumption of physical goods immediately calls a halt also. So that the velocity of circulation made possible through payment for services would appear to be about the same as takes place on a racecourse. The money may leave the course in different pockets from those in which it entered. It may be more diluted or (generally) more concentrated. But the only notable economic change that will have taken place is that sums spent on refreshment are on their way back to cancellation—as are also most of those amounts claimed by Governments from the racing public to liquidate debts to the bankers who finance the nation.

There is a final type of velocity, which is genuine. In so far as individuals possess goods, which they have paid for in full, it is possible for such goods to change hands over and over again by the use of the one sum of money. Thus A, owning a block of land, may sell it for £300. With this money he may buy a motorcar from B, who in turn may purchase furniture from C, and so on. But it will be noted that the moment the money passes into the hands of anyone whose goods are not free of debt the velocity ceases. This means that, in general, money has an indefinite velocity in the transfers of debt-free goods as between private individuals.

One has only to consider the term, "debt-free goods," however, to see how inconsiderable a part this role of money plays. For, in the first place, comparatively few goods are produced free of debt in our modern industrial system. And, in the second, any increase of freeing from debt the goods already in existence must be accompanied by a corresponding decrease in the amount of money in existence. For bank overdrafts mostly represent goods produced or being produced, but not yet paid for; and bank overdrafts can be lessened only by a corresponding lessening of bank deposits.

### ISSUING MONEY THROUGH CAPITAL PRODUCTION—ROBBING THE PUBLIC OF OWNERSHIP AND DIVIDENDS.

In spite of all that has thus far been said, the fact remains that, although the system has caused untold injustice, misery and hardship, although it has at times broken down hopelessly, there have been periods when it has apparently worked well enough. Round about 1927, for instance, very few people in Australia had any thought of depression. What we call prosperity appeared general. Production was booming, and goods were actually selling. Apparently there must then have been sufficient purchasing power? At all events, there was a great deal more, comparatively speaking, than there has been since 1929.

This brings us to the first of the ways in which the people's money supply is added to.

It is the objective of Socialism to have all the means of production owned by all the people. But the Socialists apparently overlook that when the means of production come into existence, most of them are so widely owned that this objective has been virtually

attained. It is only at a later date that this diffusion of ownership is lost.

For if I erect a factory, in the course of doing so I must pay out nearly its whole financial cost. Most of this money will be spent on wages and materials. Materials in their turn will mainly represent a former payment of wages. Hence when the factory is completed (and similarly with its machinery) by far the greater part of its money value has gone into the hands of a variety of workmen.

The factory will generally be erected either through a bank overdraft or through the sale of shares, and when it is completed I owe its cost either to the bank or to my shareholders. In both cases most of the debt is represented by the money I have distributed. The workers on the job should therefore be in a position to buy me out (less the value of my own services in the operation) either by liquidating the debt to the bank or by taking up the share capital, as the case might be. And if the amount of purchasing power elsewhere distributed through industry were equal to its prices, they would be able to do so, and they would draw the major portion of the dividends.

That is to say, if the prices charged for all the food, clothing, etc., which the workers used while they were on the job had been fully distributed, these particular workers might meantime have exchanged portion of their purchasing power for the objects of their immediate needs, but others would have received this portion, and between them the major capital costs of the factory would still be intact in money amongst wage earners and waiting for investment.

That this is not so is evidenced by the facts, and explained by the shortage of the total purchasing power of the community. And the shortage of money available to buy the shoes coming from the factory has to be supplemented by taking from the people the money that came into their possession through its erection, so that the workman is rarely in the position to enjoy his just share of the real wealth which he has helped to create, and, instead of reaping the benefit of the machine, he has grown to hate it, because to him it generally means displacement and destitution instead of dividends.

### THE DEPRECIATION CHARGE

Even the building of the factory itself accentuates this position as soon as it begins to turn out goods. For, supposing that none of the various money shortages already instanced had existed, what would the position be? Take the frequent case where the factory has been built through the issue of shares. Call its cost £10,000. Two things follow. Not more than £10,000 was distributed in the process of building, and not less than £10,000 was withdrawn through the sale of shares. On the completion of the job, therefore, there was no more money in the community than had existed before. There was only scrip representing the shareholders' claim on the building and plant.

What happens now? Shoes begin to be turned out. And the price of each pair of shoes must include, in addition to all disbursements taking place in the course of their production, some charge representing the wear and tear of the building and plant. That charge has no equivalent in money.

And, no matter by what alternative method the building of the factory is financed, you will ultimately arrive at the same result. If it be done through a bank advance, the withdrawal of the money will take place more slowly than in the case of a share issue. The floating balance will then be diverted to make up some of the shortages in respect of consumable goods. And when the overdraft, or a considerable portion of it, is suddenly called up, the debtor will be unable to find the money—as how many debtors have discovered of recent years?—simply because the money is not there. A similar result will come about if finance is provided from thrift savings or through insurance companies or mortgages.

If you look back on those years immediately prior to 1929, you will recollect that they were a time of intense constructional activity. Machinery, factories, great buildings and small—the making of all sorts of capital goods was going on apace. And most of the moneys received by the workers from these were being just as quickly taken back from them in the prices of consumable goods—of the things they ate and drank and wore out. Had this process of expansion continued at an ever increasing rate, so that the fresh infusions of money exceeded the withdrawals, industry would progressively have been getting deeper into debt to the banks, but we would not have heard the word depression.

But clearly you cannot keep on building factories and machinery and offices forever. And so soon as this type of production slowed down we were into the thick of the slump.

Some people have attempted to explain this in another way, and have said that it was only the unemployment resulting from the stoppage of such works that caused the trouble. If that were so, then—although the unemployed might starve—it should still be possible for the people left in industry to buy all the products which industry continues to turn out. But nowhere in the world is this so.

(To be continued.)