

The Monetary Reformers

If we may now briefly look over the present problems and objectives of our various political parties as a whole, we find that, shorn of their trimmings, they can be summarised more or less as follows:—

Labor is concerned mainly to secure a reasonable income for what may be termed the employee class. Finding a very large percentage of this class at present unemployed, and therefore destitute, it is demanding that the State should provide them with full-time work. It is not, however, the least bit concerned over the nature of this work, but having for generations been trained to look upon work as the only title to goods, it is really claiming that all should have access to the goods they need, and which are today so abundant.

The claim of Labor may be put shortly as a demand for full-time incomes for all.

The Country Party's objective is, as it has for long been, that the farmer should receive an assurance from the State of being able to recover his costs in the prices set upon his products. It is all one to the producer whether this be done by home prices, bounties, taxes on consumers, or otherwise. And the farmer, though he may like his occasional moan, is not naturally a profiteer. As long as he can sell his goods, and as long as the price suffices to enable him to pay expenses and to get a reasonable margin for his own wage, he is content.

The United Australia Party supporter seeks, above all things, stability. If he is in a job, he wants to keep it. If he has money in the bank, he wants to feel sure, first, that it is safe, and, secondly, that it will retain its value. He is terrified of the idea of inflation, and he has been taught to associate inflation, confiscation, repudiation, and all sorts of other horrors with political control. He has also had it sedulously instilled into him that any form of change in monetary affairs can come about only through political control. At the same time he has, during the last few years, suffered so many body blows (such as the dismal failure of the Premiers' Plan) that he is becoming somewhat shaky in his adherence to the gospel of sane finance.

MONETARY REFORM AS A MEETING GROUND

Now try and fit these three sections of the jigsaw puzzle together. Can it be done, and what will be the result?

It is possible, but only by using the operations of the monetary reformer. Derided on all sides, until recently, as a dreamer, an idealist, or a crank, it is becoming increasingly evident that the monetary reformer is the only realist in the community. Turning to the U.A.P. voter he can say: "Production, as you indicate, has done very well in private hands and without any great governmental interference. The proof is that there is scarcely anything which man may think of which today he cannot have for the asking, provided he can back up his request with his cheque book.

"But production today is being hindered, not so much by govern-

[This is the sixth and final 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.]

ment interference, which is a result, as by the lack of cheque books, which is a cause.

"It is not industry's desire, nor is it to industry's advantage, that men should be destitute, or even poor. The more widely prosperity is diffused; the more customers there will be for every manufacturer and retailer.

"The maximum freedom for the individual is an excellent objective; so is sane finance. But a financial system which has increased Australia's debt by about £1,000 millions in the last twenty years can hardly be called sane, and it is equally clear that every increase of debt leaves the individual less free."

With the farmer he can go further and say: "Your cry is payable prices. Given these, most of your present troubles would disappear—though it is quite evident that a certain amount of co-operative planning must take place in future production, since it is now so easy to produce a genuine glut in most lines. That glut, however, in the sense of your producing more than sufficient for people's real needs, has not yet occurred.

"In your quest for prices you have overlooked the point which it might have been thought would have been the first to be examined by you. That point is the capacity of the people to pay you the prices which you need—in other words, you have never in the past bothered to inquire whether the people have the money which alone enables a price to be realised.

"Surely it must now be clear to you that the old so-called law of supply and demand was just plain idiocy. There are hundreds of thousands of persons in Australia amongst whom there

is a very real and urgent demand for your commodities. But that demand cannot be made effective unless money is put into the hands of all those people.

"How have we attempted of recent years to give these people money? Either by increased taxation, which adds nothing to the money supply, but merely reduces everybody's standard of living, or by putting out new money in the form of national debt. In 1913 Australia's public debt was £300 millions; today, in Australian money, it is over £1,300 millions. That money has long since disappeared. It no longer exists. It has been cancelled and destroyed through the consumption of goods. But the debt remains, and on the debt there is an interest bill of a million pounds a week.

"The only way you will ever regain prosperity is by the money supply being increased in such a way that it does not mean a further burden of taxation."

Coming finally to Labor, the monetary reformer can state his case thus: "You are already on the verge of the solution. Being in that class whose services are mainly dispensed with through the advance of science and machinery, you have had it brought home to you very effectively that every improvement in process means less wages paid. After wasting a good deal of precious time in excursions down the by-roads of shorter hours and higher wages, you are coming more and more to realise that the whole monetary system wants a radical overhaul.

"Unfortunately, owing largely to the oratory of your paid administrators and officials, the nature of whose jobs more or less demands that they focus your attention on administration, you

have hitherto been led to believe that it was only the administration of money which was wrong. And so you were led astray into thinking that what was required was the nationalisation of the banks. Nationalised or otherwise, the present banking system would never get you out of your troubles. Are not nearly all your political leaders' still talking loans? Is not the complaint of most of them that we do not borrow enough? Should it not therefore be apparent that, apart altogether from who administers it, it is the whole monetary policy which needs recasting?"

A PEACEFUL REVOLUTION

In one sense the monetary reformers' proposals are revolutionary. But it is the revolution of restoration, the giving back to the people of what has been filched from them. And it is a revolution that can be brought about very simply, with the minimum of upset and with no injustice to anyone.

The great body of opinion in the world today which favours monetary reform is in agreement with the proposals known as Social Credit, which were first advanced by the Scottish engineer-economist, C. H. Douglas. With every passing month these proposals are being more urgently advanced by businessmen and leaders of thought all over the world, whether the London Chamber of Commerce in England or Fr. Charles Coughlin's National Union for Social Justice in the United States.

These proposals, despite all sorts of deliberate attempts to make them appear obscure and involved, are simplicity itself. Beginning with the statement,

which is self-evident today, but which was not so obvious when first propounded by Douglas at the end of the war, that industry does not distribute money to buy goods at the same rate as it produces costs which must go into prices, Douglas suggested a very simple way of overcoming those difficulties which he foresaw would land the world in its present impasse.

His suggestion was that the chronic shortage of money should constantly be made up by a national issue in each country. The amount to be issued would be determined periodically, not by bankers, economists or politicians, but by statisticians—which means by the people themselves, by the results of their labours as shown in the figures of production and consumption. The amount of money in existence would then always suffice to enable the goods produced to be sold.

NATIONAL DIVIDEND

This issue of new money, which in effect represents the wage of the machine, should be distributed to everyone in the community in the form of a dividend. It would thus take the place of various forms of dividend, which are in existence today. Some of these forms are the old age and invalid pension; the dole to the unemployed; the subsidy to the farmer; the interest on the national debt.

But today all of these come from taxation, and they all mean a constantly increasing load of debt, with still further taxation in prospect forever.

The need of this new money is now so obvious that there is no longer any necessity to argue the case for it; even the University economists are crying out for what they call further Central Bank expansion of credit. But where the so-called school of orthodoxy is groping as to where or how to limit the issue (apart from its desiring to issue it still as bearing interest) the monetary reformer is quite clear in his ideas. The money issue, he says, should always bear a definite relation to the purpose for which money was invented—that is, to enable the goods and services of the community to be distributed and exchanged. And the bounds, which he sets to the putting out of money, are the natural and sensible bounds. They are the real credit of the nation, its capacity to deliver goods and services as and when and where required.

If this basis of a money issue be adopted, then at once today's absurdity becomes impossible. No longer will we have bankrupt or impoverished farmers and manufacturers whose silos and wool sheds and factories are bursting with goods. No longer will we have machinery working part time while the operators are destitute within the shadow of the mill. No longer will there be restriction and destruction while millions are starving. As long as goods are in plenty there will be money in plenty. Poverty we shall have only if the farmer is too lazy to plough, the manufacturer to turn out goods, or the mechanic to oil and grease the machine. But that will be real poverty, and if we bring it upon ourselves we shall richly deserve the consequences.

*The Right Hon. the Prime Minister,
Somewhere Abroad*

Dear Mr. Lyons,

Last Friday's cables gave a graphic description of your interview with the Pope, and of your plea for his assistance in arousing the world to the need for distributing the necessities of life amongst the poor who are suffering when foodstuffs are so plentiful. In your interview you are credited as having expressed the hope that the Holy See would add its weight to the international endeavours to obtain increased consumption.

As there is nothing wrong with the appetites of the poor, increased consumption on their part, as you very well know, can be brought about in practice only by giving them more money. But why bring this issue up with the Pope now? In the encyclical to which you referred, and which was issued in May, 1931 (the month in which the famous Premiers' Plan was drafted), his Holiness said: "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, for that reason supplying the life-blood to the entire economic body, and grasping in their hands the very soul of production so that no one dare breathe against their will"

This terrible denunciation of those who manipulate the supply of money and credit for their own ends is the answer, given four years ago, to your request of last week. But what can the Pope do? Your request—and again you must know it—would more properly have been made while you were in Britain, and should have been addressed to Mr. Montague Norman, of the Bank of England.

But was there anything sincere about your re-quest at all? Consider your election promises of last September, the "practical and enlarged efforts" you were to make, the "assembling of all the in-formation", the "swift and detailed survey", and all the rest of the activities to which you pledged your word—not to mention the promise of an inquiry into the monetary system which was wrung from you at the time. And what have you done since then for our poor? What are you doing for them now, shutting up Parliament for the best part of a year while you tour the world at our expense, uttering platitudes about honesty at dinners given by bankers who are laughing at you?

On the subject of laughter, the Pope is reputed to have a very keen sense of humour. And one can well imagine that his eye twinkled when he turned to the interpreter who conveyed your re-quest, and said in reply: "Tell him to put it in writing." Your memorandum on increased consumption amongst the destitute should provide an interesting set-off in the Vatican archives to your historic war cry. "Leave the banks alone."

THE NEW TIMES

BREAKING THE CAMEL'S BACK

By EIMAR O'DUFFY.

On the first of April, 194—, Huxtable's Atomic Energiser was put upon the market. The first industrial undertaking to make use of it was the British United Steel Company Ltd., which at once sacked four-fifths of its employees, multiplied its output by ten, and reduced its costs by more than half. Its example was quickly followed by other firms, and in a short time every farm, factory and workshop that could afford to do so was equipping itself with the new power producer. The consequences were tremendous. The coal industry was ruined, all enterprises which could not afford to install the Energiser were driven out of business, and in the course of six months the unemployment figure rose to 16,000,000. As a further consequence, though prices of all commodities fell from 60 to 75 per cent, it became impossible to sell the enormous output of goods; debts accumulated and could not be paid; trade came almost to a standstill; and utter ruin and starvation stared the country in the face.

It was obvious to everybody that something must be done, but as to what was to be done there were at least 40,000,000 different opinions. Parliament became a babble; the Government — a coalition of fourteen conflicting parties — was at its wits' end. The Bank of Britannia alone kept its head. In an attempt to stem the disastrous flood of production, it raised the bank rate to 25 per cent; but as no industry had any use for credit at any price in the glutted state of the market, the effect was exactly nil. Even the *Daily Express* did not protest. Among the more valuable opinions expressed as to what should be done were the following:—

Sir Marmaduke Mammon, Governor of the Bank of Britannia: "I cannot see my way. I am not an economist, nor an industrialist, but a banker. It is evident, however, that such difficulties as ours can only be overcome by hard work and a spirit of sacrifice, guided by the principles of sound finance. The cause of our troubles is undoubtedly unemployment; for no country could possibly stand the strain of supporting 16,000,000 idle mouths indefinitely. Industry must endeavour to make itself more efficient, to pay off its debts, and to provide work for the people. I listen unmoved to the clamour of the prejudiced and the ignorant for financial reform. The dogs yap, but the camel passes on through the eye of the needle."

Professor Mud, the celebrated economist, said that the only remedy for their troubles was to increase their exports. Unfortunately, the rest of the world had put up prohibitive tariffs against the products of the Energiser, but he had no doubt that another World Economic Conference would smooth away that difficulty.

The Trades Union Congress passed a resolution demanding that all existing Energisers should be destroyed, and the manufacture of this, or any similar invention, made illegal. "The proper purpose of industry," the resolution declared, "is to produce goods only in such quantity, and by such methods, as will provide work for everybody."

The National Union of Manufacturers demanded that the Government should raise all prices 200 per cent, declaring that the proper purpose of industry was to provide profits for entrepreneurs.

The Labor Party tabled a resolution in the House of Commons declaring that the only remedy was the immediate nationalisation of all Energisers. The leader of the party pointed out in his speech that the whole of the unemployed could be absorbed by limiting working hours to forty-three minutes a day. The increased wages bill could be met by simply raising prices to a corresponding amount, or by a subsidy paid out of taxation.

Lord Addlebury, a former Secretary to the Treasury, said:

"The only remedy for this disaster is stringent economy. Our troubles are due to the attempts of all classes to maintain a higher standard of living than is justified by economic facts."

Professor Birches said that the only remedy was for the people to spend their money more freely, to buy things they didn't want in order to provide one another with employment.

"The British Medical Association published a leaflet suggesting a dietary which would enable people to live on 1s 10¹/₄d a week. It is here appended:—

Sunday to Friday—	
Horse, 1 lb.....	3
Dog (spotted), ¼ lb...	½
Liver (cat's), ¼lb. ...	¼
Sparrows (if caught)	0
Oatmeal, 6 lbs	6
Lard, 2 lbs	6
Milk, 2 tins	3
Treacle, 1 tin.....	2½
Eggs (dried), 3	1
Dandelion leaves, ad lib.	0
Sorrel, ditto	0
Fresh fruit (blackberries, bilberries, wild strawberries, etc.) ..	0
Daisy leaf tea	0
Water (lots).....	0
Saturday—	
Resurrection pie (from scraps)	0
Teapot rinsings	0
Total.....	
	1 10 ¹ / ₄

Professor Sisyphus, the celebrated economist, advocated a scheme for draining the North Sea. A Patriotic Loan should be raised by the Government at 1 per cent, and could be repaid when the reclaimed land was being worked at a profit.

The Society for Intensive Birth Control issued a statement pointing out that the situation would never have arisen if birth control had been practised conscientiously by the preceding generation.

Professor Addled Crock, in the *Sunday Chimes*, expressed his concurrence with this sentiment. It was now evident, he said, that scientific progress had made nearly half the population superfluous.

Sir Josephus Clash, the well-known industrialist and economist, said he thought it would be a good idea to limit the output of Energisers until there had come about such a radical change in human nature, in the structure of society, in international relations, in political institutions, in industrial organisation, in popular intelligence, in everything, in fact, that they could think of (except, of course, the financial system), that this wonderful invention should prove a blessing instead of a curse.

The Rev. Dr. Bilge, Dean of St. Simon Stylites', said that the earth was evidently overcrowded, and that the only remedy for their troubles was to compel the lower classes to emigrate to the moon.

The Social Credit movement pointed out that the difficulty could be overcome very simply by creating sufficient money to buy the goods produced by the Energiser, and distributing a National Dividend to everybody without conditions as to work. The bankers and economists, however, declared that this course was impracticable and undesirable. World problems could not be solved in this simple way, and the proposed system was too complicated for anyone to understand.

The Government, meanwhile, had decided on a course of action. A Bill was drawn up limiting the output of every undertaking to the average of the three years before the installation of the Energiser, and making it compulsory for every firm using an Energiser to purchase and destroy every year a quantity of coal equivalent to what it would have consumed if it did not possess an Energiser. For this they were to be compensated out of a fund raised by an annual levy on the whole of industry, including those

firms which did not employ an Energiser.

This measure was never introduced, for on the day it was completed a succession of frightful earthquakes and volcanic eruptions broke out all over the world, and continued for several weeks. Millions of people perished (including, unfortunately, several bankers), hundreds of cities were demolished, and more than half the fertile land of the world was devastated. All economic problems were at once solved. The reconstruction of civilisation provided more than enough work for everybody, and after it was accomplished they had to work harder than ever to pay off the gigantic debt owing to the banks. As Sir Marmaduke Mammon said: *Finis coronat opus.*

"The Herald" Tells Them

By now there must be—what is it, a hundred thousand or more?—of those beautifully bound Modern World Encyclopedias of the Melbourne *Herald* in the hands of Victoria's voracious reading public. And on these cold, wet wintry nights a hundred thousand pairs of slippers must be elevated to a hundred thousand mantelpieces while a hundred thousand brains are correspondingly elevated by an access of new knowledge.

And the *Herald* is out to give them real knowledge. But what will our local bankers have to say?

If the owners of the Modern World Encyclopedia turn to the article, "Banking and Credit," they will find, amongst other matters in this irrefragable publication, the following:—

After dealing with the origin of modern banking through the habit of people to leave their valuables for safe keeping with the goldsmiths, the Encyclopedia proceeds: "Up to this point the goldsmith had merely provided a less bulky medium of exchange and the service of keeping the depositor's gold and silver safe until he wanted to withdraw it. The next step was in the direction of the actual creation of credit. The goldsmith found that his depositors did not call for all their gold at once, and that he could safely lend part of it . . . He therefore began to lend a part of the money entrusted to him at interest, keeping in his safe only enough to meet withdrawals by the owners. The more his notes (or split up receipts) circulated, the longer the coin was left with him, and the more of it he could lend out . . ."

"The next step was quite as important . . . The goldsmith who thought of the idea of lending not the gold and silver coin deposited, but notes such as those he gave his depositors, hit upon the modern banknote.

"Thus the goldsmith—or the banker, as he can now be called—could hold, say, £20,000 in gold and silver coin, giving notes to that amount to his depositors, and lend, say, another £80,000 in notes to merchants . . . If a substantial number of the holders of his notes called for coin all at once he would not be able to pay immediately, and his reputation would be impaired . . . If the goldsmith or banker went on issuing notes against merchants' promises to pay with too optimistic an expectation of possible calls upon him, he would end in disaster, which would involve those persons who had believed in his good name sufficiently to accept his notes in payment for goods or services. As a matter of fact, these disasters were so frequent in the early days of banking that the Government began to take steps to regulate the issue of banknotes. These regulations were so drastic that finally the Bank of England obtained the monopoly of bank-

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WHENCE AND WHITHER

By PLAIN JOHN

Australia's national debt has increased in the past five years by £150,000,000, that is, we are racing into debt at the rate of £30,000,000 a year, plus interest, of course, which at the current rate would make our yearly increase of debt about £31,000,000.

An intelligently curious citizen, after even a cursory glance at these figures, might ask himself (1) To whom are we racing into debt? (2) Whence does this money come? and (3) Whither does it go?

WHENCE DOES IT COME?

Let us consider this question first. If the questioner goes to official financial sources he will be told that it has been subscribed from the savings of thousands of thrifty citizens of the Commonwealth who have come to their country's aid in the hour of its need. To test the veracity of this explanation let us examine the financial position of these thrifty citizens.

New South Wales, the richest State in the Commonwealth, in its recent census showed that of over 1,100,000 wage earners 15.6 per cent received NO wages for the year; 27.1 per cent received less than £1 per week; 17.8 per cent. received less than £2 a week; 11.6 per cent between £2 and £3 a week; 7.6 per cent between £4 and £5 a week, and only 10 per cent over £5 a week.

Summarising this it will be seen that 15.6 per cent received *nothing*; 44.9 per cent received £2 or less a week; 28.9 per cent, from £2 to £5 a week, and only 10 per cent more than £5 a week.

This being the true financial state of the people of New South Wales, it can be accepted as a general reflex of all the States of the Commonwealth, and then, perhaps, it would err on the generous side compared with the others, for New South Wales has been receiving the giant share of recent loans distributed by the Loan Council to finance doles and sustenance works.

How, then, out of these munificent wages, after supplying the necessities of life for themselves and their families, could the people be the main subscribers of these recent colossal loans? Perhaps the 10 per cent receiving over £5 per week are responsible for them? Most of these would comprise, probably, the large employers in industry; yet it is common knowledge that they have recently found themselves in a parlous condition, requiring all their reserve capital to finance their declining industries.

Where, then, is the inexhaustible source from which this money originates? Examine the daily press during the past few weeks, and it will be found that the preponderance of the money

note issue in England and Wales.

"When the right to issue banknotes was virtually taken away from joint-stock banks . . . it was thought that banking business would die out, since the issue of notes was considered the real source of profit. But meanwhile a new instrument, the cheque (or draft), had begun to come into use, and because of its greater convenience and safety, rapidly developed after the restriction of note issues by bankers . . ."

"Thus, by the use of cheques, banks could continue to lend to merchants and others, though deprived of the right to issue notes, for they could lend the right to draw cheques on them. The bank's loan then became a book entry, on which the borrower had the right to draw cheques, and the bank created credit, in much the same way as it did when it issued notes." Bravo for the *Herald*! But, again, what will our local bankers say to putting such poisonous stuff into the hands (and brains) of a hundred thousand?

comes from banks (and their allied institutions, the insurance companies), who would have the people believe that they are lending their clients' deposits. This clever story is gradually being exposed. Why should the banks lend their customers' deposits, when the customers could do it themselves just as easily and without paying commissions?

TO WHOM IS THE MONEY OWED?

What really is done is this: Without any actual cost to itself other than the salaries of its clerks a bank simply enters in a ledger beside the name of the Commonwealth Government the sum of, say, £1,000,000, giving the Government the right to draw cheques for this amount. For this effort the bank will charge the taxpayers the tidy sum of about £35,000 per annum, on which the bank evades most of the tax! To express this succinctly, the banks, creating money out of nothing, demand a yearly tribute in perpetuity, for how can the principal be paid under the present financial system other than by fresh loans which themselves incur a further debt?

The uninitiated taxpayer may ask: Do the banks lend this money without security? By no means. They have the soundest security possible—the personal and material resources of this great continent, which rightly belong to no private monopoly, but are a truly national asset of the people. Under a just and scientific monetary system this money should be issued without cost or interest to the Commonwealth by a National Credit Board, free from political or other influence, and based on the ability of the people to supply the goods and services they require.

WHITHER IT GOES.

Do the banks honour in cash cheques drawn by the Government against the created credit? They certainly will honour those that are presented for cash, but these constitute a negligible amount of the total, for it has been authentically estimated that in modern banking operations only 14/6 out of every £100's worth of business is represented by cash over the counter; the remainder is operated upon by the transference of credit from one account to another by cheque.

Immediately this new money is distributed among primary producers, wage earners, etc., it is used to liquidate debts to retailers and industrialists, who in turn use it to liquidate their debts in the form of overdrafts from the banks; and so within an amazingly short space of time the money returns to the source whence it came and is cancelled, being irrevocably withdrawn from the community, and a new shortage of purchasing power follows which can only be overcome by a fresh issue of loan money—costless to the banks yet carrying a further burden of interest debt to the taxpayer.

Such a process, whereby the community and posterity are being mortgaged to the money monopoly, is termed "Sound Finance." No doubt it is sound for this coterie, yet, on further thought, not sound enough, for it was evidenced by the under subscription of the recent loan and by the subsequent reasons advanced for the shortage by the press that the rate of interest was unsatisfactory (even though based on nothing for the banks), and for success to attend future loans the rate must be increased. Is it not amazing what audacity these money masters manifest in their demands on sovereign Governments?

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THE BANK OF N.S.W. LIFTS THE LID

To a certain extent the Bank of New South Wales has always been noted for a spirit of independence and candour. Quite possibly this may be something of a Celtic heritage from that first depositor who (as the Bank itself frequently tells us in its advertisements) founded its fame and fortunes over a century ago—the gallant Irishman, Sergeant Jeremiah Murphy, who entrusted to the infant institution his nest egg of £50.

We saw a glimpse of this bold and irrepressible spirit in the early days of 1931, when the Bank, beating the other banks to it, sent the exchange rate soaring to 30 per cent. But it is in the literature it puts out that the Bank has excelled itself.

In June 1931, for instance, the Bank's circular gave quite a detailed description of how, "so long as they (governments) don't balance their budgets this process means creating new money each year . . . Such money-creation happens in this way. The Commonwealth Bank is the other banks' bank. The government cheques drawn on it, when paid into private accounts at the trading or savings banks, build up those banks' balances with the Commonwealth Bank. The said banks are entitled to draw these balances in notes. So, if the governments are allowed bigger overdrafts each year, through not paying their annual way, new money accumulates."

The Bank's object at the time, of course, was not to write a treatise on how the private banks, by building up their rights to demand extra currency, are thereby enabled also to increase their own creation of money in the ratio of £10, or more, to every new £1 note they can demand. Its purpose in 1931 was rather to prove that, in its own words, "to have sound money we must balance our budgets."

BANKS DETERMINE PRICES.

In the next year, however, when the bankers became alarmed at the results of their own deflationary policy, we find the Bank in its circular writing this: "A declaration by a world conference that the leading central banks would cooperate to raise prices would doubtless have an important influence in stimulating investment activity. When investors have an assurance that central banks will actively engage upon a policy designed to raise prices, they may not hesitate to embark upon new projects. The fear of deflation is indeed more forbidding than the fact itself."

Here is an open admission that banks can raise prices, from which also it necessarily follows that they can lower them — a refreshing change from the manner in which our other banks talk of world conditions outside anyone's control. The Bank of New South Wales makes it quite clear that the law of supply and demand, so-called, is merely a matter of bankers' supply and withdrawal of money, which is the real reason why prices are remunerative or otherwise.

But it is when one comes to the Bank's latest publication, issued on June 17 last, that the lid is really lifted. Here is what the Bank has to say about recovery:

THE CONTROL OVER THE COMMUNITY

First, as to who controls it (the italics are ours)—

"The fear of uncontrolled inflation with the aid of a politically controlled Commonwealth Bank has also gone. This aspect of recovery is of great importance and is one, which is frequently over-looked. As Professor A. G. B. Fisher puts it, 'the behaviour of the business world . . . shows that in a community where decisions about investment rest in the hands of a comparatively small number of men, the opinions which these men form about the personnel and policy of the government of the day have a much more direct effect upon

economic development than a simple-minded reader would gather from a perusal of elementary text books on economics.'"

There is a statement, accepted by the Bank as its own, which, however cynical in itself, is at least a refreshing contrast from the non-sense put forward from other financial sources about widows, orphans and retired clergymen. This Bank, at least, makes no secret as to where the control lies. It makes no pretence but that economic policy rests in the hands of "a comparatively small number of men"—such men being principally our bank directors as bank directors; our bank directors as directors of assurance and trustee companies; and our bank directors as directors of the great pastoral financing companies and commercial monopolies. And it says straight out that what these men decide depends upon their opinion of "the personnel and policy of the government of the day."

Would one expect even Jerry Murphy in his cups—if he ever had any—to blurt out anything more impulsively frank?

RECOVERY TO WHAT?

Now as to the measure of recovery—

After stating that "few believe that the depression is over, but many believe that the worst is behind us and that the upswing of another cycle of prosperity has begun", the Bank goes on: "It is doubtful whether recovery is the right word to use in connection with future prospects, because inevitably the question arises — recovery to what? It is idle to expect that recovery will mean a return to the conditions of 1928, just as it was futile to expect after the war a return to pre-war prices and conditions."

This is somewhat more subdued than the Bank's picture for us, when recommending the Premiers' Plan in 1931, of "a basis from which a fresh advance in all round prosperity may be won", when it said: "The positive task ahead of Australians is that of expanding our incomes again so that they may provide once more standards of living which will build up a better and fuller life for all."

What has changed the Bank's point of view in the meantime?

THE "HARD CORE" OF UNEMPLOYMENT

Principally a dawning realisation that unemployment is here to stay. "An important question", it says in its latest circular, "is whether recovery will mean for Australia a condition of full employment of resources, or, for example, will leave a 'hard core' of unemployment considerably above the pre-depression average." After pointing out the improbability of "any large increase in international trade", the Bank adds: "It will be no solution of our problem to urge more land settlement to produce those things which the world refuses to buy . . . Meantime, some of the resulting unemployment will have to be met by a continuance of public works."

Like all those who look upon public works rather as a means of giving incomes to the unemployed than as a process of getting necessary things done, the Bank then begins to flounder in the bog of its own creation: "The argument for public works in times of depression involves the tapering off of the works as conditions improve. The time to stop such public works is the stage just before normal employment of all resources occurs. Actually, it is a very difficult matter to decide when that stage is likely to arrive." This is quite a fair example of the exact science of finance and economics as practised by our bankers and University professors.

But what is the Bank's conclusion?

NEW MONEY AND PRICES.

"Australian Governments . . . during the depression pushed on with a vigorous policy of spending borrowed money... Endless debate

has taken place all over the world as to the effects of such a policy in producing permanent recovery. It is clear from what has been shown above as to prices that this policy has not raised prices in Australia, although it might plausibly be argued that it has played some part in preventing prices from falling as much as they otherwise would have done. What expenditure on public works in Australia has done is to increase spending power and thereby to increase the demand for the products of private enterprise . . . The chief danger of an unbalanced budget is that the method of financing the job between revenue and expenditure may lead to inflationary measures. Whether the danger is real depends upon two circumstances, the size of the deficit and the extent of public confidence in the Government."

That last stock phrase about confidence is unworthy of the rest of the quotation. But, taking the balance of it in conjunction with the Bank's earlier admissions above, what the Bank is really saying is this:

The creation of new money for governments and the spending of that money on public works (i.e., in such a way that the money comes on the market without the offering of any extra goods for sale) has, during the depression, been sufficient only to enable prices from dropping as far as they would otherwise have done. And the only danger in the extension of this process in the future is that so much extra money might be issued as to cause inflation—that is, the danger lies in the possibility of there being more money in the hands of the public than would suffice to buy all the goods for sale.

Monetary reformers would hardly ask for a more complete admission of their case. The Bank admits that all the new money, which has been issued as interest-bearing national debt, has not been sufficient to enable producers to receive payable prices. Its only fear is lest, somehow, too much may be created in the future.

This fear would be completely removed if the issue of additional money were based on the statistics of production and consumption (which is the objective of those who advocate Social Credit) and which would effectively remove the least risk of political control or inflation.

THE SOURCE OF ISSUE

There is one point, however, upon which the Bank of New South Wales does not touch — and that is the vital part in the issue of new money, which is played by the private bankers, such as itself. Still, it can be forgiven some little reticence upon this aspect, for the removal of private control would also remove "decisions about investment" from "the hands of a comparatively small number of men." Likewise, under a statistical regulation of money "the opinions which these men form about the personnel and policy of the government of the day" would no longer have such a "direct effect upon economic"—or political—"development." Nor would new money, if issued in the latter way, carry its everlasting toll of interest.

DOUGLAS CREDIT WOMEN'S MOVEMENT OF VICTORIA Invite

All Women Who Are Interested In Solving Our Economic Problems to a Meeting at DOUGLAS CREDIT MOVEMENT HEADQUARTERS, THE BLOCK, ELIZABETH STREET, MELBOURNE on Friday, July 5, 1935, at 3 p.m. Speaker: MR. L. H. HOLLINS.

A PICTURE NIGHT

at Hoyts de Luxe, Bourke Street, on Monday, July 15. Tickets (2/2) Obtainable From Headquarters.

HERE, THERE AND EVERYWHERE

By WILLIAM BLACKSTONE.

IS YOUR NAME—GOAT?

Then your clan is almost identical with the famous clan known as mud—all but. You have great traditions in that for the last thousand years your ancestors have fought all the wars that are worth mentioning and some that are not. You have the pleasure of paying for these wars (which is something your ancestors never did), and you will also have the privilege of paying for the next ones (which is something your ancestors would have too much sense to do).

There are many famous men belonging to your family. It was the great William Goat (A.D. 1042) who coined the phrase, "Prosperity is just round the corner." In 1066 A.D. the wisdom of this maxim was doubted by the people of England. However, truth will always prevail, and nowadays, when your kinswoman, the famous Nanny Goat, broadcasts the same sentiment from her place in Parliament (at Canberra, Melbourne, or such other places as the reader may choose) or through the columns of the daily press you will find that the vast majority of the public agree with the statements so lightly and mendaciously made.

The motto of your clan is "*Magna est veritas et non pre-valebit.*" A liberal interpretation of this, as promulgated by your representatives in Parliament and by the press would be, "Feed 'em hooley, bunk and wheelbarrows and they'll lap 'em up."

Next Week—ASS.

NEWS FROM OVERSEAS

To our sister Dominion of Dire Straits we are indebted for the following items appearing in that well-known journal, *The Bugle*, published in the city of Ding-Bat, the capital of that progressive country:—

"It is understood that Sir Randolphus Gible, the Chief Justice of Dire Straits, is about to retire. Mr. (Gondimar Finkle will, it is believed, be appointed to the position."—Ding Bat *Bugle*, 24/6/82.

"It is understood that Sir Randolphus Gible is still about to resign the Chief Justiceship. Mr. Finkle is, we understand, prepared to accept the position."—Ding Bat *Bugle*, 24/12/82.

"It is believed that Sir Randolphus Gible is going to retire shortly. Mr. Finkle is no longer a candidate for the position, in view of his advancing age."—Ding Bat *Bugle*, 24/6/83.

"A piquant situation arises over the proposed appointment of an

Acting Judge to the Barratry and Mayhem Court. We understand on good authority that an appointment has been made by the Government of Dire Straits in the person of Mr. Enoch McCorquinscrew. On the other hand the Soviet of the Dire Straits has appointed Mr. Hepzibah McWhirtle. In the circumstances it seems that Mr. McCorquinscrew would carry out the duties of the office and Mr. McWhirtle would receive the emoluments thereof. Even our legislators feel this to be an inequitable distribution of the rights, duties, etc., appertaining to the office. There is no truth in the reported statement that the matter will be decided by a duel between the appointees."

We will await with interest any further news of fresh developments in this most interesting situation.

* * *

From the press we learn that Australia's most brilliant son, Mr. J. A. Lyons, has had an interview with the Pope, and has requested his Holiness to use his influence to secure a greater consumption of commodities now being produced in the world. It is true that Joe said nothing as to the manner in which the world's purchasing power may be increased. Why cavil at this—it will surely form part of the memorandum, which Joe is to submit to his Holiness. In the mean time he remains our brilliant son, and when he dies (which we hope will not be for a long time) we will inscribe on his tombstone the epitaph composed by another Joe (to wit, Mr. Gargery, of *Great Expectations* fame):

"That, whatsume'er the failings on his part, Remember, reader, he were that good in his hart."

NEGATIVE ECONOMICS

The Bacon Board announces today its scheme for paying to the railways a flat transport fee of 2/1 per pig entering every bacon factory, whether taken there by rail or not.

This payment for not transporting pigs—along with others for not raising pigs, for not producing milk, for not fishing for herrings—only goes to show how thoroughly advanced and enlightened are modern economics. To pay anyone for doing anything is considered by the best theorists thoroughly reactionary and tiresome.—London "Evening News."

TO OUR READERS—

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Mr. Kent Hughes Talks to the Ladies

In the now accepted fashion of U.A.P. politicians, Mr. Kent Hughes, deputy leader of the State Opposition, has seized the occasion of the annual meeting of the Australian Women's National League (Toorak branch!) to deliver himself of what—to him—probably counts as an important public utterance. Mr. Kent Hughes's speech, as reported in the daily press last Saturday, falls naturally into three divisions.

The first of these (naturally also) was cheap and very trite abuse of the Labor party, which may be dismissed by quoting one of the literary gems emanating from this former Rhodes scholar: "Their only hope is that at the next election the electors will prove to be the same poor fish and fall for the same poor bait."

The second was the Fascist-Without-a-Shirt view of what government should be, and which was well illustrated recently when Mr. Kent Hughes's prototype, the renowned Mussolini, gave an excellent sample of his "planned" economy by decreeing that Italy's harvesting must be done by hand. "We do not want the feudal system of unchecked individualism," said Mr. Hughes, "but we would rather have that than unchecked Socialism."

The third, and most important section of Mr. Hughes's oration was directed against the evil results of past legislation (presumably socialistic). Legislation in the past, he said, had made it seem that thrift was a crime. The spendthrift had been encouraged by sympathetic legislators to squander his means on the promise of a pension when his earning capacity was past. Future legislation must be designed with the object of encouraging thrift, a development, which would involve many hardships and perhaps some injustice, but which in principle was urgently needed.

To ordinary notions of morality it may seem a little strange that "principles" should be upheld by a Parliamentarian that would involve "perhaps some injustice."

Still, we live in extraordinary times. But Mr. Hughes's ideas as to the trend of past legislation, whether the times be out of joint or other-wise, cannot be allowed to pass un-challenged, if only because of the little brief authority attached to his temporary position. Any person who is not absolutely perverse or utterly callous must surely admit that our social legislation to date has been nothing more than a first short step towards providing some measure of justice for the poor, the sick and the friendless in our midst. To suggest that people would squander their means for the sake of a pension of £1 a week (or less) in their old age is, to put it mildly, childish. But, what is more to the point, just what means has the ordinary wage earner, which he may squander? Is our basic wage, calculated on the minimum, which will enable a worker, and his family to eke out an existence, such

such as will enable him to "squander" anything during the whole of his dreary life? Last year Mr. Hughes resigned his post as Minister for Sustenance—which involved administering the munificent dole to those to whom industry could not extend even the basic wage—because the post was honorary. Apparently he felt that the pay of an ordinary Member of Parliament did not entitle him to "squander" on the people more than the limited amount of time required for the routine duties of an M.P. If, in the whirligig of time, his party gets back to office (and if the post ceases to be honorary) the unemployed of the future who may come under Mr. Hughes's administration will be able to look forward with keen anticipation to the application of his principles against squanderers - "involving many hardships and perhaps some injustice."

Why Worry What Women Buy?

"When businessmen are adding to their staffs," said Dr. Gerald Weigall discussing unemployment on Tuesday, "they should ask themselves whether the money they will pay in wages is to be spent on pictures and face paint, or whether it will help some married man keep the wolf from the door."

The context of his remarks showed that the Doctor's heart was in the right place. But as for his head—

Had he wished to make a helpful, if small contribution, he might have suggested that employers, as a condition of giving a job, exact a promise from every prospective employee that the whole of the wages received will be spent as rapidly as possible. Though that would not help greatly, since the incomes of most of us are now so low that our creditors are waiting on the doorstep for our pay envelope, it would at least affect something to make sure that all wages—including those transferred to doctors and other professional men—are immediately disbursed on goods. For as all wages (as well as many other items of cost) are charged into goods, it is only by the return of wages to the sellers of goods that production can continue. But beyond that it does not matter two hoots to the community, economically speaking, on what the wages are outlaid.

If a girl chooses to paint her face rather than to wash it, does not the lipstick industry give employment—which seems to be the goal of all our luncheon and dinner orators—just as well as the soap industry? And if a tired-out girl prefers to relax her mind at an amusement house instead of filling her inside with bread or meat, is she not likewise giving employment and an income to someone? Is the silk stocking industry any less worthy of support than the woollen mill?

For years we have been hearing this adulterated nonsense about women in industry and the alleged extravagant ways of our girls. It is the kind of talk, which comes generally from those who seem to find a peculiar pleasure in regimenting the expenditure of the poor. And it is as shallow as it is unfair.

The plain facts of industrial employment are these. Girls are usually engaged for one of two reasons—either they are more competent or they are cheaper. If the former, then it is a typically Fascist type of interference which would deprive them of something to which they are entitled. If the latter, then in general the employer is driven to seek cheap labour in the everlasting cutthroat effort to bring prices down to meet the people's insufficient purchasing power. Actually, of course, high wages or low wages have little effect on our economy as a whole, the only difference being that the higher the wage goes the higher the price must climb, with consumers always reaching above their heads. In individual cases, however, the employer who can steal a march on his fellows by engaging a greater percentage of cheap labour is in the same position as he who can install more labour saving machinery—he may get first with his pitcher to the well which has not enough water for all.

"Surely an attractive girl of 22 or 23 should have something better to do than driving a lift," said Dr. Weigall. Well, hasn't a girl as good a right to drive a lift as, say, to collect a doctor's fees from his patients in the anteroom? Perhaps the argument will be put that lift driving should be reserved for disabled soldiers—but one fails to see why disabled soldiers could not collect fees at the door quite as graciously. And that disabled soldiers should have to work in industry at all—particularly in these days when industry can dispense with so many—is an undying disgrace on a country which swore false oaths to them twenty years ago.

If Dr. Weigall is really concerned to give employment to men rather than to girls, one would suggest, on the principle of "physician, cure thyself," that he begin his campaign in the professional end of Collins street. He might then organise a doctors' campaign to make health tests of the thousands of girls in the sweatshops surrounding the city. And after that he might begin to look into our economic system, particularly on its monetary side. What he would then discover might provide him with a sufficient, if not a satisfactory reason why so many attractive girls of 22 or 23 can't get anything better to do.

The Premier Takes to the Boards

For once the community will be almost unanimously behind the Premier. On Wednesday Mr. Dunstan said: "It is only intended that regulations should enable the provisions of an Act and the intention of Parliament to be carried out, but in many cases the regulations are actually in conflict with the Act and would not be tolerated by Parliament for one minute. For this reason I think it advisable, in the interests of government by the people through the parliamentary system, that powers granted by regulations shall be limited."

It sounds almost a satire, or at least it has a distinctly archaic flavour, to hear anyone nowadays speak seriously of "government by the people through the parliamentary system." We are so accustomed to Boards and regulations ordering us about in all directions that few indeed in the community ever think much about our laws at all. In fact, when Parliaments enact laws, their provisions hardly receive an honourable mention in the press—and it is more than doubtful whether many of the legislators who pass them have more than a hazy idea of what they are doing.

Any move by Mr. Dunstan towards restoring to the people's elected representatives those rights and powers which have been filched from them over a long period of years will receive the hearty support of numerous people who are not members of the party he represents, but who look on such action, not only as transcending party politics, but as our last bulwark against a slavery which is fast enchaining us all.

But particularly would such people desire that the Premier should reflect a little more on his own declaration that it was unwise to have some far-reaching power behind Parliament in the way of government by regulation. For there is a far-reaching power behind Parliament, which is even more potent than government by regulation; it is the power, which is the real father of government by regulation. And that power is government by a private financial monopoly, alien and often hostile to the people, responsible to no one but itself. If he really wishes to restore government by the people through the parliamentary system, this is the power, which the Premier must boldly face. If he will but expose to the people the way this hidden power attempts to dictate to him, as it dictates to all Premiers, of whatever party, Mr. Dunstan will have gone far towards breaking a control whose success depends upon secrecy. And he will have performed a greater service to his people by doing so than any service of any Premier, however distinguished, who has preceded him.

UNEMPLOYED, PLEASE

NOTE!
When he was Minister of Sustenance he noticed that charitable organisations overlapped a good deal and he had no hesitation in saying that if he was out of work in Melbourne tomorrow, he could get a meal, a pair of boots, and a shirt at three different organisations any day of the week.—Mr. Kent Hughes, July 2.

MACAULAY'S PROPHECY

A prophetic account of 1930, written by Macaulay in 1830, contains two items, one false and one correct, but both worth remembering. He predicted, falsely, "that cultivation, rich as that of a flower garden, will be carried up to the very tops of Ben Nevis and Helvellyn." He also predicted, rightly, "that our debt, vast as it seems, will appear to our great-grandchildren a trifling encumbrance, which might easily be paid off in a year or two."

The correctness of the second prophecy explains the failure of the first.—G. K.'s Weekly.

Evidence for Prosperity

In moments of idle fancy (writes David Davies in *The Eleventh Hour*), when my mind escapes from the hard realities of our present world, one of the pleasantest of my dreams is a world whose governments are fired by the determination to organise their productive resources for the common welfare. The first thing that such a world would do would be to appoint a planetary commission to discover the wealth-producing capacity of the whole planet. Alas! this is but a fantasy. Some day, when the human race has achieved sanity and intelligence, the fantasy will become a fact. Meanwhile, failing such a commission, we must rely on other estimates, not so reliable or scientific, of the world's capacity to produce wealth.

Such an estimate was recently made by a German economist of the position as regards the machinery of the world. He divides it into two groups.

Group 1.—Basic and maintenance industries, such as mining, electrical engineering, chemicals, water, gas and electricity supply, health services, commerce and communication. The amount of horsepower in use in these industries in 1907 was 750,000; in 1925, 3,400,000 h.p.—an increase of 325 per cent.

Group 2.—Finishing industries such as textile, woodwork, clothing, building, foodstuffs and such trades. The amount of horsepower in use in these industries in this group in 1907 was 1,100,000; in 1925, 2,000,000 h.p.—an increase of 81 per cent.

Now, if we translate all this into terms of human labour power, the additional machinery introduced between 1907 and 1925 would work out as follows:—

In Group 1 the power of about 33,000,000 human beings; in Group 2 the power of about 11,000,000 human beings.

What about raw materials? The estimated coal reserves in millions of pounds of the British Empire alone amount to 2,371,000,000,000, to say nothing of the coal reserves of Russia and Asia. The estimated value of the petroleum in millions of pounds of the whole world is nearly 40,000,000,000. The supplies of iron ore are still greater.

The supplies of raw material, therefore, are abundant. The means for transmuting these raw materials into consumable wealth are still greater. Why is it not done? The possibility of it can no longer be denied. The facts are all on the side of potential prosperity. Evidence for it is accumulating day by day. And yet, day-by-day, individuals are getting poorer and poorer? Is not such a position too idiotic? It seems to justify the hypothesis that this planet Earth is the lunatic asylum of the solar system.

THE SONG OF THE PRESS

(Tune: What shall we do with the drunken sailor?)

What shall we put in the daily paper?
What shall we put in the daily paper?
What shall we put in the daily paper?
Early in the morning?
Workers on the dole who guzzle,
Communists who need a muzzle.
All the winners and a cross-word puzzle,
Early in the morning.

What shall we put in the daily paper?
Suicide of a linen-draper,
Duchess poisoned by a noxious vapour,
Early in the morning.

Awful international crises;
Idiot reader wins three prizes;
See how the British public rises
Early in the morning.

—G. D. H. Cole,

The First Hundred Thousand

What's the Use of Arguing? We Must Fight!

By G. W. L. Day, in *Social Credit*.

It would be hard to say whether Finance completely ignores every proposal made by eighty-three different groups of monetary reformers from mere hide-bound force of habit or from supreme confidence in its own impregnability.

However it may be, Finance is contemptuously indifferent to our feelings about the absurdities of its Money System. This plethora of monetary reformers springs from deep dissatisfaction with things as they are, and a desire to remedy the trouble. But the present system is an excellent one for Finance, so why should they worry about us?

It may be argued that some of the monetary remedies, which are now being suggested, contain fairly obvious flaws. But this is beside the point. If Finance cared two-pence about our welfare it would cheerfully admit that something was very wrong somewhere (as must be obvious to anybody outside a mental institution) and welcome suggestions.

But actually it refuses to discuss the matter. This proves that the aim of Finance is simply to safeguard its own position, and that our well-being or otherwise is of no concern to it.

If you can imagine Finance as a brand new system of distribution on its first year's trial, what do you think would be the verdict on it? Even if it worked 90 per cent better than it works now, wouldn't half the country be crying out against its inadequacies?

And can you imagine the fearful outbursts of public indignation when the set of excuses were advanced which are now employed to buttress Finance? Or the national uproar when the inventors of the new system set themselves up as dictators and refused to consider any criticism at all?

Perhaps the best way to visualise the present fantastic position is to imagine a modern town whose inhabitants are being starved of water in full view of an enormous and overflowing reservoir.

The local water supply company refuses point blank to hear any complaints from householders, declares that supplying water is a highly technical business, which only qualified engineers can hope to understand and swears there is really no abundance of water at all, but an actual shortage.

At the same time the local Borough Council allows the water supply company to dictate to it, levies a very heavy water rate urges everyone to drink less and pray for rain, and puts up spokesmen to announce frequently that its water supply is the envy and admiration of the world. Meanwhile paid Professors of Engineering lecture the local inhabitants.

Some of them prove that the water shortage in the houses is due to householders drinking too much. Others show that its cause is the eleven-year Sunspot Cycle, which affects the rainfall. Others, again, that it is owing to people in other countries sinking artesian wells and that nothing can be done to remedy matters without world co-operation. At the same time eighty-three different ratepayers' associations take surveys of the water supply system and evolve eighty-three different theories about what is wrong with it. Some of them work out intricate schemes of how the pipelines should be laid, calculate the heads of water at different points and specify the bores of the various pipes.

But the water supply company entirely ignores all these suggestions and contents itself with one or two stock scare-stories, which the members of the Borough Council solemnly echo at their meetings.

One of these is that water obeys the Law of Gravity which no

amount of jiggery-pokery with pipes can alter.

Another is that if irresponsible amateurs fool about with the water supply, the reservoir will burst and flood the town.

And a third is that if you give people too much water they will drink too much of it, ruin their constitution and become fit for nothing.

Before very long the ratepayers would rise in wrath and say to the Borough Council: "Either you get us a decent water supply within a reasonable time or we'll sling you out. Please pass this information along to your precious water supply company and see that it gets on with the job."

In just the same way we ought to talk to our Government. The Money Supply Company—namely, the Bank of England, is playing the old soldier with us, and it's about time we put a stop to it.

We have done our protesting with Finance, and nothing has come of it. How much longer are we to spend in arguing while the net tightens round us?

Don't let us underestimate the enemy's strength, for there is only one power in the world, which is stronger. That is the will of the People.

The time has come to cut the cackle and fight. Join up with the First Hundred Thousand!

HOW NOT TO DO IT

By G. K. CHESTERTON, in "G.K.'s Weekly."

There are two recognised ways of arguing with a Communist; and they are both wrong. There is also a third way which is right but which is not recognised. Now I have a notion that, for one reason or another, a considerable part of our time will be taken up soon by arguing with Communists. And I should like to sketch very roughly this notion of mine about the right way to do it.

Curiously enough, the two commonest ways of contradicting Communism also contradict each other. The first consists of convicting the Bolshevik of all the vices. The second, curiously enough, consists of convicting him of all the virtues. It actually consists of pitting all our vices against his virtues; or his supposed virtues. This is very much the more dangerous and even suicidal trick of the two; but its nature needs a little explanation.

The first common or conventional method is at least simple enough. The Capitalist says to the Communist, "You shall not enter my house, for I know you would burn it down; you shall not speak to my family, for I know you would blow them up; you are a common thief and murderer and I am a highly respectable and moral person; and not as this Russian." Now I do not like talking like that to a Bolshevik; because I should not like talking like that to a burglar. It is Pharisical; and the Pharisee is a more ancient enemy of the Christian than the Marxian.

But I rather prefer it to the other method, which I find extremely common among those who profess to defend property against the Marxian heresy. It really consists of telling the Communist that he is an idealist, or, in other words, that he must be wrong because he has ideals. In this second case, the Capitalist says to the Communist, "You believe in a lot of nonsense about the brotherhood of men; but I tell you, as a practical man, that every man wants to get as much as he can for himself, and will beat his own brother in business if he can. Every man must obey his acquisitive instinct." (I read these very words recently in an attack on the Bolshevik theory.)

"You cannot keep things humming and hustling without private enterprise; and you cannot produce private enterprise unless you bribe or reward it with the glittering prizes of private property."

People use these arguments against Communism, as if they were the only arguments against Communism; and then they are surprised that a number of more generous and spirited young people become Communists. They do not seem to see that, to such young people, the Capitalist in question only seems to be saying, "I am a greedy old scoundrel, and I forbid you to be anything else."

Now the true, full and final argument against Communism is that private property is much more important than private enterprise. A pickpocket represents private enterprise, but we should hardly say that he supports private property. Private property is not a bribe that exists for the sake of private enterprise. On the contrary, private enterprise is only a tool or weapon that may sometimes be useful to preserve private property. And it is necessary to preserve private property; simply because the other name of it is liberty. On the one hand, it is not merely a conventional respectability; on the contrary, it is only the man with some property and privacy who can live his own life freely. On the other hand, it is not a mere licence to trade, still less a mere licence to cheat; on the contrary, the whole point of property is that in that alone can be naturally nourished the sentiment of honour. It would need some space to expound it here and might take some time to expound it to the Communist. But the Communist would listen at least longer than he would to a man merely boasting of self-righteousness or a man merely boasting of avarice.

"BOMBING" AND "LIMITATION"

After Lord Londonderry's speech in the House of Lords last week (says the *Manchester Guardian Weekly* of May 31), we need a much clearer statement of what the Government's air policy means apart from increasing armament. For Lord Londonderry, after explaining that the Disarmament Conference in 1932 was concerned with the abolition of "the artillery of the air the bombing aeroplane, which is the weapon which is the distinctive arm of the Air Force and to which it owes its separate existence," went on to say:

"I had the utmost difficulty at that time, amid the public outcry, in preserving the use of the bombing aeroplane even on the frontiers of the Middle East and India . . . I felt certain that when the ideals of abolition were examined practically they would be discovered to be inapplicable in the state of the world today. We could not put the clock back. Limitation, not abolition, was all we could really hope for."

Observe the word "even" in the phrase "even on the frontiers of the Middle East and India"! But what does Lord Londonderry mean by "limitation"? He said:

"I am indeed gratified to find in Herr Hitler's words a definite acceptance of this doctrine."

What, in fact, did Hitler say? He said that eventually we should aim at "complete international outlawry of all bombing" (nothing there about exceptions "on the frontiers of the Middle East and India"), but he did not suggest any reduction of air forces below the existing highest figure. But that is what we want to know. Does our Government now intend, or does it not, to propose to the other Western Powers the reduction of air forces to a uniform low figure, with no bombers, and with practical working plans to prevent the conversion of civil craft into military? Will Lord Londonderry tell us?

THE INDUSTRIAL ASSURANCE SCANDAL

Some Further Figures

In our correspondence columns we publish a letter from a reader who finds almost incredible the statement in a recent issue of *The New Times* that over 72 per cent of the holders of industrial assurance policies which were discontinued between 1928 and 1932 lost every penny they had paid in. It is readily understandable that any fair-minded person should find it difficult to accept such appalling figures, but our statements in the article in question were based upon no assumptions of our own. They were compiled from returns supplied by the assurance companies themselves and published in the latest three Official Year Books of the Commonwealth (No. 25, 1932, Chapter 9, D; No. 26, 1933, Chapter 15, D; and No. 27, 1934, Chapter 16, D). For the reassurance (or otherwise) of our correspondent, here are the actual words of the latest volume (p. 478): "Industrial Business: The number of policies discontinued in this branch each year is also very large. Of the total amount of discontinuance during 1932 only about 14 per cent was due to death or maturity, while roughly 80 per cent was due to forfeiture."

The Year Book, it will be noted, refers to the total amount of discontinuance, while our figures stressed the number of policies discontinued. If amounts assured are taken into consideration, the percentage of forfeitures will be found to be consistently higher than our figures.

Below are tabulated the actual particulars, as supplied by the companies, of industrial policies discontinued in Australia from 1928 to 1932, inclusive:

Reason for Discontinuance.	No. of Policies.	Amount Assured.
Death or Maturity	278,491	£ 7,220,723
Surrender	84,453	4,066,971
Forfeiture	962,603	50,350,613
Total	1,325,547	61,638,307

From these figures it will be seen that 72.6 per cent of policies, and 81.6 per cent of the amounts assured, were forfeited outright by policyholders.

This is apart altogether from policies on which a surrender value was placed by the companies, for which the figures are shown above, and in respect of which the companies, in the period under review, paid out £1,308,639.

A further idea of the appalling nature of this business, which so effectually confiscates the people's savings, may be gained by comparing the forfeitures with the total business. In 1932 the industrial policies in force in Australia numbered 1,595,347 representing assured amounts of £69,409,234. Setting alongside these the forfeitures we find that in five years the number of policies forfeited equalled 60 per cent of those which remained in force at the end of the period, and the assured amounts forfeited equalled 72 per cent of what was left on the books.

Why the companies do not unduly worry over, these matters or express concern about them in their annual reports is perhaps explained to some extent when it is revealed that

the excess of receipts over expenditure in the industrial departments during the five years when these colossal forfeitures were taking place was no less a sum than £8,331,931.

We heartily endorse our correspondent's view that "the matter is one for further inquiry,"

and we hold that such an inquiry should immediately be instituted by Parliament. Legislation can be rushed through to deal with minor companies, which may be suspected of, or be alleged to be obtaining money from some of the investing public in a way that is not altogether above board. But here is a case a thousand times more urgent; a case where the poorest and least protected in the community is being fleeced all the time in the most outrageous fashion. Why have all our Parliaments, except the Labor House in Queensland, been so silent on the matter? Are they satisfied to give the assurance companies an open charter as long as these continue to subscribe so liberally to national loans—even if the subscriptions do contain huge sums confiscated from the poor?

And why is it that our daily press never seems to concern itself over the assurance companies? In the Melbourne *Argus* of April 4 last under the heading "Company News", there appeared this sentence, smothered in a long report on the Mutual Life & Citizens Co.: "The 1934 distribution to shareholders is not stated, but in each of the three years, 1931-33, they received £160,000 as 80 per cent dividends." Apparently that was all right with the *Argus*, yet when another Australian company recently announced a 13 per cent dividend the same paper made it the subject of its financial leader, lamenting that the shareholders were not satisfied with a more reasonable return, and contending that prices should have been reduced to the public. Why the difference in the attitude?

NOT A LEG TO STAND ON

It is typical of a secure monopoly that its professional advocates and defenders do not bother often to talk sense, and the official utterances of the spokesmen of the Big Five are more and more frequently characterised by a degree of ineptitude, which amounts to a public impertinence. Of such a nature was a recent remark by one of the leaders of banking that the interest on bank shares was not excessive "since the shares were at a premium," as though any sound share paying fifteen to eighteen per cent was not at a premium!

It is often said that we must not interfere with the present monetary system—i.e., with the banking monopoly, because we cannot agree as to what we would put in its place. On the same principles it might be argued a man steals my car (as the banks steal our wealth, our security, and our happiness) because I cannot make up my mind on the relative merits of coil and magneto ignition.

Let us first make it quite clear to ourselves that the present bankers' monopoly has not morally a leg to stand on, and that every criticism coming from that quarter on the various schemes of currency reform, is interested criticism. Let us above all make it quite clear to ourselves that the banks are murdering us. That at any rate will contribute to the intellectual clarity necessary for the solution of this by no means insoluble problem.

—J.L.B. in *G. K.'s Weekly*.

WORK AND WAR

By CLARENCE P. SECCOMBE.

Throughout the world today there is a revolt against war.

But this is nothing new; in all ages, particularly during the last two thousand years, war has been condemned; yet war continues. What reason have we for thinking that the present agitation will succeed where previous ones have failed?

Some say modern invention makes war so frightful that no nation will engage in it; but the same thing was said before the last Great War. It is often said that another war will wipe out civilisation; that may be so, but it seems equally likely that a continuance of the present so called peace will do the same.

What causes war? Does some nation suddenly develop a violent hatred of some other nation? I think not; such hatred is a matter of slow growth. What engenders and fosters international hatreds? Differences of colour, race or creed? Evidently not, since the most bitter wars have been between nations closely akin in all these.

THE WARS OF HISTORY

When, in the dawn of history, the Aryan tribes moved westward to overrun Europe, what was the impelling motive? Unquestionably the need for national expansion, soil they could till, grazing room for their growing flocks and herds.

When, in the early days of Egypt, the shepherd kings dispossessed the original holders of the country, what motive lay behind that invasion? Simply the lure of the rich Nile valley, with its capacity to provide sustenance for a great population. When the Israelites crossed the Jordan, was it because they had conceived a hatred of the Canaanites whom they displaced? No, but because they had been promised a land flowing with milk and honey and they were prepared to fight for it.

So, practically all wars of early times arose through nations and tribes coveting the territory of others or defending their own against aggression. In a very real sense the motive was economic. For territory meant life; to be dispossessed of it meant death.

The conquests of the great military leaders of later times, Cyrus, Alexander, the Caesars, were wars of spoliation; none of these early empires could exist except by a continual process of expansion; they must be supported by a continual influx of wealth taken from the conquered peoples. Again, the motive is economic.

We have been taught to look on some wars as religious wars, but when we study even these closely we find, for the most part, the same ruling motive in them as in all the rest. The Crusades, the feudal wars of England, the ceaseless petty wars of mediaeval times throughout Europe, were generally struggles between rival nobles, princes, and, sometimes, churchmen; if these were to maintain or extend their holdings, they must keep an armed force always at hand. These forces were generally maintained by the loot of captured territory. So the economic motive persists. The rivalries between Rome and Carthage, and the later bitter struggles between Venice and Genoa were of the same nature, economic.

When the Spanish adventurers, following in the wake of Columbus set out to conquer the New World, was it with the idea of carrying Christianity to the Aztecs and the Incas? All students know that this was merely a side issue; the impelling motive was the wealth to be had by conquest.

Take the Napoleonic wars. Was Napoleon the ogre we have been taught to believe him, or was he fighting to break an

economic stranglehold imposed on France by the rest of Europe? Some eminent students are inclined to the second view.

And, whatever may be said of the secession issue, the economic implications of Negro emancipation were undoubtedly the basic cause of the American civil war.

And what of our own British Empire, with its record of conquest throughout the world? Can we say that our dealings in India or China or Africa have always been free from the spoliation motive?

What have we done, what are we doing with our Australian aborigines? We have taken all the best of their country and forced them back into the arid plains. When they resisted we poisoned or shot them.

What of the vanished Tasmanian blacks? Are we proud of the genius that threw a cordon of hunters across the island to round up the last miserable survivors of their race? Why did we do these things? There is but one answer; these unfortunate natives were a hindrance to our peaceful occupation of the territory we had taken from them. We had no particular hatred of the native, but he was in the way and he must go.

So we can say definitely that the principal causes of war throughout the ages have been of an economic nature.

THE GREAT WORLD WAR

We come to the great world war of 1914-1918. We believe Germany to have been the aggressor in that war; we know of the arrogance of the German military caste; we remember the "sabre-rattling" episodes that kept the world on edge. But we are trying to look below the surface. We want to know what were the conditions that gave rise to the war spirit in Germany. Even the hatreds expressed so freely on each side in the war were not genuine; they had to be whipped up and sustained by ceaseless propaganda, much of it untrue.

To find the real cause of the world war we must consider the state of world trade in the early years of the century. England, the first industrialised nation, had established her trade throughout the world. She held by conquest or concession a large proportion of the available supply of raw materials and had control of many of the important world markets.

France also had a large Colonial empire and jealously guarded any infringements of her trade rights by competitors.

America had developed a great export trade and by her great developments of mechanised industry was able to maintain her place in the markets of the world.

Germany, later in the field, found practically the whole world parcelled out. She managed to secure a few small strips of overlooked territory, as in Africa and German New Guinea, but these were totally inadequate to her needs, either for trading opportunities or as outlets for her surplus population.

Hence arose Germany's pre-war demand for what she called "a place in the sun." She was hedged round, not as in earlier ages by hostile armies, but by what to a modern industrial nation is just as deadly, by implacable trade rivals.

Under modern economic conditions it was vital to Germany's existence that she break the barrier, that by some means—any means—she secure the international trade without which she could not live.

On the other hand, Germany's industrial neighbours had bitter experience of her prowess as a trade rival; under pressure of

stern necessity she had developed an efficiency, which enabled her to undersell her rivals even in their own markets. So a bitter competition in trade grew up; England and France could not concede a point of their geographical advantage; on the other hand, they must use all their powers to isolate and hamper this dangerous competitor. For they, too, like Germany, must trade to live.

What loss of territory meant to the earlier races of the world, loss of trade means to an industrialised nation today. When we realise this we begin to realise why trade wars inevitably end in military war.

We see, too, that the basic cause of war has not changed throughout the ages; it is the urge to live, expressed at one time in territory, today in trade. But at all times the root cause is economic.

INTERNAL WARFARE.

So we find ourselves in a world where a nation cannot live except by defeating some other nation, either in the market place or on the battlefield. This conclusion has a familiar appearance, for when we turn our eyes to our own internal economy, when we consider trade conditions in our own country, we find that no man can succeed except at the cost of someone else. On a general survey of trade it is found that the profits of the winners are offset by the losses of the losers. So we find that modern trade, national or international, is a continual fight for life, what one of our great churchmen called recently the Law of the Jungle.

It is clear that this is not the Christian conception of life; so we are driven by our belief in Christian ethics to go further into this matter.

The economic urge that originally led to war was the urge of sheer necessity imposed by natural conditions, by threat of starvation, by actual want of food. That natural necessity does not exist in the modern world. Where primitive man tilled the ground with a pointed stick, or at best with a yoke of oxen, we use a multi-furrow plough drawn by solar energy. Where he gleaned one sheaf of wheat we can harvest a thousand. The days of scarcity have gone; there is not the urge of necessity to excuse war today.

We find ourselves standing in the dawn of the Power Age. We have hardly begun to realise its possibilities, but we know already that the advent of machinery enables us to provide for all the needs of a population many times that of the present world.

Why, then, do we find ourselves fighting each other for a share of what exists in abundance for every soul on the planet?

If we can answer this question, we can isolate the germ of war.

THE SURPLUS OF LABOUR

Now, if world trade were simple exchange of goods, we could find no fault with it. If it were a matter of getting an advantage on the exchange, so that we received more than we gave, it might be regarded as "good business," though it would be very poor ethics. But the actual position is that every nation is striving to force its surplus goods on other nations who are trying to avoid taking them.

Every nation is fighting every other nation to sell its goods in the diminishing markets of the world. Every nation considers that it must have a favourable balance of trade, which means that it must send away more real wealth than it receives. Leaving for the moment the physical and mathematical impossibilities inherent in such a position, let us consider why this frenzied fight for export trade is thought necessary.

When we have succeeded in defeating some other nation in trade and as a result have sent away more goods than we have

received, the balance in our favour is settled in terms of money. This money is now available to pay men to make more goods for export.

So a favourable balance of trade means that we are producing more than our own people are using. It means that we have a surplus of labour. It means that, in order to employ this labour, we must set to work to make goods for people overseas who also have a surplus of labour and who also are striving for a favourable balance of trade.

It is clear that in the increasing mechanisation of the Power Age we cannot find work for all our employable population in supplying the home market.

But the theory is that we must employ them somehow, for we admit no claim to share in production except money, and money is obtainable only by work.

MAINTAINING THE UNEMPLOYED.

So, in essence, our fight for a favourable balance of trade means that we are trying to force the overseas peoples to maintain our army of unemployed. If we fail in this effort there are three alternatives: the unemployed must starve; or they must be supported by private or public charity; or they must be found work by the Government.

We have now reached a stage of alleged civilisation where it would be inconvenient to have the unemployed dying indiscriminately in the streets and on our doorsteps. But they are becoming too numerous to be maintained out of our straitened private means, and public charity is merely private charity organised and dehumanised.

There remains the public works policy. If the Government is to find the necessary work, it must first find the necessary money. But Governments don't make money; they merely take it from people who have it. Sometimes they borrow it, but they never repay it. This fact needs no further illustration than the enormous increase in our public debt during the present misnamed depression.

So neither charity nor Government expenditure can be regarded as providing permanent subsistence for those displaced by the machine age. Those in authority in every country realise this, and, realising it, know that the only solution of unemployment under our present social order is to make goods for export.

But every country is doing the same thing and so the fight for foreign markets gets more bitter every day.

Here we have the economic cause of war—the stark necessity to maintain life—reappearing in a modern and a mechanised world. It is clear that export trade, by which we maintain life today, is but a broken reed; already it is failing us. The natural evolution of the machine age making more and more nations self-contained, and the increase of production combined with an inevitable decrease in employment, which comes in the wake of the machine, are rapidly breaking down our last means of finding work for our people.

And work, we have been taught, is the only licence to live.

If our reasoning so far has been sound, we are forced to the conclusion that the ultimate cause of war is the necessity to find work. For if we cannot find it we die. If this be true, if work is the price of life and the sheer necessity to find it is forcing the world to war, we must carry our reasoning a stage further.

MUST MAN LIVE ONLY BY WORK?

Is work, as we have understood it in the past, a necessity in the modern world? Is it possible for us to maintain the view that man can live only by work? For the corollary seems inescapable,

that if we can live only by work we can live only by war.

To suggest that men should not have to work as a condition of life is to administer to the orthodox mind a shock from which it recovers only with difficulty. Yet to what other end is the evolution of the Power Age leading us?

Were air and sunshine in short supply, they could be cornered and a price charged for them; where they exist in abundance for all, price has no meaning. So, when food and clothing and shelter were wrested with difficulty from a reluctant Nature, the work of all the community was required that all should have sufficient to maintain life. But when solar energy, applied in the Power Age, brings us food and clothing and shelter in such abundance that we have to restrict its production and destroy the over-supply, when the machine is telling men in ever-increasing numbers: "Run away and play; we can produce all you need without your help," what should be the price of that production to the men who are dispensed with?

ROLEY POLEY FINANCE

By HENRY MADDEN

In the interior of Australia there is a well-known weed, which grows about two feet high in bunches over most of the plains. It is called "roley poley," because, as soon as it has completed its life's cycle, it dries brittle, snaps off, and rolls away. In times of high winds it can be seen leaping, juzzing, and rolling across the Downs with the abandon of crazy kangaroos. Sometimes gyrating in eddies of wind it frisks, spins, and rolls as fast and free as the random gusts which whisk it along, until a stock fence interrupts its further progress. Then it packs as it gathers there, packs into prodigious heaps as far as the fence stretches. Roll along, roley poley, roll along!

THE SYDNEY HARBOUR BRIDGE.

National finance, too, seems often to be as free as the random winds—until you borrow some of it. Take, for instance, the case of the Sydney Harbour Bridge. In round figures it took £10 millions of loan money to complete that great structure ready for traffic; but, if the interest and redemption rates continue as now, untold millions will be the ultimate cost of it, and the period over which the repayments spread may be 500 years. It will by then stand debt-free, if any of it is still standing at all. Roll along, roley poley, roll along!

THE ZIG-ZAG RAILWAY.

In New South Wales, when the Government of that State decided to throw a railway over the Blue Mountains, it borrowed £12 millions. Since that date it has, in regular instalments, dutifully paid £21 millions interest on it (out of further loan money), while the original debt is still owing. Incidentally, the Zig-Zag Railway has been pulled up; pulled up about 25 years ago. Roll along, roley poley, roll along!

H.M.A.S. AUSTRALIA.

Our first battle cruiser, the H.M.A.S. Australia, cost the Commonwealth about £4 millions of loan money to build and maintain up to the time that she was purposely sunk in deep water off the Sydney Heads. Since that sinking (believe it or not) there has been approximately £1 million of loan money paid in interest on the original loan money still owing on that gallant ship before she was sunk, and which said loan, unlike the Australia, won't sink. Prosperity is just around the corner, so roll along, roley poley, roll along!

Abolition of Plenty Amidst Poverty

T. H. STORY, in "Social Credit."

"Milk Marketing Board seeking special powers to restrict production of milk in England. Since marketing scheme came into operation production of milk in England has increased by 120,000,000 gallons per year."—"Daily Express," March 29, 1935. "Milk Board in danger of being drowned through its own ambition. Farmers, failing to obtain remunerative price for their beef, have turned to milk production, with result that the Board now faces problem of finding a market for 100,000,000 gallons of milk per year more than was produced before the scheme started. Colonel Fergus Duncan, Member of Board, says: 'Scheme has attracted into the industry producers at an alarming rate. That will be one of the problems of the future.'"—"Daily Express," April 25, 1935.

"Boy sixteen-and-a-half years fined 25/-, with costs, for taking half-pint of milk from doorway. He was arrested at Arundel and charged at Littlehampton Children's Court."—"Evening Standard," April 29, 1935.

Although our police are so wonderful, they cannot realise the difference between the "problems of the future" on the side of the Milk Board, and the problems of the present on the part of people. The gallant Colonel should ask himself: "What will be the effect of this young criminal's theft of a half-pint of milk upon my problem of a surplus 140,000,000 gallons?"

"Foot-and-mouth disease threatens British herds. Ministry fear worst epidemic for years."—"Daily Express," April 25, 1935.

Does the Milk Board also fear the disease?

"Scrapping six ships to build three. Sir William Reardon Smith and Sons, Ltd., will build three nine-thousand-ton motor vessels, and in order to qualify for financial assistance under the Government's Scrap-and-Build Fund, they will scrap six vessels totalling 54,000 tons. The loan is repayable in twelve years at three per cent."—"Daily Express," April 29, 1935.

It should not take much of a mathematician to calculate at this rate how long it will be before Britain has only one ship left. Scrapping 54,000 tons to build 27,000 tons may qualify for our "National" Government's bounty today, but twenty years ago it would have qualified for an Iron Cross, or British firing squad.

"Two women found the body of an unknown man at the foot of the cliffs at Langdon Stairs, near Dover. In the pockets was one penny."—"Daily Express," May 2, 1935.

This may explain the reason why 27,000 tons of British shipping is being destroyed. Owing to the shortage of bank cheque money, credit, or figures, and the possible need for more paper money owing to the Jubilee decorations, the authorities require the metal for more disc money, or coins.

"Negotiations between British and Norwegian authorities reported proceeding favourably regarding restriction of whaling. It is almost certain whaling season will be reduced by six weeks to four months. The object is to preserve whale life owing to modern methods of slaughter."—"Daily Express," March 9, 1935. Even the whales are not free from the wails of overproduction. "Farmers have been fined 15,000 by the Potato Marketing Board for producing too many potatoes."—"Daily Express," May 8, 1935.

We don't want potatoes; we want Colorado beetles. "Milk Board have announced their intention of fixing the quantity of milk to be produced on a farm. If that figure is exceeded the farmer will be paid a much lower price for

his increased production."—"Daily Express," May 8, 1935.

"Notts County Council declined to receive a deputation who wished to put the case for free milk for school children, and the feeding of the necessitous."—"Daily Express," May 8, 1935.

The very idea of asking for food and milk when there is a problem of what to do about too much food and milk!

"The Wheat Act limits the production of wheat. The guaranteed price is limited to 7,000,000 quarters. Automatically the production of millable wheat is limited to this figure."—"Daily Express," May 8, 1935.

When the production of wheat has been reduced to a fair and reasonable figure, perhaps the necessitous will be able to have more bread.

"We are constantly being told that plenty does not exist today, and we cannot produce enough for all. Above are quoted items of glut restriction, and we see our National Government with its right hand preventing people from producing too much, and with its left hand getting more people to produce by 'curing unemployment.' The following table is interesting:—

	1918	1934
Wheat.....	10,530,000 qrs.	7,432,000 qrs.
Barley.....	6,080,000 qrs.	3,498,000 qrs.
Oats.....	14,339,000 qrs.	7,425,000 qrs.
Potatoes.....	4,209,000 tons	3,439,000 tons
Arable Land.....	12,399,000 acres	9,248,000 acres
Wheat, Oats and Barley	6,383,000 acres	4,021,000 acres

"At least 5,000,000 acres of land could be put under arable cultivation at once. Production of wheat and potatoes could be increased at once from the present 6,000,000 tons to 10,000,000 tons a year. Nearly 4,000,000 tons of beef could be produced in place of the present output of less than 1,000,000 tons. The poultry industry could be enlarged within three years to supply the

DEEP DEPRESSION

"Above all things, good policy is to be used, that the treasures and monies in a State be not gathered into few hands; for otherwise, a State may have a great stock, and yet starve; and money is like muck, not good except it be spread."—Bacon, "Of Seditious and Troubles!"

Said Bacon: "Money's like Muck, Not good unless it be spread."

Said the Banker, wagging his head: "The spread of the smell will answer as well."—

But the system collapsed in the muck

... worse luck!

—John Boak, in "G.K.'s Weekly."

NOT ONLY THE COMMERCIAL CLASSES, AND NOT ONLY IN VICTORIA.

Purchasing power would have to be increased in Victoria if the commercial classes were to avoid complete strangulation. —Mr. Ian Macfarlan, M.L.A., July 1.

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whole of Britain's needs."—"Daily Ex-press," May 8, 1935.

It seems strange that the "Daily Express" does not mention the Electoral Campaign for abolishing poverty, but perhaps it is much too interested in preventing foreigners from sending us too many of their dinners for fear we shall starve by eating them.

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.

INDUSTRIAL ASSURANCE FORFEITURES

On page 3 of your issue of June 7 appears a statement implying that over 72 per cent of holders of industrial assurance policies, through forfeiture, had lost every penny they had paid in. I believe that this assumption is quite mistaken, as the operation of the "non-forfeiture" principle results in the repayment to policy-holders who have allowed their policies to lapse of practically the whole amount paid in as premiums.

The matter is worthy of further inquiry, for if your assumption proves incorrect a very grave misstatement, for which the monetary reform movement can ill afford the responsibility, will have been made.

If my opinion on the question is found to be the right one, might I suggest that you give full publicity to any necessary correction?

—F. H. AULT.

Domain, Hobart. [Editorial comment on this letter will be found on page 5 of this issue.]

THE PUBLIC AND RAILWAY CATERING

The Cafe and Caterers' Association, according to Wednesday's press, in a deputation led by Mr. Macfarlan, M.L.A., told the Minister for Railways that the Government should prevent the Commissioners from selling refreshments, meals, tobacco and fruit to the general public. After Mr. Macfarlan had dealt with the legal aspect, the caterers' secretary complained bitterly of the manner in which railway refreshment rooms deprived privately owned cafes

from reaping that share of trade which he considered their due. His subsequent remarks indicated that he thought the Railway Department should retire from the meal serving business.

Now, the public, as such, has no special affection for Government departments, so it can safely be said that the popularity of the railway dining rooms and the public capacity to sniff out a good deal are closely related. We have the happy feeling, when eating at the railway rooms, that rat-chewed and cockroachy foods are not served up in stews and pasties. Until the Health Department tightened up its regulations, some of the privately run cafes were a menace.

The Railway Department has done a great deal in encouraging the public to eat fruit and raisin bread, and has helped the producers and public in many ways. It has been intelligent.

This is an instance of where the consumer must be studied for a change. Private enterprise is always sneering at Government control; so let it win the public by giving a better deal.

"SQUARE MEAL."

A READER'S PRACTICAL SUGGESTION

Being one of many enthusiastic subscribers to "The New Times," and realising the difficulties under which, in its early days, a new publication labours, and especially when it is swimming against the stream, so to speak, I would like to suggest that each subscriber endeavour to secure at least three other regular subscribers. I feel that some concerted action of this action

How Germany Is "Progressing" Under Hitlerism

The failure of Nazism to restore real prosperity in Germany—as any system must fail which will not recognise that the world's present difficulties are mainly monetary—is strikingly illustrated in a letter which we reprint below, and written to the "Manchester Guardian" by its Berlin correspondent at the end of May.

Apart from the rigours, restrictions and regimentations that accompany Hitlerism, it will be noted that the German attempt to restore purchasing power to the masses is concentrating mainly on the output of "production" goods as distinct from "consumption" goods. This is simply the resurrection of one of the old devices, which staved off for years the present breakdown. Turning out production or investment goods—such as factories and other forms of building; expensive plant; ships; armaments and the like—means the paying out in wages of vast sums of money which are not withdrawn from the people as rapidly as money issued for boots, bread, and the like, and enables the money to be spent on consumption goods which would otherwise be unsaleable. The results to date in Germany are thus described by the "Guardian's" correspondent:—

"Germany has under the National Socialist regime established a mass of bureaucratic restrictions upon labour, trade, and industry to a degree unknown since the seventeenth or the eighteenth century.

"Labour has lost freedom and nobility and is subject to conscription; the professions are regimented and subjected to racial discrimination; manufacture is licensed and directed; the entrepreneur is stifled and may not erect new factories without State permission; commerce is placed under a formidable body of restrictions which have almost paralysed its foreign aspects; private property rights are subject to exceptional limitations. The seventeenth and eighteenth century mercantilist quest for gold and silver has its twentieth-century counterpart in a policy directed towards the acquisition of foreign currency. Its purposes are the establishment of maximum self-sufficiency and rearmament.

"So rigorous is this new and

of this nature on our part is the best way we can help both ourselves and others.

—G. C. M.

WOOL FREIGHTS.

At a conference in Sydney this week (held in camera), the question of reducing wool freights was considered. Many interests were represented and in spite of all sorts of subtle suggestions, the ship-owners refused to make any reduction, and the negotiations broke down.

This should bring home to the woolgrowers the danger of monopolistic control. When Australia—through the Bruce-Page Government—sold the Commonwealth Line of steamers (for which we haven't been paid), the privately owned ship-owners bumped up freights. Competition, it appears, does not exist amongst shipping companies, so the Australian woolgrower is penalised.

As soon as the primary producers awake to the hopelessness of their case and get some understanding of what is being done to rob them, they will attack their problem at the right end, which is here in Australia. Their first objective should be national control of credit. This would end the domination of the bank manager and give the producer, with his wife and family, an assured income and security within their own property.

"MERINO."

desperate German neo-mercantilism in its operation that—to take one case among hundreds—it forces a widowed English-woman in Germany, who has no other resources than her property which she has realised for a few thousand marks, to stay in a country where she has no possibility of making a livelihood, until she has exhausted that sum, when she will have to be assisted back to England as a distressed person and will arrive in the country of her birth destitute. Its iron framework will not allow her to take money home where it might be employed to her maximum advantage. If she were to attempt to do so she would become a criminal.

"This intense stimulation of home trade during the past two years has undoubtedly produced results. How long it can last is another question. Taxation revenue increased by nearly 1,000,000,000 marks in 1934 compared with 1933. Employment has greatly increased, and though its extent is not to be measured by the official returns of registered unemployed, it is probably true that work—at least of sorts, sometimes with pay little above the dole—has been found for 3,350,000 people. The true total of unemployment in Germany is much greater than the registered unemployment figure of 2,765,000 given at the end of February. Calculations of the number of unregistered and invisible unemployed vary, some being as high as 2,000,000, which would make the total of unemployment—registered and unregistered—over 4,500,000.

"Production has increased substantially under the National Socialist economic programme. A substantial recovery from the low levels of 1931 had already taken place before the Nazis came to power in 1933, but under the special measures for home development, subsequently stimulated by the intensive rearmament programme of the past twelve months, production rose in 1934 to the highest levels touched since 1930 in some branches. Thus, taking the average monthly index of 1928 to equal 100, the total volume of production rose by 8 per cent in 1933 and by a further 22 per cent in 1934, while consumption goods rose by 7 per cent in 1933 and by a further 8 per cent in 1934.

"The Government's stimulating efforts were of much greater effectiveness in the field of production goods than in consumption goods. Moreover, latterly there has been a fall in the production of consumption goods, which is of considerable significance in connection with the slowing down in the rate of unemployment reduction. In June 1934, the index of production goods was 89.4. In January 1935, it was 87.5. Thus in the last six months for which figures are available there has been a small decrease of two per cent only in the volume of production goods as a whole. In that section of production goods known as investment goods—iron, steel, etc., machinery, motors, shipbuilding, building, road and canal construction—there was nevertheless a rise of 12 per cent. In the output of consumption goods, however, there was a fall of 19 per cent. It would therefore appear that the Government is being forced to put the utmost effort into stimulating investment or capital goods, while the demand for consumption goods is failing to respond.

"While employment has increased in Germany during the past two years, wages have fallen and the cost of living has increased. The official index in the rise in the cost of living is much below the reality of experience. Moreover, quality in many articles of consumption has decreased, while the nominal price has remained unchanged, which may be regarded as a form of 'invisible' price raising."

THE STORY OF MONEY and Its Management

(Continued from last issue.)

MONEY SHORTAGE AND WAR

The most terrible consequence of the money shortage is war. It is now almost universally accepted that the great war of 1914-1918 was a trade war, a fight for markets, and it is also apparent that the great commercial nations of the world are feverishly preparing for another similar conflict.

Most wars of the past were waged for conquest, the object being some tangible addition to the resources of the combatants. Sometimes it was very rich territory containing gold or oil or some other valuable product; sometimes it was territory containing a big and closely settled population, whose cheap labour could be used as primitive machinery. But in all such cases it will be noted that the aim of the fighting nations was to equip themselves against scarcity.

In the warfare of our time the tendency is the other way. The object of nations is no longer to acquire physical riches, but rather to rid themselves of riches. For the fight for markets is the fight for what is called a favourable trade balance; it is the fight of a people to export more than they import, to send real wealth out of their country and to take paper I.O.U.'s in exchange. And, until the supply of money is so controlled that it reflects the supply of goods in the market, this fight for ever-diminishing markets must daily become more and more bitter. Even when there is military peace there must always be economic war.

WAR TIME FINANCE

It is a commonplace these years to hear people say: "Money was found for war in hundreds and thousands of millions; why cannot it be found for those who are starving in time of peace?" The answer is, of course, that money could be found for peace just as easily as for war. The only thing is that if it were found at the same rate and from the same sources, all countries would long since have been snowed under with interest bills.

Take the case of England. On August 1, 1914, her national debt was £711 millions, entailing an interest payment of about £20 millions a year. By the end of the war the debt had been multiplied ten times over, and the interest more than ten times. In the intervening years England's public debt has not increased greatly—at least on a proportionate basis. At present it stands just under £8,000 millions, with an interest bill of £220 millions a year (reduced from £300 millions a year by the recent conversion operations).

The point is that the rank and file of British workers were probably never so prosperous in history as they were during the war, when about £1,500 millions a year of extra money was being pumped into their pockets.

Similarly in Australia our national debt, which was £200 millions in 1901 and £300 millions in 1913, had by 1919 grown to £700 millions. And in those latter years we also were very prosperous.

In the post-war years Australia had a better time than England, because our national debt was not slowed up to the same proportionate pace as England's. From 1919 to 1930, in fact, we put on another £400 millions, or an average of nearly £40 millions a year. In the intervening six years the rate of debt increase has been slackened to about £30 millions a year, leaving our public debt now at a nominal figure of £1,250 millions, or, translating our overseas obligations into our own currency, at a total of £1,400 millions Australian. On this we have to be taxed annually to the extent of about £56 millions Australian to provide interest.

WHO PROVIDES THE MONEY?

Whence comes all this money, which constitutes our national debt, and in which the only changes to be observed are that it flows more rapidly in wartime than in peacetime, and that the rate of interest it levies varies in accordance with the demands of bankers?

Some portion, as has already been indicated, comes from the thrift savings of the community, particularly the co-operative savings entrusted to our enormously powerful assurance company directors. Such companies operating in Australia had £79 millions invested in Australian loans in 1932 (their latest figures available) and their holdings have increased considerably in every parcel of national debt since issued.

Others of our great companies have also considerable holdings, representing largely undistributed profits or reserves. And many thousands of the public have their small shares.

But in general the bulk of the money, which comes forth as national debt is new money, provided by bankbook entries. This money may be issued in the form of direct applications for

national debt by the banks themselves, or it may be issued by way of overdrafts to clients, enabling the individuals to apply. We saw this latter method used very openly during the war loan period, when the then Federal Treasurer, Mr. W. A. Watt, announced that the banks would "lend to approved subscribers up to 90 per cent of the bonds for which such clients apply at 4 per cent. These advances will be for a definite period up to eighteen months, and the banks will require a gradual reduction of the amounts."

Under this process the banks would get 4 per cent for creating the money, the nominal subscriber to the loan would get ½ to 1 per cent, and, while the bank held the scrip, the subscriber would undertake the liability of getting hold of the new money and returning it to the bank for cancellation.

DEBT ISSUED FOR CONSUMPTION.

An important feature of all these moneys issued by way of national debt is that their purpose, economically speaking, has been to finance consumption.

Moneys advanced to governments are, in general, either used to make up annual deficits or to undertake public works. In the former case they are distributed to government employees or to government dependents (such as pensioners or those in receipt of sustenance). In the latter they are used to pay for labour and materials.

It is quite clear that, insofar as government employees and government dependents are concerned, payments of money to them do not cause goods to be placed on the market, as do payments of wages to employees in industry. And in the case of public works, though government payments cause material goods to come into existence—such as parks, gardens, roads, memorials, public offices, railways and the like—such goods are not offered for sale to anyone. That is to say, the money issued in respect of the production of such goods is not withdrawn in the way it would be if the goods were placed upon the market and sold. It is therefore available in the hands of these who receive it to buy other goods, which are already on the market—meaning that all this government borrowing simply serves as another device to subsidise consumption.

That even the £150 millions, which have been put into consumers' hands in this way during the past five years, have been quite insufficient is borne out by the statistics of our price levels in the Commonwealth. Taking the six capital cities, and including food, groceries, housing, clothing and miscellaneous items, the average (based on 1923-27 as 1000) was 1033 in 1929, 975 in 1930, and 817 in 1934. And on top of this it must be remembered that vast quantities of goods produced were, at the last date, unsold. This, without any theorising at all, should pretty effectively dispose of the argument that to issue further money otherwise than through the production of goods would cause inflation. It also shows again that it is not necessary for the banks to lessen overdrafts in order to cause deflation. A mere slowing up of the rate of debt increase is quite sufficient.

THROWING THE VICTIMS TO THE LIONS.

In addition to all these ways of adding to our insufficient money supplies, there is still another device, which enables the community to carry on. This is the old jungle law of the survival of the fittest—which, commercially speaking will generally mean either the luckiest or the most unprincipled.

To make any kind of an accurate estimate of the number of people who have been ruined, who have seen their life savings, or a large part of them, disappear, or who have otherwise suffered severe financial losses in these years of depression would be impossible.

Of bankruptcies alone there were recorded in the Commonwealth between July 1929, and the end of 1934 no less a number than 15,941. And it is safe to say that these figures would include no more than a fraction, of those who are really bankrupt, but who are being carried on as administrators of their own estates by their creditors, the financial institutions. It is admitted that our farmers' debts run into some hundreds of millions of pounds. What proportion of such men, one wonders, if they were sold up tomorrow, would walk out with anything like the financial capital they had ten or twenty years ago? And the same applies to city businesses, and to individuals in every rank and walk of life. Take the person buying his own home who has thus far escaped the mortgagee's sale. What have the last few years seen but a general writing off of equities, leaving tens of thousands, who have put the savings of years into suburban cottages, with a debt around their necks equal to the full market value of a property off which they had paid hundreds of pounds? Take again the

case of companies. Day by day and year by year we see hope triumphing over experience. In one column of the newspaper appears the list of new registrations; nearby is a similar list of companies gone into liquidation—and the liquidation of a company generally means almost the complete writing off of shareholders' capital. We have, too, where there is not outright liquidation, the constant and heavy writing down of capital. Wherever one turns in business, one is faced on all sides with this everlasting loss of capital brought about by the impossibility of getting in enough money to meet costs incurred.

It is in truth a crazy system, a system of barbarous injustice and of ruthless cruelty. Why, then, you will ask, has it not been altered long ago?

The obstacles to reform will perhaps be better understood by seeing who benefit by the present regime and what is the extent of the money monopolists' power.

(To be continued.)

IS PROSPERITY RETURNING?

Mr. Neville Chamberlain, at the annual dinner of the Bankers' Association, struck a Jubilee note, which rang a little false. His theme was the soundness of British banking and the return of prosperity.

Not long ago, he said, he was accused of having both eyes fixed on the City. "Yet surely a Chancellor of the Exchequer who turned his back on the City would miss a spectacle which ought to make the heart of every Briton swell with pride and satisfaction—the spectacle of the safest and soundest banking system in the world."

Then followed the usual guff about the confidence of depositors and the perfect accord between finance and industry.

Just before this Lord Bradbury had been saying that the ambition of bankers was to be good bankers and safeguard their depositors' deposits, whereas their critics wished them to be financial statesmen.

All this reminds us forcibly of Little Red Riding Hood and the wolf. These throaty, cooing noises from Chancellors and bankers are dreadfully like a licking of chops before dinner. Probably before many more years are out the mask will be dropped and we shall be told bluntly where we get off, but meanwhile we are given facts and figures to show how lucky we are under Finance's beneficent ministrations.

They make a poor showing, however. All that Mr. Chamberlain could quote were figures indicating increased savings and insurance premiums—"funk money"; higher bank deposits—since 1910; more tobacco, tea, and butter consumed—two of these are narcotics; slightly increased bank clearings and increased production in one or two directions—since the bottom point of the slump!

However, Finance does not suffer from false modesty.—"Social Credit," May 24.

THE VIRTUES OF BANKERS

("Leave the Banks Alone"—Lord Rothermere, *Daily Mail*, 21/2/35. — And Mr. J. A. Lyons, anytime.)

Now the virtues of bankers are chiefly these:
They never consider their comfort and ease;

Far above strife of Labor and Tory,
There sole concern is their country's glory.

Bankers are just like a band of brothers,
Each of them ready to praise the others;

The "little man," when at his wit's end,
Knows that the banker will prove his friend;

They lavish their skill and experience
On the task of safeguarding widows' pence.

A banker is wiser than a sibyl,
Whoever denies it does but quibble.

Unlike *some* people with cash invested,
Bankers are *always* disinterested.

Britain owes to their ceaseless striving
The Golden Age in which we're living;

Then raise up your voices and give thanks
For the men who rule our joint-stock banks.

—G. T. C. J. in *The New English Weekly*.