

# THE NEWTIMES

**Philip Whitcroft**  
TAILOR

Specialising in Dress Wear.

4th Victoria Buildings  
(next Newspaper House),  
243 COLLINS ST.,  
MELBOURNE.

'Phones: Cent. 8893.

Personal (after hours): F 8893

Vol. 1.No. 11.

Registered at the G.P.O., Melbourne, for  
Transmission by Post as a Newspaper.

MELBOURNE, FRIDAY, AUGUST 9, 1935.

Every Friday, 3d.

## The B.H.P and the People's Money

Last Friday the Broken Hill Proprietary Company released a preliminary statement of its profits for the year ended May 31. The net profits, at £670,422, are huge, but so is the company, and so are its great steel works at Newcastle and its other subsidiaries. In view of there having been substantial price reductions in the company's goods recently, it would seem that the profit is mainly the result of honourable enterprise and of engineering skill, and that no reasonable exception can be taken to it. At any rate, it is not proposed here to venture on any criticism, of this aspect of the B.H.P.'s activities. But there is another side to the B.H.P., and to every similar company, which it is well the public should understand. This is the manner in which the B.H.P. through no fault of its own is compelled to play an anti-social part, to achieve its success only at the expense of other enterprises, and to take a far from trifling share in swelling the national debt of this country.

### THE B.H.P.'S HISTORY

The financial history of the B.H.P., briefly told, is as follows. The company was incorporated in Victoria in 1885. Its original capital issue was £320,000, in 16,000 in £20 shares paid to £19 (of which the vendors received 14,000 paid to £19, and the subscribers 2,000 paid to £19 upon a cash payment of £9). A little later the £20 shares were subdivided into units of £2, and the small-unpaid balance was called up. Subsequently, in 1890, the £2 shares were redivided into 8/- shares, fully paid up, with an added bonus of one new share to every five held. In 1912 and 1918 the issue of new 8/- shares (at a premium of 32/-) brought the subscribed capital to 1,500,000 shares of 8/- each. On March 6, 1919, there was a bonus issue of 1,500,000 shares of 12/- each (£900,000), making all shares £1 each. On the following day there was a further issue of 600,000 £1 bonus shares. Since then additional shares have been issued, partly for subscription, and partly to acquire coal lands and to purchase the shares of Rylands Bros. (Aust.) Ltd.

Today the company's paid capital stands at £2,987,708, of which £1,564,000 represents bonus shares.

### WHY BONUS SHARES ARE HARMFUL.

For some reason the issue of bonus shares by a company makes it at once the object of bitter criticism from many quarters, the idea apparently being that this is simply a device for disguising profits which are unduly high. To those whose knowledge of companies' operations is limited to the reading of their annual dividends this maybe so, but there is no need for anyone who looks over the daily news papers to be ignorant on the point of profits. Bonus issues are

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disclosed at each balance sheet and duly published in the press.

The time, if any, to raise an outcry about profits is not when they are capitalised, but when they are disclosed. Thus the B.H.P.'s profit for the last year works out at nearly 22½ per cent, on its capital. Of that profit, presumably, a large part will not be distributed as a dividend this year, but will be carried forward in the appropriation account or transferred to reserves for future distribution. Should the distribution take place in the form of bonus shares, its effect will be exactly the same as if each shareholder receiving a £1 bonus share had received a dividend of £1 in cash and had then reinvested the £1 in a new share.

The real objection to the capitalising of reserves is this:

**Reserves are profits, which have not been distributed, hence they represent money withdrawn from the public through the sale of a company's goods, but not put into the hands of the public to buy goods.**

Taking a concrete case, the B.H.P. last year earned a net profit of £427,588. Of this it paid in dividends only £298,771, leaving £128,817 undistributed. The effect of that is that either the goods of the B.H.P. or the goods of some other trader to the value of £128,000 must remain unsold; or else somebody's goods must be sold at a loss to cover the figure; or else this money shortage must be supplemented by an equivalent amount of new money, issued today as national debt and bearing interest forever.

The cumulative effect of the process, even in the case of the B.H.P.; can be seen in their total reserves, which last year (including premiums on new capital, £1,503,000) were £3,558,000. Add to this the £1,564,000 of reserves, which have been capitalised in the past and you have £5,122,000.

Huge as is this discrepancy between prices charged for goods and money made available to pay the prices, the B.H.P.'s figures are not by any means the largest in Australia.

**They are dwarfed when compared with the Colonial Sugar Refining Co., which has issued £9,275,000 of its £11,700,000 capital in the form of bonus shares. The C.S.R. has also £7,966,000 of reserves, so that of its total funds of £19 millions no less than £17 millions are represented by profits, which have not been made available in cash.**

In the case of these two companies alone we thus find a shortage of purchasing power caused in the community to the extent of £22 millions. The point is one that might well be considered by farmers who buy fencing wire and householders who buy sugar — not for the purpose of antagonising them against these companies, which are

blameless in the matter, but as an explanation of such things as why the farmer has to sell his wheat below cost if the B.H.P. is to be able to sell him fencing wire at a profit.

### WHY NOT A CASH DISTRIBUTION OF RESERVES?

It has just been said that the companies are blameless in the matter, and in principle, at least, they are.

Everyone who has had any association with business knows how necessary it is, particularly under our present money system, to have reserve funds. Take but one instance, from the history of the B.H.P. itself. In each of the years 1929, 1933 and 1934 a special appropriation of £200,000 — additional to the usual depreciation provision — had to be made from general reserves to write down the financial value of the company's assets. Presumably that was due largely to the fall in business and the fall in money values caused by the financial depression. — a happening beyond the control of any industrial company. The general question of depreciation reserves will be looked at directly.

Granting the necessity of reserves, what of those reserves, which a company finds from its own experience, are greater than it needs? What of the million and a half of reserves, which the B.H.P. has in the past issued as additional shares?

**Why were not these sums, when finally made available to shareholders, issued to them as cash?**

On a question of tactics, a company — meaning any company, and not the B.H.P. — may have a surplus of shareholders' funds, and may at the same time feel that the money could be used to advantage in business expansion. If the company returns the funds and then invites their reinvestment in new shares, the response may not be altogether satisfactory, however sound the business prospects. Shareholders may, as of recent years, need ready money so badly that they have to forego investments. The issue of bonus shares therefore makes the additional capital a certainty. At the same time, in fairness, it must be pointed out that this proceeding rarely causes hardship to anyone, as small holdings of the shares of a company which has just issued bonus capital — that is, a company with a record of big profits — usually command a ready sale, and any necessitous shareholders will not find it difficult to dispose of their new issue for cash through the Stock Exchanges. Meantime the company gets its extra capital without any brokerage or flotation expenses.

But there is another aspect, and a more important one — which is that the company may not be able to offer cash to its shareholders. Take again the case of the B.H.P. Out of its £3½ millions of reserves last year its total available cash

(on hand and in the bank) amounted only to £126,000. Of its total funds of £64 millions — its paid-up capital plus its reserves — land, buildings and plant accounted for £5,709,000.

**To distribute its reserves in cash the company would therefore either have to sell half its establishment — an unthinkable alternative — or else to get its bank to create new money for the purpose by way of granting an overdraft on the security of the assets.**

Go through the accounts of company after company, big and little. Everywhere you will find the same thing.

**The Commonwealth Statistician estimated the private wealth of Australia in June 1929, at £3,351 millions. Against this the total amount of Australian legal tender in existence is about £55 millions.**

Except for the money, which banks create when they themselves wish to make a purchase (and write a cheque upon themselves), all the rest of our money supply not only bears interest to the bankers who create it, but comes into existence merely to suit the bankers' purposes, which are not necessarily the best interests of the community. And particularly it is the declared policy of the banks (see their advertisements any day) that they will create financial credits for individuals only for production. Creating money for dividend purposes would be consumer credit, which the banks will advance only to Governments, and as a condition of dictating national policy.

To see how this affects business people let us turn once more to the B.H.P. In 1912 and in 1918 its shares were looked upon as such a good investment — which they were — that 540,000 new 8/- shares were sold to the public at £2 each. In 1931 the company's £1 shares sold for as low a figure as 11/5. This Wednesday the same £1 shares changed hands at £3/8/-. Allow for certain fluctuations in accordance with the expectation of bonus issues. The 1918 buyers of 8/- shares at £2, for example, were in possession of a £1 share a few months afterwards, which meant that they really paid a premium of only £1. Allow for all these things.

**Why should a B.H.P. £1 share be worth £2 in 1918, 11/5d in 1931 and £3/8/- in 1935?**

As a commercial enterprise the company is one of the soundest, best equipped, most progressive and most necessary in Australia. Why should the company's shareholders be victimised by such terrible fluctuations? There is only one answer, and that answer is to be found, not in industry, but in our unsatisfactory money system.

### PLANT CHARGE DISPLACING WAGE

Take now the item of depreciation. For the year just ended the B.H.P. has allotted from gross profits to depreciation no less a sum than £542,000, equal to more than 80 per cent, of its net profit.

**During the past seven-year's depreciation, provisions have been just over £3 millions — more than the company's total paid-up capital.**

As this is being written the company's sales figures for the past year are not available, but for the previous five years the total sales plus the stocks on hand at the end of each year amounted to £15 millions. During the same period depreciation provisions amounted to over £1,800,000, from which (allowing for stocks carried over) we find that in every £1 of the prices charged for the company's goods, 2/6 is the charge for depreciation of plant.

It is difficult to overrate the importance of this charge in trying to understand the business dislocations, which affect all companies and the needless destitution, which affects so many individuals. In the olden days, when machinery played a minor part in production, depreciation was a negligible item. There was no depreciation charge in manual labour (except in the rare case when a firm pensioned off an old employee), because as soon as one worker wore out another stepped into his place. There was no capital expenditure by the employer; merely a continuance of the weekly wage charge. But machinery has changed all that. We see from the figures above that the whole capital of the B.H.P. now suffices only for seven years before it has to be replaced entirely, and that this replacement occurs, as it must

### Dental Treatment is Not Provided For in the Basic Wage or the Dole

The result is that the majority of the population has decay and pyorrhea. The "National Dividend" would make available to everyone his heritage of (a) health, (b) education, and (c) sustenance in their fullest sense. In the meantime, dental science has produced (A) the only University proven antiseptic tooth-paste in the world:

### VIAGEN (Blue)

THE ONLY ANTISEPTIC  
TOOTH PASTE

42 of the world's leading tooth-pastes have been tested in Universities to an internationally accepted standard. They all failed except Viagen (Blue), the antiseptic.

(B) A tooth powder that will actually harden teeth:

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### Recalcifying Tooth Powder

This is the tooth hardening formula of Professor Andresen, of the University of Oslo — its claims have been confirmed by Dental Professors and authorities of different nations. If you have orientated your economic thought to realities — put your mouth health in line with modern dental scientific facts. Viagen advertisement is plain, undistorted, scientific truth. The proof is on the wrapper. Sold everywhere, 1/-, 1/6 and 2/-.

occur, by raising the price of every article sold to the public.

Can the public pay the price? The company's own figures will show that the public cannot.

It has already been seen that buildings, plant and machinery represent all the B.H.P.'s capital and nearly the whole of its reserves. When such parts of these as represent the paid-up capital were erected or installed, an equivalent amount of money may have been distributed to various members of the public for wages, materials, etc. But it must not be overlooked that the public who had subscribed for the company's shares had also been deprived of the same amount, of money. The completion of the buildings and the installing of the plant consequently saw no extra money in the possession of the public to enable them to pay that half-crown in every £1 article of the B.H.P., which represents the depreciation of the buildings and plant.

When additions were made through the utilising of reserves (part of which later became bonus capital), the sums so paid out were already required by the public in order that the company should realise its ordinary trading profit — since profit, like depreciation, is included in the prices of all goods, and cannot be realised in money unless it is distributed in money. These latter sums, therefore, could not pay both the company's profit charge and its depreciation charge.

#### ONE MAN'S MEAT, ANOTHER MAN'S POISON.

In case the objection may be raised by some that, in spite of everything written above, the company has made a magnificent profit this year, and its shares likewise have made a spectacular "recovery", it may be well to point out why these things have taken place. The B.H.P. is making big profits and its shares are highly valued today not only because it is as well organised and managed with its shares at 68/-; it was when they were at 11/5d. It is able to earn big profits because it is in a singularly fortunate position in the reduction of urgent necessities. Hence it follows that whenever certain types of orders are about the B.H.P. will get a large share of them. And, thanks to such things as national debt and bank inspired building programmes, a temporary impetus has been given to industry, and particular to such industries as are reflected in B.H.P. sales. Steel girders, for instance, in bank buildings and city stores, and steel reinforcements for concrete works mean business for a company, which would derive very little from workmen's cottages. But, even so, one man's gain today is another's loss. While the B.H.P. forges ahead other engineering firms are suffering losses — as anyone in the trade can tell you. Even this week it was announced that another engineering firm in Sydney is to submit proposals to its shareholders for cancelling one-seventh of their ordinary capital. And while the B.H.P. was supplying steel to Dorman, Long, that company, one of the biggest in the world, was losing millions. For none of these things is the B.H.P. to be blamed. The fault lies in our money system, the blame with people who will not bestir themselves to rectify it by directing their Parliament to take the necessary steps. There is nothing very involved about those steps, either.

**This whole matter of depreciation, as an instance, could be put to rights by issuing to the people, as a national dividend and without inflation, the sums, which they cannot now pay.**

Such a course would be good for the people and good for industry. Issue it through public works, if you like, or in any suitable way that suggests itself. The essential point is that the extra money must come into the hands of

## CRUISES FOR THE UNEMPLOYED

### Britain's New Trade

By D. IZZIE.

Everybody knows that the way to end the depression is by restoring international trade. Politicians, economists, and public men generally have told us this so often that we are all convinced of it and are waiting for the trade to grow. Faced with a surplus unsaleable at home we naturally expect some foreigner to buy it, but when the foreigner, staring hungrily at his own surplus, refuses to buy ours we call it economic nationalism and a most reprehensible practice. Why can't the dull foreigner see that if all these unsaleable surpluses were shipped around they would automatically become saleable?

However, no foreigner has the sense or the courage to start the ball rolling by taking the food that we could quite easily eat but can't buy, and, strange to say, neither have we. So while we are all waiting for the other fellow to do something thousands of hopeless, hungry people in every country are surrounded by plenty of everything they want. They are allowed to exist on the dole and blamed because they cannot find work. It is obvious that they are retarding recovery, for if they were earning then we could buy the other fellow's surplus and he ours. "Work and Trade" is the open sesame of prosperity. The fact that machines are doing the work and that trade demands a buyer with money has nothing to do with the case. Machinery can be replaced by men when we deal with unemployed relief schemes, and the Italian harvest-for-work is 'so urgent that progress must be stultified to provide it.

Still, as a general rule, everyone parrots the cry, Work and Trade, and hopes for the best. Only a few are out of step; only those who think. The scientist, interested in producing goods, goes ahead inventing machines and processes that eliminate work, while the New Economist, interested in the distribution of abundance, goes ahead spreading his ideas about leisure and National Dividends. Caesar repeats: "Such men are dangerous, they think too much."

#### EXPORTING THE UNEMPLOYED:

In their struggle to provide work the orthodox hail any new idea. The latest one to gain their interest comes from England. The "Herald" of July 31 published a cable from London telling us the latest way of increasing trade and employment. The author is Mr. C. Horner Thomas, a retired official of the Cunard line. He has received letters from royalty, Dominion Governments, politicians, and others interested in his plan. The only letter he seems to lack is one signed by two doctors and addressed to the appropriate authority.

Little Jack's plan is to export Britain's unemployed to the Dominions and allow them to spend their dole there.

the people unaccompanied by extra goods. The latter process would defeat itself, which is why the banks, creating money for the production of saleable goods, cannot get us out of our mess. When they do create money without goods, as in the case of national loans, industry and the individual are alike, crippled by the taxation involved to pay interest.

One might, in conclusion, commend these reflections to the chairman of the B.H.P., Mr. H. G. Darling. Mr. Darling last year was appointed to the board of the National Bank, so he is now in a position where he may use his influence to persuade bankers, for the sake of the B.H.P., of humanity and of common sense, to withdraw, if not their opposition to monetary reform, at least their violent hostility to any investigation of the subject.

They would, however, have to earn it, as their dole would be paid to employers as a wage subsidy. This would not interfere with the Dominion unemployed, as the imported unemployed would get only those jobs, which would be uneconomic without the subsidy. The subsidy would be new money entering the Dominions and so would increase their purchasing power.

With his eyes alight with Crusader's fire, Mr. Thomas outlined his scheme to a newspaper representative. He believes that it will provide work for a million of Britain's unemployed and greatly increase Empire prosperity without costing any extra money. The dole paid to the exported would cease after three years, as the prosperity engendered would be permanent.

#### HOW TO WORK THE SCHEME.

Well, it had to come. If trade with goods cannot be increased, the human beings are the only thing left to try. Let's get busy and develop this new trade in unemployed. The possibilities are tremendous. As the idea is Britain's, let her start it off by packing the first million and sending them out here to eat our surplus. It is quite possible that they would be able to dispose of all of it, so assuring our prosperity. All we have to do is provide each of them with an uneconomic job. This is simple, as most of our unemployed are working at one.

Give the imports the jobs, the employers the subsidy and our workers the dole. The British Government would pay the subsidy to our credit in London, and we could use it to pay off our National Debt. A simple calculation will show how many men we must import to extinguish it. Our banks would make the money available here as a debt, so our National Debt would merely be transferred from London to here. We would import our debt along with the men, but it's much better to pay interest to our own banks than to overseas institutions. The English businessman would, of course, be quite satisfied. He would no longer have the spectacle of unemployed, men parading his streets and would enjoy the privilege of paying taxes to export a good slice of his home market. When our imports were busy increasing our production and eating our surplus our own unemployed could take a rest and retire on the dole.

Perhaps it would not work out quite like that. To be a complete success the scheme must be reciprocal. Obviously we couldn't export our unemployed to Britain; we would have to send them to a debtor country like Japan. Then Japan could send hers to America and eventually America could send hers to Britain. Suitably arranged, every country could get its debts back home, and that is one of the best things that could happen. As the trade, developed, everyone would get a trip abroad and be fixed up with an uneconomic job. In a few years we would either find conditions reversed, when the men would be repatriated, or an Australian would find himself back home after a trip through Japan, America, and England. Think how men's minds would be broadened by this subsidised touring. This international game of hunt the slipper would solve the problem of unemployment and do much to restore, trade — and what more could you want?

#### OUR OWN BEGINNINGS

Australia has unknowingly made a start on this new plan, but is doing it in the wrong way. We sent our Prime Minister to England to spend his dole, and, although you might argue that his

job there was uneconomic, we find that the service Britain did us in entertaining him has become one of those invisible imports? The Goodwill Mission to Japan was on the right lines, but its effect is being cancelled by a return visit, which, according to the new plan, should have gone to America.

While we are discussing these possibilities, I wonder if we could get England to subsidise us so that it would be economic to pay Mr. Clapp the miserable salary our press says he deserves? Perhaps we would have to export him first; if so, then he should count as more than one unemployed man. We might even send a few members of Parliament and economists,

and get a good price, if we do it early before the market is glutted.

We must expect such schemes as this if we continue to think that the purpose of our economic system is to find work and increase international trade. In fact, they will be essential. If we decide, however, that the purpose of industry is to produce goods, and that the object of production is the consumption of the goods, then we shall find that our troubles will be reduced to getting the goods to the consumer.

That would be simple if we discarded at the same time our outworn notions about money and its uses, and adopted a financial system in harmony with physical facts.

## HERE, THERE, AND EVERY WHERE

### HOW THE FAVOURITE WAS BEAT.

A somewhat confused account of a national calamity, as related by the oldest inhabitant to WILLIAM BLACKSTONE.

Yes, Mister, you must 'er heard tell of the buster  
We come when our Joe let's us down with a crash.  
It was meat we was sellin' and now I'll be tellin'  
What happened when-thanks, it's a pot with a dash.

Now, digger, there's Stevens; you'd back him at evens  
To hold up his end with the wags overseas;  
And Albert, from Tassy, to him, feelin' jazzy,  
To go through the field would be like shellin' peas.

The South has a stable all speedy and able;  
The colts from the West is all rearin' to go;  
But the banks and the papers who booms up his capers  
Says the horse for the weight and the distance is Joe.

The pride of the stable; yes, that was the fable  
They rams down our throat every day about Joe.  
They says it's a siter and tells us how bitter  
The pommies 'll feel when they see how he'll go.

Well, he leaves on his mission in perfect condition,  
We cheers him and 'owls: "Give 'em all that you know."  
Without word of a lie, that there 'orse winks 'is eye,  
Sort o' sayin': "Just sit 'ere and rake in your dough."

In the usual way we still 'ears every day  
Of what the nob's thinks of our colt overseas.  
They praises his paces, his airs an' his graces,  
And takes him to dinners and afternoon teas.

They booms up his bankers and other great swankers,  
With guff about Empire keeps fillin' him up,  
And swears there was never a sprinter so clever  
Since that other statesman who cleaned up the cup.

While givin' him pleasure they soon got his measure:  
The Meat Race was run in the usual spot.  
Our hopes were soon blighted, our goat wasn't sighted,  
While a colt from the Argentine cleaned up the lot.

Well, that was the end 'er our champion's bender,  
And that was the end 'er our hopes from the Meat.  
Excuse me for sighin', but I feel more like cryin'  
When I think of the way that the favourite was beat.

## THEN and NOW

Twelve years (says the "Manchester Guardian Weekly" of June 21) is not a long time, yet, if one can go by the speeches of responsible Italian statesmen, it would seem that it is time enough for a nation to descend from civilisation to barbarity and return from the twentieth century to the Middle Ages. In 1923 Abyssinia was admitted to the League of Nations, and it is pleasant to recall the generous speech of M. le Comte Bonoin-Longare, who represented Italy (and Mussolini) on that occasion. He began by accepting the Abyssinian request as "a homage rendered to the League of Nations," and therefore, oddly enough, a good thing.

"This homage has all the greater value in that it comes from a distant nation... which, by the admirable consistency with which it has preserved its religious faith and national character, has gained the title of nobility to which we must render here the justice that is its due."

He admitted that there might be a little slavery still left in Abyssinia, but it was hardly worth discussing. "As for what concerns the condition of the slaves, the progressive improve-

ment in custom has brought about an amelioration of their lot to the point where one can no longer speak of slavery but of servitude."

In any case all honour must go "to the goodwill of the princes who have succeeded to the throne of Abyssinia for many years past, and, in particular, to Ras Tafari, the heir to the throne, a Prince of lofty mind and open to every modern idea."

Now let us hear Signer Lessona, Under Secretary for the Colonies, speaking in the Italian Chamber in May this year:

"The Ethiopian Empire represents nothing but the most humiliating subjection of a few African peoples to another African people... a vast colony maintained by a barbarous system of slavery and serfdom."

Apparently Abyssinia has not advanced since 1923, and Ras Tafari, now the Emperor Haile Selassie, is open to nothing but suspicion in 1935, while even the "religious faith" is described by Signer Lessona as "Christianity impregnated with barbarism." It hardly seems possible in so short a time, but perhaps Signer Lessona has personal knowledge how a country can change for the worse in twelve (or fifteen) years.

**EMPTY CRADLES**

By BRUCE H. BROWN

(By arrangement with the "Castlemaine Mail.")

"Why all the fuss about our falling birthrate? Here we are with hundreds of thousands of citizens for whom we provide neither work nor money, and who in consequence of this are suffering the tortures of hell. Is it not a blessing that the number of babies being brought into such conditions is decreasing? Would it not be criminal on our part to increase the birthrate at a time when "work" is looked upon as the only source of income for everyone except a privileged few, and when we are being deprived by machines of the opportunity to work? Why do we want more children? There is no work for them, and if they are not to be entitled to money unless they do work they perform will be born only to starve, for they will not be allowed to be either workers or consumers. In such circumstances it were better for the race to die out.

Bishop Baker, of Bendigo, who has publicly given his support to the continuance of these unchristian conditions, has already had notice in these articles, when, a few weeks ago, he had temerity to castigate the women of Australia for avoiding maternity. He has not the wit to see that this so-called pleasure seeking in preference to baby bearing is merely the forced sublimation of the woman's natural instinct for motherhood. Most of them haven't the money to rear children in a decent way, and the urge of sex is not easy to suppress. In the case of the unmarried girls, the prospect of union with men who can give them reasonable comfort and security is becoming more and more remote, and there is a grave danger that their natural instinct will also be liable to subversion.

Only a few days ago we heard of a case in which, when the third child arrived in a family suffering from poverty, the neighbours regarded it as a tragedy. When the fourth child was born a year or so later it was looked upon as a catastrophe, so much so that the lady of the house informed the husband that if there were any more she would screw his neck with her own hands. That is not fiction, and it is neither humorous nor dramatic. Just think of it - Australia's best immigrant is a tragedy; and God's creation a catastrophe. And all because the parents were without money. Despite this, Bishop Baker recently declared "Hands Off" the savage financial system, which is responsible for such a deplorable state of affairs.

**NO RIGHT TO BURDEN SOCIETY.**

In London, towards the end of last year, a father of five children, in very poor circumstances, was reminded by the presiding magistrate at the police court that "he was only a working man after all, and had no right to burden society in such a manner."

Poor Society, with more actual wealth than ever it had! If poverty is to be a bar to parenthood, to whom are we to look for the maintenance of the population increase, seeing that 70 per cent, of our people receive less than the basic wage? It is true that while everything has to be met out of taxation there is a burden on us, but we are taxed only because everything is charged against us as debt and we are deprived of any benefit for our credit.

We are taught when learning accountancy that every debit

must have a corresponding credit, but when it is a matter of Government affairs we hear frequently of the National Debt but never of the National Credit. And why does the nation never issue a balance sheet? It religiously gives us a statement each year of receipts and payments, but that is only half the story. What of our national assets and their constant appreciation? If these were used, as they should be used, taxation could be abolished, and the shareholders of

**VERY PUZZLING.**

"People without food, when there is plenty—it is very puzzling."

—Mr. Inaki Thakautini, a Fijian visitor to Melbourne, July 29.

But wait till we have taken your gold and given you an up-to-date money system, Mr. Thakautini.

the nation would no longer be called upon to surrender income which is required for other purposes.

**FINDING MARKETS.**

Mr. R. G. Casey, the acting Federal Treasurer, who formerly was a prominent member and beneficiary of the bank-owning monopoly, was not content with telling us to count our blessings, but felt it necessary to warn us as follows:—

"As our continued development in Australia depends largely upon our ability to find world markets for our expanding primary production, we cannot be indifferent to the unfortunate tendency toward stationary populations in our principal markets."

In issuing this warning he also deprecated the falling off in our own birthrate. If what he says is true, and we cannot "find" these world markets, then obviously our development is doomed and we do not need any more births. As these markets do not exist on the earth, and we have not yet the means to search the other planets, we have to decide whether to respect Mr. Casey's opinions or to tell him not to be silly.

Almost concurrently with this balderdash about our dependence upon world markets comes the report of the Director of the International Labour Office, pointing out that concentration on measures for promoting exports is a shortsighted policy. "It is of little avail to be in a position to compete successfully upon the world market," the report says, "if the purchasing power of the various countries remains low." There we have the crux of the business, but Mr. Casey, having plenty of purchasing power for himself, ignores the absence of it in the case of others. With his own purse full, he says nothing about the empty purses of the rank and file, on whom the nation must necessarily depend if it desires an increase in population.

**VIEWS OF THE "ARGUS."**

In an editorial, the "Argus" pointed out that "empty cradles and empty country are hard to reconcile"; that the under-development of Australia is due to extravagant standards of living; that in the years following 1929 "economic depression not only arrested but reversed" the immigration figures; and

that the gravity of the situation is aggravated when it is found that of 870,000 families with dependent children in Australia approximately 343,000 are families of one child.

Two of these assertions are definitely false. There have been no extravagant standards of living in Australia. The standard declared as the minimum in 1920 has never been observed because the so-called leaders of that time falsely declared that it could not be financed. Had that standard been adopted, as it should have been, it is probable that the census figures would have been less disturbing to the bachelor editor of the "Argus" or to the head of the two-child Casey family.

In the second place, the immigration figures were not reversed by "economic depression." They were reversed by financial restrictions deliberately and wantonly forced upon us, and immigration is held up at this very moment only because of the insanity of our financial arrangements. That we tolerate such arrangements is a reflection on our own sanity. It should be made an indictable offence for anyone publicly to attribute the present chaotic state of affairs to "economic"—i.e., productive, causes. The cause was, and still is, entirely financial. Our "emergency" legislation is not called the Economic Emergency Act. It is called the Financial Emergency Act. There will be no occasion for the Bakers, the Caseys, the Gepps, and bachelor editors to worry about the increase of the population when we terminate the present money swindle and give the mothers of the nation a chance.

**NEED FOR EDUCATION**

Some have been kind enough to write expressing their doubts as to the benefit of setting out the truth in these columns from week to week as we have endeavoured to do, and we have also heard it said that although the facts adduced are unanswerable they are too solid for the farmer and the working man to grasp.

It is true that the great bulk of the people are lambs, who allow themselves to be led year after year into virtual slavery when it is within their power to be free; and it is also true that the "working" man does very little thinking for himself. At the same time, even these barriers are being broken down and an ever-increasing number is inquiring into the real cause of our national difficulties. With patience and continued effort this movement will become of the snowball type, and as all genuine reform springs from the members of the middle class it is important that our appeal should be specially directed to that section of the community. When the middle class is properly awakened to the nature and extent of the swindle by which they, as well as their less fortunate fellow-citizens, are being continually robbed and submerged, it will not be long before we see important changes in Government policy, for the middle classes decide the issue at election time.

All this, however, simply serves to emphasise the urgent need for a change in our educational methods, somewhere we have read that intelligence does not develop uniformly, and that we have a much better chance of understanding a thing if we can be informed about it in our youth. It is also reported that a wise Jesuit once said: "Give me the child till he reaches the age of six and anybody can take him afterwards."

**"FIRST WITH THE LATEST."**

Congratulations to the Melbourne "Herald." On Monday, August 5, it "discovered" and published under a four-column heading a summary of Canon Crotty's discourse on the arms trade, delivered on July 14. The full text of this discourse, written for the "New Times" by the author, appeared in our issue of July 19.

That Jesuit evidently "knew his ekker," as the vulgar would say, for we are assured by competent authority that:

1. Some minds do not develop beyond a state equal to the standard of a six-year-old child. These are called imbeciles.
2. Others do not get beyond a state equal to the standard of a 10-year-old child. These are called morons.
3. Many get no further than the 14-year-old standard.
4. Most do not advance beyond the 18-20 year standard.
5. Few advance to the 30-40 year standard.
6. Very few have a receptive learning brain after reaching the age of 40.

This gives a special significance to the table of average ages published by Mr. Casey in the "Argus" as follows:—

	1881	1933
Up to 17 years ....	46%	33%
18 years to 64 years .	52%	61%
65 years and over ..	2%	6%

It is not surprising, therefore, that we should encounter some difficulty in removing ignorance and prejudice from the minds of so many people today. As the brain grows old or deteriorates the last things learned are the first to disappear, and the first things learned persist to the last. The Jesuit evidently knew this and it helps us to understand the mental attitude of the farmer and of the "working man" in particular. These must be saved by their children, and their children must be taken in hand now to that end.

**NO MONEY TEACHING IN SCHOOLS.**

Never once was I taught anything at school about money: Where it came from; what it is based on; who manufactures or "produces" it; how it is manufactured; what are its varieties; what is its purpose; what are the conditions of its "production"; and so on. What is the National Debt? When did it start and why? These are all vital questions. What was your own experience at school? Did you not look upon money as something very desirable but somewhat mysterious? Not having been taught about it in our youth we today seem impervious to all the efforts to elucidate the mystery, and we remain mesmerised slaves to a fetish, which, if only we realised it, is the greatest swindle of all time.

The subject of Finance should be taught in all schools, and we respectfully suggest that those who are seeking reform of the monetary system would be well advised to make representations in the right quarters to have this done. Almost any daily paper picked up at random contains abundant evidence of the necessity for this course. As an example we quote the Melbourne "Argus" of 25/7/35, giving

the headlines in each case as follows:—

1. "Deadlocks on Money Measures." Approach to Privy Council by Western Australian Parliament.
2. State Grant to Hospitals. Financial Difficulties. In creased vote sought. Large Deputation to Premier.
3. Preventing Floods at Kensington. Less Costly Plan Adopted. Saving of £69,000.

The first item shows that arguments between our Houses of Parliament and between our State and Federal Governments arise out of the inadequacies of our financial organis-

**Mechanisation in the tanning and leather industry had changed manpower from 90 or 95 per cent, in the 'nineties to only 5 or 10 per cent, in modern times.**

—Secretary of the Tanners' and Leather Dressers' Union, at Shorter Working Week Inquiry, July 24.

ation. The second proves that our sick are suffering and dying because of lack of accommodation and equipment, and that the lack of these is due absolutely to our obsolete money system. The third shows that in order to fit in with financial limitations we have been forced to accept measures, which will not guarantee to safeguard the poor of the Kensington area from further flood ravages. And yet all that is really involved in making the "funds" available is a matter of bookkeeping! If we are to remain such fools then it is better for our cradles to remain empty.

**LEAGUE OF DEMOCRATS**

**Weekly Notes.**

We are still waiting for some groups to move. Come on! Let's get going!

Hint to those looking for names of organisations to send L.O.D.5 to—look in the pink pages of the telephone directory.

The first meeting of the recruiting speakers' and second line workers' class will be held at 8 p.m., on Tuesday, August 20, at Block Arcade. Get your name on the list at once.

District supervisors and team leaders to meet the campaign director at 7 p.m. the same evening, to discuss local organisation.

Get your district organised and bring your team leaders along, armed with all the questions you want.

Volunteers needed to write to the papers.

Send in name, address, and number of letters per week you are willing to write to central office.

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Postal- Address: Box 1226, G.P.O. Melbourne.

Telephone: M 5384.

Vol. 1. No. 11.

FRIDAY, AUGUST 9, 1935.

## Boards and Evidence

Giving evidence before the Royal Commission on Wheat on Wednesday, Dr. John Dale, Melbourne City Council medical officer, assured the chairman that the less prosperous working people of Australia's large cities are clearly and definitely under-nourished. Justly describing such state as monstrous, Dr. Dale added: "It is due to sheer inability in those people to purchase protective foods to balance their diet. Here we have the Biblical parable of the loaves and fishes repeated at our doors through the strides science has made in production methods, but the trouble is, we are not distributing this food."

On the day on which Dr. Dale gave his evidence the press reported also that since the Closer Settlement Act, 1932, came into operation between 1600 and 1700 families have been put off their blocks in Victoria. Most of these have been wheat-growers in the Mallee, who have been dispossessed of their Government blocks after many years of toil with a maximum of £100 in compensation, and in many cases without compensation at all.

There was a time, not so many years ago, when the yield of such lands as these Mallee blocks would not readily have been foregone. But times have changed. Production nowadays is so efficient that we need not put into cultivation more than the best land—and the holders of less desirable areas go to swell the ranks of the undernourished in our cities.

And so we have boards and inquiries of every description set up by Governments to look into things—of every description save the one that matters most. And witnesses come before these boards wrangling over details, but always studiously avoiding principles.

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Certainly, now and again we get a bright humourist like Mr. E. J. Holloway, M.H.R., who is reported to have told the shorter working week committee of the Victorian Parliament on Wednesday that because of mechanisation, which resulted in unemployment, which resulted in lower demand for goods, there is no hope for industry unless the unemployed are put back to work.

It will be observed that Mr. Holloway, as a staunch Laborite of the old school—a school that, fortunately for Labor, is rapidly dying out—cannot conceive that demand can be restored without work. The same spirit apparently animates our boards, likewise the politicians who appoint them.

Take the case so often mentioned in this paper—mentioned because nothing effective is being done to remedy it—the partial starvation of our little children for lack of milk. Here are four facts, all fully and publicly established:—

1. Large quantities of milk wasted because farmers cannot sell it.

2. Transport eager for freights, so eager that public and private ownership are openly at logger heads before the Transport Board.

3. Retail milk distributors being put off by the Milk Board.

4. Thousands of children badly needing milk.

A deputation to the Minister for Health (Dr. Harris) stated on Wednesday that between 20 and 25 per cent, of Victorian State school children were undernourished and on their way to stunted manhood or womanhood. The Minister replied sympathetically, and promised to try and obtain for them another £1000 a year from taxation funds!

From taxation funds! Does the Minister not know that all the funds coming from taxation are hopelessly insufficient even to provide our hideous dole standard? Is he not aware of the millions of money that the bankers have "lent" us at interest to supplement those funds? Seeing that only money is insufficient when milk and wheat and everything else abound, why does not Dr. Harris, instead of going cap in hand for money, agitate for something to be done which will remove both from himself and from the poor the humiliation of begging for what is their due?

## New Taxes for Water

Once again the Melbourne and Metropolitan Board of Works is unpopular, and naturally so. For the rates are to go up again. Ratepayers, however, have one consolation in contemplating the board's 2d rise, and that is that this body has almost reached the end of its tether. The maximum general rate allowed by law is 1.2d. and that rate the board is now about to charge. The maximum water rate is 8d, and the board has now gone up from 6d (which has been the charge since 1915) to 7d. The maximum loan raising powers are £25 millions, and the board has indulged these to the extent of £24.9 millions. So there cannot be much worse in store for ratepayers—except higher valuations. When these have been exploited to their utmost, doubtless

Parliament will enact new legislation empowering the board to borrow further, and to tax further.

The daily press has subjected these latest imposts to severe criticism. As was to be expected, this criticism has been directed against administration and not against policy. The board in self defence has brought up the issue of the partial restoration of pay proposed for its staff, and some members have suggested that this should be deferred.

The one point, which nobody appears to have raised, is the real reason why the board is in difficulties, and why the people are being so heavily taxed. That point is the toll of interest to our private money creators, which swallows more than half of the board's gross revenue.

## "Dodging the Vital Issue"

Under the above heading in our issue of July 19 we published an article in which an esteemed contributor took severely to task certain members of the Anglican clergy for views expressed at a meeting in Melbourne as to the work of the Church.

It is pleasing to find that those views have also been strongly challenged editorially in the current issue of the Anglican "Church Times." Referring to the meeting our contemporary says: "According to reports, the consensus of opinion was that what the world needs is adoration." It then gives in some detail the story of other earlier exponents of adoration, such as John Newton, the slaver, who wrote his works of devotion on the deck beneath which were battered his unfortunate victims. "What the world is looking to the Church for," it proceeds, "is not more adoration. It wants to hear the Church lift her voice against the social evils that are crushing the lives of millions . . . We are all tied and bound in the bundle of life together, and for Christian people to think that they can spend their time in 'adoration' and not lift a finger to right the world's wrongs is to deceive themselves and to flout the teachings of the Master Whom they profess to adore."

With these views we heartily agree.

Of the 128,926 companies registered in Great Britain (says "Prosperity", London, in its July issue), an average of 20% (companies or shops) fail. Further there is evidence that 60 of every 100 registered companies go out of business within five years, because, owing to the shortage of public purchasing power, they cannot sell sufficient of their goods to recover their costs.

Owing to the shortage of purchasing power, the public in this country owe retailers something like £300,000,000.

Out of every 100 people in this country 47 are in receipt of poor-law relief.

Sir John Orr, a member of the committee to inquire into prices of food supplies and the nutrition of the nation, has publicly declared there are 10,000,000 people in Great Britain living on or below starvation level.

## DEMOCRACY AT THE CROSS ROADS

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91 Walpole Street, Kew.

## THE PROTOCOLS AND IV.—The Destruction of the People's Leaders

By JOHN SMITH

Note.—Earlier articles of this series appeared in our issues of July 12, 19 and 26. The Protocols of the Learned Elders of Zion, which date back at least some thirty years, and of which a copy has been in the British Museum since 1906, set out an alleged Jewish plan to subjugate the world through the monopoly of money. As was explained in the first article, it has been proved that at least some parts of the Protocols date back to the 19th century. Moreover, their authenticity has been generally denied by Jewish writers. But the important thing about them is the uncanny way they forecast the manner in which the world is actually being enslaved in the interests of the international money monopolists, who, whether nominally Christian or openly anti-Christian, are certainly the enemies of Christianity, of virtue and of freedom. It is to analyse these aspects that this series of articles has been written.

It has been seen that the writer of the Protocols showed with remarkable accuracy the course that would be followed by the press in forming, or distracting public opinion. From this followed the process of enslaving the bewildered people in the toils of finance. To ensure the success of this operation it follows that the people must be left without the leadership of such as from their natural position would form a bulwark against the oppression of financiers — even though that bulwark were built upon the self interest of such leaders.

Upon this subject the text of the Protocols says:—

"Far back in ancient times we were the first to cry among the masses of the people the words 'Liberty, Equality, Fraternity', words many times repeated since those days by stupid poll-parrots who from all sides flew down upon these baits and with them carried away the well-being of the world, true freedom of the individual, formerly so well guarded against the pressure of the mob. . . ."

"In all corners of the earth the words 'Liberty, Equality, Fraternity' brought to our ranks, thanks to our blind agents, whole legions who bore our banners with enthusiasm. And all the time these words were canker-worms at work boring into the well-being of the goyim (Gentiles), 'putting an end everywhere to peace, quiet, solidarity, and destroying all the foundations of the goya States. As you will, see later, this helped us to our triumph: it gave us the possibility, among other things, of getting into our hands the master card — the destruction of the privileges, or in other words of — the very existence of the aristocracy of the goyim, that class which was the only defence peoples and countries had against us." (Protocol No. 1.)

"The administrators, whom we shall choose from among the public, with strict regard to their capacities for servile obedience, will not be persons trained in the arts of government, and will therefore easily become pawns in our game. . ." (Protocol No. 2.)

"The people under our guidance have annihilated the aristocracy, who were their one and only defence and foster-mother for the sake of their own advantage, which is inseparably bound up with the well-being of the people. . . . The aristocracy, which enjoyed by law the labour of the workers, was interested in seeing that the workers were well fed, healthy and strong. We are interested in just the opposite . . . Our power is in the chronic shortness of food and physical weakness of the worker because by all that this implies he is made the slave of our will . . . Hunger creates the right of capital to rule the worker more surely than it was given to the aristocracy by the legal authority of Kings. . . ."

"When the populace has seen that all sorts of concessions and indulg-

ences are yielded in the name of freedom it has imagined itself to be sovereign lord and has stormed its way to power, but naturally, like every other blind man, it has come upon a host of stumbling-blocks, it has rushed to find a guide, it has never had the sense to return to the former state and it has laid down its plenipotentiary powers at our feet. Remember the French Revolution, to which it was we who gave the name of "Great": the secrets of its preparations are well known to us, for it was wholly the work of our hands." (Protocol No. 3.)

"There is nothing more dangerous than personal initiative: if it has genius behind it, such initiative can do more than can be done by millions of people among whom we have sown discord. We must so direct the education of the goyim communities that whenever they come upon a matter requiring initiative they may drop their hands in despairing impotence . . . By all these means we shall so wear down the goyim that they will be compelled to offer us international power of a nature that by its position will enable us without any violence gradually to absorb all the State forces of the world and to form a Super-Government." (Protocol No. 5.) — (Compare the now worldwide chain of Central Banks and the Bank For International Settlements.)

"The aristocracy of the goyim as a political force, is dead — we need not take it into account; but as landed proprietors they can still be harmful to us from the fact that they are self-sufficing from the resources upon which they live. It is essential, therefore, for us at whatever cost to deprive them of their land. This object will be best attained by increasing the burdens upon landed property — in loading lands with debts. These measures will check landholding and keep it in a state of humble and unconditional submission.

"At the same time we must intensively patronise trade and industry, but, first and foremost, speculation, the part played by which is to provide a counterpoise to industry: the absence of speculation industry will multiply capital in private hands and will serve to restore agriculture by freeing the land from indebtedness to the land banks. What we want is that industry should drain off from the land both labour and capital and by means of speculation transfer into our hands all the money of the world, and thereby throw all the goyim of the world into the ranks of the proletariat. Then the goyim will bow down before us, 'if for no other reason but to get the right to exist.'" (Protocol No. 6.)

"We must have everybody vote without distinction of classes and qualifications, in order to establish an absolute majority, which cannot be got from the educated propertied classes . . . In this way we shall create a blind, mighty force which will never be in a position to move in any direction without the guidance of our agents set at its head by us as leaders of the mob. . . ."

"Instead of constant sessions of Parliaments we shall reduce their sittings to a few months."



## DEATH BY THE ROBOT EXPRESS

On the last Wednesday in June such members of the British public as were assembled at the Royal Air Force Aerodrome, at Farnborough, in England, had the privilege of seeing a spectacle which a few years ago would have been deemed proof positive of delirium tremens. This was the flight of the Queen Bee.

The Queen Bee, with her bright-, burnished yellow wings out-stretched, lay motionless at one end of the landing field—motionless, yet ready to burst into life, to soar into the heavens on the pressing of a key. The Queen Bee represented man's latest mastery over the secrets of Nature, his nearest approach to the Creator—the manless, robot plane.

At one side of the ground stood an officer. In front of him was a wooden cabinet, to which were fitted several plain white keys. This was the master control. In the aerodrome was more mechanism, and more in the plane. From an aerial on the roof of the building invisible waves were sent out to the pressing of keys.

A key was touched—the key marked "Climb."

From the engine of the Queen Bee there developed a steady roar. The plane took off, rose above the hangers and in a few minutes it was cruising overhead at 100 miles an hour.

The officer pressed another key: "Left." In turn he pressed for "Right." "Dive." "Straight." To each the robot plane at once responded. For an hour it carried out with precision every command transmitted to it. It received the final instruction: "Glide." From 2000 feet, with the skill of a seasoned pilot, it swooped gracefully to Earth, came to a standstill where it had started—yellow wings outstretched, motionless.

Most of us remember when flying was a dream. Only the other day wireless was unheard of. To include such words as robot the Herald and the Star have gone to all the trouble of getting us new dictionaries. Now we can fly a mile in ten seconds in a machine weighing tons. We can transmit the human voice around the world in an instant. And we have discovered the secret of transmitting, not only noise, but power. We can direct, guide, control in three dimensions, without a word, without a sound. In very truth man is only a little lower than the angels.

\* \* \*

A little lower than the angels. ...."And the world," says the *Manchester Guardian* of June 28, "is left to consider the consequences. The chief — perhaps the only — consequence is that future warfare is going to be made unspeakably more terrible. Aviation, in perfecting the robot aeroplane, is eliminating the weak link in past warfare—the human factor. The automatic aeroplane has no nerves. It is not troubled by searchlights, by speculations over the range and aim of the anti-aircraft guns down below, by fears of running into a balloon barrage, or by thoughts about its soul. It does not fear being shot down. If it is lost over an enemy city it may still, by the resulting explosion, have done well by its country, and if it is lost anywhere else, except over its own base, the loss is only a financial one. When the robot bomber has finally arrived, we can take it that the economy of human means to military ends will have reached the "highest point known in history."

Poor, despairing mankind! We have laborsaving machinery on the farm and in the factory; we have laborsaving appliances in our banks and offices. Mankind, destitute because out of a job, is turning again to the thought of war as a means of getting an income. And now we are told that even war is

to be conducted on labour-saving principles.

\* \* \*

The Queen Bee is the result of experiments carried out by clever engineers at Farnborough.

Years ago, when the last war was on, Farnborough was a place of intense activity, as 'planes poured forth from its aircraft factory to fill the gaps over the lines in France. And then, as now, clever engineers were poring over blue prints, designing, calculating. Amongst them was one, still in his thirties, but who, because of his ability and his experience in three continents, occupied a more responsible post than the others. His was the job of coordinating their efforts.

This man had in the past been concerned mainly with construction — railways in England and America, mills and plant in India, active enterprises. But from time to time he had found himself in the position where, though he had all the labour and materials at hand, he was instructed to go slow. When he remonstrated he was told that finance was the hindrance. In the offices at Farnborough he found that finance, which constantly impeded construction in the years of peace, was no hindrance to destruction in the years of war. He decided to look closely into finance.

\* \* \*

This engineer, who bore the name of Clifford Hugh Douglas, looked into finance to some purpose. Part of his routine dealt with costing. And in working out costs he suddenly discovered, where it had lain unnoticed right under the noses of economists for generations, the major cause of industrial hold ups, of international friction, of war itself.

As soon as he was relieved of his war duties he checked up his findings in all sorts of enterprises, in undertakings of every variety and of every size. Everywhere the result was the same. No matter what the enterprise, the amount of money, which it disbursed in the process of producing goods, was less than the prices, which it had to charge for its goods if it was to survive. Here was to be found the explanation of national debts, of the everlasting struggle between nations for "a place in the sun," for markets in which they could sell more than they bought. Here was the root of the economic wars for spheres of influence which came to a head when the guns boomed, the 'planes droned overhead and the bombs dropped.

Douglas told the world. The world first ignored him, then ridiculed him.

He began to get a small following of thinkers. He was called on to give evidence before sundry Royal Commissions. With everyone expecting a boom, he told them they were about to witness the greatest calamity in history. They were a little uneasy, but they dismissed him as a croaker.

Then the facts took a hand.

In 1923 Douglas had said to the Canadian Banking Commission: "I am perfectly certain you are heading for the most terrific disaster that the mind of man can possibly conceive." In 1932 the first great world figure to make a considered pronouncement on the crisis, Pope Pius XI, said: "From the Flood on, it would be hard to find spiritual and material distress so deep, so universal, as that which we are now experiencing."

In no wise has that distress abated. Any little uplift to some has come only by lowering others. And, all the world over, the nations, instead of enjoying the peace and harmony which plenty has put at their disposal, are starving in front of their own goods.

A little lower than the angels.

The Imperial War Graves Commission, in its last report, says: "There is no sign at present of a decrease in the number of bodies of British soldiers found on the battlefields of France. A recent analysis reveals that 1246 were found in 1934, and that compared with 1933 this showed an increase of 116."

We are still finding corpses from the last war. The Queen Bees may spare us that in the next. A sufficiency of labour-saving bombers, and our very bones will be blown apart. Unless —

## WHAT CANADA IS UP AGAINST

According to Mr. H. Stevens, formerly Canadian Minister for Trade and Commerce and Chairman of the recent Price Spreads Commission (says the "Australian Worker"), thirteen men control one-half of Canada's commercial and industrial wealth.

He said that this control was exerted not only by the banking fraternity, but to a very large degree by just three banks—the Royal Bank, the Bank of Montreal, and the Bank of Commerce. This "Big Three," with its allied trust companies — the Royal Trust, the National Trust, and the Montreal Trust—control through their 800 odd directorates practically all the big business concerns in Canada, whose assets are valued at some £8,000 millions.

It is known that the 80 directors of these three banks sit on the boards of at least 90 per cent, of the more important industrial and financial institutions. Nearly 200 companies have these directors as their presidents or chairmen of their boards. Sir Herbert Holt, president of the Royal Bank for instance, is president of 11 companies, vice-president of three, and director of 41 Sir Charles B. Gordon, of the Bank of Montreal, and Sir John Aird, of the Bank of Commerce, have records nearly as high. These three, and about a dozen more financiers and promoters, dictate the policies of over 800 directorships, and thus largely control the financial destiny of the country.

## To New Readers of the "New Times"

At a moment when the world is gorged with unsaleable goods and human bodies are crying out for food; at a moment when most of the press is gorged with items of undigested news and human minds are crying out for information, the "New Times" is endeavouring to put before you, without regard to whom it may offend, the truth of what is happening.

At the same time the policy of this paper is not mere destructive criticism; that, in view of what is happening on all sides, requires no effort at all—the facts alone provide it. The policy of the "New Times" is one of hope in the midst of despair. It is one that would lay the foundations of a happier civilisation without disturbing anything that is good in what we have. It spells prosperity alike for the producer and the consumer without upsetting private enterprise and with a minimum of government interference or control.

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## UNLESS CHANGE DOES COME

By PROFESSOR FREDERICK SODDY, F.R.S.

The great age in which we live started with a conception of energy, with the discovery that its forms were convertible one into the other, and then it was conserved. Sunshine is the one source of energy, which is of practical importance, and it is distressing that this vital fact has not been properly understood. The plant alone can transform sunshine into the form needed by animal life; the animals, including man, are wholly dependent on the plant, hence the basic position of agriculture. We are all dependent on the farmer for the processes by which we obtain for our bodies the vital supply of energy.

Any system of economics today is false which does not take that factor into account; for it is a form of energy which man cannot yet supply without the plant.

But in the physical sense there has been a complete revolution. Man no longer requires the services of draught cattle and slaves in modern society. The great slave civilisations of the past, those of the Jews, Romans, Greeks—some persist even now—were not sheer hardness of heart and wickedness. The early civilisations had to get their hard work done by selected victims, in order that a few might have the opportunity of progress, development and culture. Today this is altogether unnecessary; for science has now got a much better way of obtaining these benefits. Today, a fifty thousand horsepower steam turbine is capable of accomplishing as much work as a million labourers working eight hours a day. The labourer as a labourer has been already elbowed out of the economic system.

The consequent emancipation of man from the sweat of his brow has led to the emancipation of women from social inferiority, due to the greater physical strength of the male. Amy Johnson, flying from England to Australia, and later to South Africa, is as good as any man because she has so much horse power of docile energy under her control; and in other qualities, like endurance and courage, no unbiased student has ever supposed that the male was necessarily superior. Only in the one particular quality of physical brute force has man established to some extent a certain social superiority over the female. Now that has disappeared; there is no longer any justification for it. For instance, there is no reason why a woman behind a gun should not be as good as a man behind a gun, certainly no reason why she should not be as good with a motor car, an aeroplane, or a machine.

Now it seems that Nature, under conditions of great stress, attempts to redress the balance caused by starvation by endowing a race with greater fertility. Prosperity makes rather in the opposite direction. The birth rate in European countries is rapidly falling because of prosperity; whereas people living in economic stress breed much more prolifically.

There are still some people who are frightened by the bogey of over population; people who believe that the white race is in danger of being threatened by the black and yellow races as soon as they have conquered the methods of science and can turn them against us. But I do not believe in this bogey. The world is still very far indeed from being over-populated yet, and may never be so, for as a people becomes more prosperous and comfortable, so their rate of expansion declines.

If there is one thing, which may be worth fighting for, it is the sources of energy upon which we absolutely depend for our existence. If it comes to a case of a lower civilisation holding up a supply of energy necessary for the development of civilisation on a higher plane, then there may be a possible justification for war.

The main result that emerges from this advance of science is that, provided that we have in the nation inventive and scientific men capable of utilising the energy which is being released by inventions and discoveries, and a properly educated army of workers to turn it into wealth, there is no limit to the extent to which we can produce all that is necessary for a comfortable and even luxurious economic life. I do not minimise spiritual values. Scientific advance makes for a higher spiritual life. A man is not a criminal because he desires to be, but because of economic want, which is a far greater source of immorality than innate wickedness.

Unemployment and war, it is often said, follow the scientists' efforts. It is quite true that they do, but this is because it is difficult for a civilisation, which has inherited the creed of poverty to adapt itself to a new condition. Poverty is not in itself a good thing but a bad one. There need be no fear of the intellectual, the aesthetic and spiritual values deteriorating with greater economic abundance. By not having to spend a large part of his time in keeping the wolf from the door and providing the daily needs of life there is an almost unlimited possibility of expansion towards higher values. Past civilisation has been based on the doctrine of economic scarcity, and the consequent struggle between the "haves and have-nots"; and man finds it difficult to believe that Science has, for the first time, conquered this scarcity. Science has solved the "problem of wealth."

Unfortunately, from the start the economists have not been scientific men; with the exception of Ruskin there has been no conception among them of the part played by wealth in the absolute maintenance of life.

It is natural to ask the question: If everybody is made wealthy, how is the work of the world to be carried on? Well, there are ways which do not involve the old notions of brute force, fear and starvation. There are ways of appealing to men other than through their stomachs and fears. It is necessary to look ahead, and it is high time, if we are not to be too late, that we should replace the civilisations founded on scarcity and force and want by a nobler society in which the community should work together to build up a higher civilisation than the world has known before—rather than allow it to be destroyed, and it is in the danger of being destroyed today, miserably and inevitably, by war. Wars of today are devastating and none but a muddle-headed military man would ever dream of going to war today—it is sheer lunacy.

But the wars of the future, when atomic energy is brought into play, will be completely suicidal. It would be possible for a single man to destroy half the world if he had the atomic power under his command such as they are now dealing with theoretically. It is absolutely impossible to carry on civilisation if we cannot solve the problems, which lead to war. The first step to the artificial liberation of atomic energy was taken in 1932.

We must leave behind all those herd instincts of the past about scarcity and poverty and the methods of dominance based on them, and strike out on a new path to build up a civilisation, which will be worthy of the age. Unless sonic change does come over civilisation, there will be an end to it.

*If you think the NEW TIMES is worth supporting, your best way of doing so is to make it known to your friends.*

## AN ECONOMIC CATECHISM

### (1) What do you mean by "economics"?

"Economics" is derived from a Greek word, "Oikonomia," meaning "household management." Economics is, therefore, nothing more complicated than the science of household management. In its widest sense it means the science of the production of goods and services in any community, and their distribution amongst the people.

### (2) What do you mean by "money"?

Professor Walker defines money as "anything, which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his product." Mr. Reginald McKenna, Chairman of the Midland Bank, England, defines money as "all currency in circulation among the public and all bank deposits withdrawable by cheque."

### (3) Where does money come from?

The banking system. In Australia the banking system is represented by the Commonwealth Bank—embracing the Note Issue Department and the General Banking Department—and the private trading banks.

### (4) How does money originate?

It is created by the banking system, and, excepting the cost of materials used and cost of accounting, it is created costlessly. The Government, as such, does not create any money. The banking system purchases gold and silver by issuing a cheque drawn upon itself and through the agency of the Royal Mint these metals are minted into money. Money is also created by the banking system—granting overdrafts—that is, by permitting a borrower to overdraw his account—and the cheque-form used to do this serves as currency and is money. Cheques form the greater part of our money. At least 99 per cent of our monetary transactions are settled by cheques. This means, to emphasise the point that money is created by merely making figures in a bank ledger, and is therefore created out of nothing. As McLeod says, "Banks do not lend their deposits."

### (5) What is the nature of money?

Money is buying power. Money is a claim to goods. Money is the only thing, which creditors cannot lawfully refuse to accept in payment of debts. Money is the means whereby goods and services are distributed.

### (6) What should be the function of money?

The function of money is simply to act as a voucher—a ticket—to enable the transfer of goods from one industry to another within the productive system, and to enable the community as consumers to claim or "buy" goods for consumption.

### (7) What should determine the amount of money in existence?

The real wealth—goods and services—in existence in a country, and the capacity of the country to produce more real wealth as, when and where required. At present the amount of money in Australia bears no proper or adequate relation to our real wealth. The amount is determined by the unfettered discretion of the banking system, which manipulates the manufacture of money, not with the object of achieving the maximum distribution of the goods procurable within Australia, but purely for a financial result—i.e., profit and power, and in order to retain control over the economic activities of the people and their well-being.

### (8) Who are the rightful owners of all money when created?

The community. That is, the people whose collective activities furnish the goods and services which alone give money its value and use. The ownership must be acknowledged by decreeing that all money created and lent by the banking system is a loan on behalf of the community, and must be accounted as such—not as a loan from the banking system. The banks must be treated merely as agents lending the community's credit. Their position is similar to a solicitor who acts on behalf of a client in a transaction. It must be decreed also as part of the policy which should govern the operation of the banking system, that a National Credit Authority shall be directed to write up all appreciation of the community's assets as well as depreciation thereof; and by that means furnish a statement of the nation's true economic position. These provisions mean that the community—would at all times have at their disposal a financial fund equivalent to the capital value of their assets- and productivity, which, if drawn upon in accord with Social Credit policy, would permit the people as consumers to acquire or "buy" the total output of industry. This power to monetise real wealth and productivity in the interests of the community as consumers—as distinct from the present state in which that power resides in a privately-controlled banking system—implies the social control of credit, or what is implied by the term "Socialisation of Credit." "Nationalisation of Banking" means that that power shall reside in the State. Douglas Social Credit would place it in the hands of the individual.

### (9) What is the objective of the productive system?

To produce goods for consumption—not, as we are sometimes told, to provide work. We should work in order to live, not live in order to work.

### (10) What is meant by "inflation"?

"Inflation" is a rise in prices consequent upon an increase in the supply of money. There is no "inflation" unless prices rise. The rise occurs because prices are uncontrolled; and if prices were controlled an expansion in money could take place without prices rising. Under the Douglas proposals an expansion in money would occur only on condition that there was a "fall in prices"—i.e., the money created would be issued to the retailer only after he had sold goods "below cost." Therefore no inflation of prices could arise.

### (11) What are the usual forms money takes?

Cheques notes and coins. In Australia the approximate figures are: —Legal tender currency money, £55,000,000; ledger entry bank-credit money, £550,000,000.

### (12) What do you mean by "price"?

"Price" is the relation of money to goods. To be able to buy all the goods produced, the money in the hands of the people should be not less than total prices. The inability of the people to buy the goods, which they have already produced, is due to the fact that the money supply is inadequate, and prices are in no way regulated. Under the present financial system, the money issue is under control of private banking corporations: the price-making system is totally uncontrolled, and this results in money being withdrawn from the community at a greater rate than goods are consumed; which means that goods remain in existence without there being money to buy them. Prices and money issue are the positive and negative aspects of the money function and should be in equal accord. You must understand costs and prices to appreciate "sales below cost," for some costs represent

money issued, and some costs represent money not issued, or money issued and prematurely recalled and destroyed, while all "costs" appear in prices.

### (13) Briefly, what are the Douglas proposals?

The adoption by the banking system of a policy which will operate to the end that the community will at all times have enough money to buy the maximum output of goods from industry, and at the same time ensure that industry can recover its full costs of production. In addition to the features of that policy already enumerated, it would mean:—

(a) The Payment of a National Dividend to every man, woman and child. This settles the "unemployment problem."

(b) The sale of goods "below cost" to consumers; such rate of discount to be known as the just Price Factor. Retailers would be reimbursed the difference by a payment from the National Credit of the community.

## Depression and Unemployment

By R. J.

In the history of the nations of the world every great happening, whether religious, political, or industrial, and every notable natural phenomenon has been recorded and accepted as a milestone, becoming a definite marker of time. In the Christian world B.C. and A.D. are outstanding dates. In most countries where a comprehensive revolution has occurred it has been accepted as a definite milestone in that country's history.

The latest of these epoch-making events to obtrude itself is known as "the Depression", the influence and effect of which has been felt throughout the civilised world; and, though of recent occurrence, so profound has been its incidence that already we refer to events within the decade as "before" or "after the depression."

So familiar has the usage become (things most familiar are generally accepted without question) that its real nature receives but little thought, being forgotten in the terrible and wicked consequences it has left in its wake.

According to political thought, after accepting depression as an inevitable and unavoidable natural happening, it is claimed that the most sinister of its effects is unemployment. Now, having accepted the depression as its cause, without first making a scientific examination to determine whether it is really the cause or itself an effect, the activities of parliaments have been wholly concerned in righting an assumed effect.

As their efforts, firstly, to re-employ those precipitously hurled from employment and, secondly, to employ those reaching the statutory employable age have proved abortive, it behoves them now to examine what they have accepted, without testing, as the cause.

### REAL DEPRESSION.

The only depression that could cause such widespread physical and mental demoralisation would be a natural one, universal in its nature and engendered by drought or famine, or some other world catastrophe, with subsequent destruction and restriction of earthly production. Since, thank God, such has not been the case, this depression is not real but artificial, and it is for the statesmen to discover its artificiality

### AND ECHO ANSWERS—WHY?

A White Paper issued today states that, with the world price of sugar at its present level—about 4/6 a cwt.—it is safe to assume that no country can produce sugar at a profit.

—British Official Wireless, July 31.

fearlessly to proclaim its falsity, bring its creators to book and rehabilitate the suffering millions or else get out and make way for successors who will.

### SACRIFICE.

The people of the world were told in 1929 by their parliaments, who had received the news from the world's financiers, that they, the people, owing to past extravagances, must now make sacrifices. Such a statement was, of course, a wicked travesty of truth, for at no time yet in the world's history have 80 per cent, of the people had sufficient food, clothing, hygienic housing, and an opportunity to express their individuality. In other words, never have the masses enjoyed true economic security. (And since this accusation of extravagance was made the financiers of the world have been directly responsible for the sabotage of millions of pounds worth of foodstuffs, etc., to create an artificial scarcity whilst millions have been at starvation point! This, of course, is business, not extravagant waste.)

### HISTORY OF THE DEPRESSION

Now for the history of the Depression. The immediate cause of it was deflation, or a restriction of credit, the expansion and contraction of which is controlled solely by the banks.

A restriction of credit really means a curtailment of the money supply in the community. This is done regardless of the desires of the government, of industry or the people. In fact, the policy of governments today is practically dictated by the banking ring, and the election promises of politicians are so much waste of breath if these in any way oppose the policy of finance.

The natural question that now obtrudes itself is: Why did the bankers suddenly bring about this restriction of credit if, by the issue of credit, they amass their wealth in interest? The real reason has not been divulged by the financial powers, but only the specious one—the extravagance of the people—mentioned above.

To discover the actual reason for deflation one must dismiss this extravagance plea and examine in retrospect the activities of the world during the past twenty years.

Industrial progress was so rapid during this period, by the application of science and engineering, that capital goods—machinery, buildings, plant, etc.—so quickly became obsolescent that continual new issues of credit (money) were necessary to finance the replacement of out-of-date plant.

Now this credit, although costless to the banks, came into being as a debt bearing rates of interest as high as 6 and 7 per cent. At the same time, as invention followed invention, and machines were being installed apace, and as millions of workers were automatically being retired wage less from industry, the purchasing power of the masses declined; yet the volume of goods increased. The goods had to be sold if industry was to pay its interest bills, and as home consumption declined markets abroad were looked for. But the same process of industrial progress had been going on abroad, and these markets were already glutted. Hence industry could neither sell its goods at home nor dispose of them abroad and therefore could not meet its interest nor repay its overdrafts. Further credit was refused; thousands of industrialists were ruined; and the banks lost nothing but gained as mortgagees.

Such a state of affairs must not be dubbed over-production, for millions of people were, and still are in abject poverty, without hope of ever entering industry as regular employees and consequently without regular and adequate means to claim their share of the national production.

### EFFECT ON GOVERNMENT AND SERVICES

Let us now examine what bearing this had upon governments.

The banks being the sole controllers of credit, the governments had been borrowing this credit to implement their programmes of public work; defence, etc. With increasing unemployment due to mechanisation industry the field of taxation narrowed, and as it narrowed the rate of taxation had to be increased on the remaining assessable incomes and public service salaries were whittled down to meet the interest bills to the national financiers. This further aggravated the plight of industry by withdrawing more purchasing power from the community, thereby causing further unemployment.

### REAL CAUSE OF UNEMPLOYMENT

It will readily be seen that neither the misnomer, "Depression", nor deflation is the real cause of unemployment; it is on the machine that we must fix the blame. But only for unemployment, not for poverty, for it has multiplied production out of all reckoning. It is the slave born of the mind of man to relieve him, if not wholly, then partially, of his eternal toil, that he may with extended leisure lift his mind to higher things. He has the leisure now, but it is a leisure to starve whilst his machines are working at half pace and even then glutting the markets with unsaleable goods. Now if this anomaly can be rectified security is assured, and it is to the rectification of it that governments must turn their energies.

The connecting link between production and consumption is, obviously, money, and here lies the weakness of the present economic system.

Money has one function, and one function only. It is a claim on goods. Nothing more and nothing less but simply a ticket claim on production; and if it were treated as such instead of as a commodity to be bought and sold the ills of today would be but memories tomorrow.

### "TOO MANY DOCTORS."

One of the problems which confront the France of the moment (and it also exists in some other countries that could be mentioned), says the "Manchester Guardian," is how to absorb the embarrassingly large number of newly qualified doctors who are turned out by the medical schools. "Avoid Paris," is the advice which is given to some of them, because in Paris there is already one doctor to every 600 inhabitants, whereas in some parts of rural France there is only one doctor to 3000 or more inhabitants. But a French medical man who has been discussing the existing problem dismisses the implied moral of those figures with contempt: "One doctor for 600 or for 5000 inhabitants means nothing; it is statistics, it is a lie." The only thing that counts, according to him, is the income of the inhabitants, for on that depends the income of the doctor. He then proceeds rather shrewdly:

"It is not the inhabitants who enable the doctor to live, it is not even merely the patients, but only those who take care of themselves. To take care of yourself you must have money; and the whole crux of the matter is there."

### PROVIDENCE AND PROSPERITY.

The Manx Budget (says the "New Age" of June 20) shows a surplus of £8,000—and with Income Tax at 8d in the £. How's it done? Well, according to a report in the "Evening Standard," one of the contributing factors to this healthy state of affairs is—what would you think?—it is "savings on public works held up by bad weather."

God moves in a mysterious way His wonders to perform, He plants His footsteps on the sea, And rides upon the storm.

## "THE ELECTORAL CAMPAIGN"

### III.—Action Front

By G. B. MALTBY.

We are going to take action in defence of our liberties, to defend ourselves from those who would force us to become members of a Servile State, and the fact that all our actions are to be strictly within the Constitution should not blind anyone from seeing that they nevertheless are a mortal struggle, and as such bear a similarity to all preparation for and action in war. There is the recruitment, training, equipment, and mobilisation of the army before ever they see the field of battle, and so with us today—for years we have been equipping ourselves for the fray, the test of strength between the people's right and the usurping power of finance. Our army is now equipped and mobilised; our leader has designated our objective and given the command, "Action Front," and we, responsive to that call, must go into action all along the line, horse, foot, and artillery, throwing all we have into one tremendous effort to win the crown of victory.

#### THE PLAN OF ACTION

In this offensive we must see that every willing worker is given a place; our manpower must be fully organised so that no opportunities are missed, no one is left without work to do, no time or effort wasted on non-essential work. It means careful planning and loyal support, but of the latter we are confident. It means an end to political economics as an intellectual exercise, and the making of a new start, in which sheer effort alone will break down opposition. Though our ideals are great, our numbers are small, too small to perform the task we have set ourselves in the time we must do it in; therefore, we must set about enlarging our numbers. The plan for this is laid down in circulars sent out to every group, and the next move lies with individuals and branches. Get together at once and decide what you are going to do. Whether you have speakers available or not, do not hesitate to send out the letters asking for a hearing at other meetings. Speakers will be found. So long as a worker can say a few words of English he can be taught to make a short speech, and everyone should enroll at once in the class to be held for speakers and second line workers. Don't wait till workers come to you, go out and get them. If you are a "lone wolf," you can still send out the letters and ask for assistance if you need it later. The personal touch goes a long way, so that if you can see the president or secretary of any of the societies to whom you are writing it will increase the chances of a favourable reply. Volunteers to interview these ladies or gentlemen should see the district supervisor, so that he can get the job done systematically.

#### "GIVE TILL IT HURTS."

Now, while you are doing all this, don't forget that we want ammunition for the fight. There is printing, reams of it, and publicity of all sorts to be undertaken as soon as the cash is available. Remember the words of the wartime poster, "Give till it hurts!" In the circulars sent out are a number of hints on how to raise cash (chain letters not included!); you have, I hope, decided which way you are going to help, and that, of course, is in addition to your personal contributions! Make no mistake; our early success will depend on the measure of your enthusiasm. We want **funds, funds FUNDS!** So get into the job without further delay, and don't stop until victory is ours.

Consider for one moment only one of the things we have to do. We have to make the slogan "Abolish Poverty," as well known and as widely accepted as, in the past, the Douglas educational

movement has impressed "Poverty Amidst Plenty," on people's minds, and we have got to do it in months, not years. To accomplish this we need to use every means available, private and public, paid or unpaid. The radio, the pictures, cartoons, posters, and advertising of all kinds. Letters to the papers—here's a job for those who are unable to give more physically active service—and the personal propaganda of everyone. Tell your friends that poverty can be abolished. Don't argue; assert. Answer their questions on the lines laid down in the circular, but don't get all technical! Insist on the power of the people to get their demands. Get the general public "poverty-abolition conscious," and half our work is done.

#### THE CANVASS

All this is good and necessary work; it is the barrage, but it won't win

trenches, nor yet pledges. The canvass unit—the team—is the immediate, objective, and to have the first team in the field should be the ambition of every district.

For years we have toiled with but a faint hope of success, but today all that is changed, and we have our opportunity to change hope to fulfilment. Thanks to the genius of Major Douglas, we are offered the privilege of taking part in the shaping of history. We live in momentous times; the day is fraught with great potentialities for good or ill, and the outcome lies largely in our hands. To each comes now the testing time, it is for each of us to give of the best that lies within us, to disown discouragement, doubt and fear, and to go forward boldly to that day of peace and prosperity that our untiring efforts shall help to bring about. Against us are opposed the forces of the worshippers of power: but we have at our command that greater power that comes from justice.

Right is on our side—we cannot fail!

## 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.

#### MR. SLATER AND MONEY —A REPLY

I am and have been an interested reader of your paper from its initial publication and therefore came across "Hail, Ogilvie's" references to certain remarks of mine, which were drawn without reference to the context from my speech on the Farm Debts' Bill in the Legislative Assembly. If "Hail, Ogilvie" will read the whole of my speech he will find me most critical of the existing financial situation, and my unqualified attack upon the real rulers today of mankind—namely, Finance Capital.

I stated (Hansard, p. 1050): "After all, is not the reason for this legislation obvious? Is not the obvious reason for it the fact that in the great struggle between the rival groups of finance capital and industrial capital, finance capital has dominated the situation all over the world and dominates it today?"

Again (at p. 1053): "I favour the control of the financial institutions by the community themselves, and not the control of the community by the financial institutions."

The words my friend complains of in their full context are as follows:—"We have at present a positively ridiculous position, inasmuch as there are exact standards of measurements for the purpose of measuring almost all our commodities and areas, but so far as the most vital of our commodities is concerned, the one which determines more relationships than anything else in the community, we have a haphazard, illogical system of measurement, with the result that we are now faced with an attempt to overcome the ever-widening breach between the debtor and the creditor." I stated here something, which must be accepted as an existing fact.

I need hardly say that with my friend I agree that the true Junction of money should be merely to facilitate exchange and not measure value.

Finally again (at Hansard, p. 1057), my remarks bear repeating: "The real ruler of this country and every other country is not Parliament, but the hidden hand of finance. It is because of the great power that finance is able to wield, through Parliament and other institutions, that we have none of the salutary and necessary changes

demanding in our day and generation."

W. SLATER.

Parliament House,  
Melbourne.

#### GESELL AND DOUGLAS.

May I, through your kindness, thank Mr. John Smith for the courtesy of his reply to my letter. I am glad he stated definitely the findings of the Swiss court, and made clear that his purpose was not to pin the Protocols on to the Jews, and I know he will accept my assurance. I never thought for a moment that he did.

I am against the Kings of Finance who, unfortunately, rule the world of finance at the present moment, and I am sure he will agree with me when I tell him that I define interest as the crown of thorns pressed deeply upon the brows of humanity by the Kings of Finance; and finance as the cross upon which humanity is being crucified by the Kings of Finance who have compelled the banks, willing and unwilling, to be their servants to make the people serfs and slaves.

Re the question of gold, concentrated in the hands of a few, particularly in America and France, it appears to me that the splendid system advocated by Silvio Gesell would be a complete cure, in that to take the example of a 10/- note to briefly explain his theories. Everything in Nature deteriorates with the passing of each year. After the meridian of life is reached every human deteriorates as each year passes. If clothes are kept in boxes the moths destroy them. If the farmer stores wheat the weevil and mice cause decay. And so on with everything in this life, excepting gold and silver money. But if for every 10/- note which is issued by the State on the first of January after the withdrawal of all gold and silver money, such 10/- note is good for January, but on the 31st January a penny stamp must be placed on it, and so on, a penny for every month on the last day of such month, so that at

"He is hungry. Who is going to blame a boy if he 'nicks' something? A boy snatched a bag from a woman in Oxford-street. He ran only 70 yards, and then fell down. He had committed the theft purely on the urge of hunger. I have since got him a job."

—Canon Hammond, Sydney,  
July 26.

the end of December 1/- in stamps is placed on the note, which would make every hoarder of notes pay 10% for doing so, and no human being would be so foolish as to do that. One can save money by paying into the Savings Bank, but no interest would be paid. How, then, could a person possessed of money obtain an income? By the purchase of bonds, which might pay a stated dividend, but such dividend would suffer deterioration unless placed in the Savings Bank. This would destroy hoarding by nations and individuals.

It would also cause people to purchase better clothes, better food, live in better houses, and make the chance of the future generation being better educated and healthier than the present system of society will permit.

I would willingly give the Major Douglas system a fair trial. He is the only financial expert who makes use of the accumulated wealth of a country (which in Australia is estimated to be £6,000,000,000—approximately £900 to each man, woman and child) to pay a dividend to the citizen. It is sad to consider that all humans living in Australia today were born, are living, and will pass away without benefitting directly a penny from this huge accumulated wealth.

W. MALONEY.

Federal Members' Rooms,  
Melbourne.

(We propose in our next issue to print a short criticism of Silvio Gesell's suggestion for a depreciating currency as outlined by Dr. Maloney.—Ed. N.T.)

#### PARTY VOTING

If we must have party policies, I would suggest that instead of voting for candidates, the national ballot sheet should show parties *only*, as it is not the candidate but the party he represents that the people vote for. Then the parties would have members according to the ratio of votes polled.

"DEMOCRAT."

#### WOOL AND ITS USES

An essay on "Wool and Its Uses," written by the daughter of a Mildura clergyman, was awarded first prize just recently. The essay informed all and sundry of the beautiful warm articles of clothing, also rugs and blankets that can be produced from the fleeces of the Australian Jumbuck. The *solventy* of Australia due to the above was also mentioned. The child, however, failed to mention the most important thing—that it was necessary for the individuals requiring these beautiful warm blankets, etc., to have sufficient money to equate the price tags before they could obtain them. The mockery of this class of propaganda was exposed in the following ways:—

The child's father and other clerics, a few weeks before, were appealing for clothes, etc., for the Mildura underpaid. A few weeks later, the Mildura Hospital sent out an urgent appeal for blankets, owing to scanty covering on the patients' beds. The ghastly joke was carried still further by a local branch of the contrary women's association voting a few pounds to purchase blankets. Most of these good women (settlers' wives) are in receipt of the bankers' dole—*i.e.* sustenance cheque, and are, I have no doubt, in need of extra blankets themselves. As another farmer remarked to me, the C.S.C. will buy a bloke bags to put his wheat in, but ask them to buy you a blanket and they would drop dead. Incidentally, I have a bag Wagga (Indian Jute) on my bunk. I prefer woollen blankets, but-----

Blankets are made from the wool of the sheep; They keep a bloke cosy and warm when asleep." Providing, old, man, you've the money to buy— If not, then, of course, you just shiver and die. —H.R. Werrimull, Vic.

## Sound Banking

These are indeed sad times. The number of unemployed in Britain increases, despite the "protection" of home manufactures, farm products, and the expenditure of hundreds of millions on slum clearances and public works. The wages of workers are not increased, but the cost of the goods they use is increased, and they can buy less.

But there are consolations. Great consolation is there in the banking statistics of Great Britain. Britain is probably "Great" because of the soundness of her financial system. We have frequently heard this said, but an examination of the banking position proves the truth of the statement—old businesses are falling in the ruins of the bankruptcy all over Britain. The coal trade has no warmth about it. Even Lancashire brokers hardly cotton, to cotton shares. Glasgow is waiting for its ships to come home. Dundee is done to death. It is no longer safe to go to Halifax for cloth, and Sheffield is as famous for its riots as it was for its cutlery. But the banks, they stand at every corner, beautiful in their marble. Their windows are clean, their floors spotless. Even that old doddering institution, the Bank of England, that old lady of Threadneedle street who remembers William of Orange, can afford to put in up-to-date machinery which displaces a thousand men—aye, and can pay those men, all juniors, £2000 each or £2 a week for life. Nothing very decrepit about that, is there?

The net profit of 32 banks in Great Britain and Ireland in 1934 was £14,123,974. The average dividend paid on share capital was 11%. Scotland, as could be expected, led the way in high dividends, the Bank of Scotland paying 18%, and the Union Bank of Scotland as much. Hambros' Bank paid 18% on £10 shares of which £2/10/ was paid up. In addition, some banks paid dividends free of income tax.

No indication of the real solidity of banking can be given by raw figures of dividends. The 32 banks named in the "Statist" (whence these figures are drawn) had a collective "subscribed" capital of £319,318,675, of which £99,633,557 was paid up, and the amount paid in dividends was (subject to additions for income tax payments, etc.), £10,956,827. The general reserves, which represent (see the *Herald* or any other daily on New Zealand banking) the self-denial of shareholders in the past, amount to almost as much as the paid-up capital. But these self-denial years are not over. Probably recognising the sad state of general business, the banks were content with miserable dividends, ranging as low as 9% in one case (the unlucky Irish again! it was the Royal Bank of Ireland), to 18%, and carried much of their profits to reserves, etc. The general reserve funds gained £382,000, contingencies accounts received £1,163,649, other allocations, £1,585,996 and £5,097,143 was carried forward.

Although these 32 banks only paid £43 millions in dividends in the past four years, and their paid-up capital and reserves increased only £4 millions, their net profits for four years were £56 millions, and the odd £13 millions went somewhere. That is why banks are so sound.

(The Old Lady of Threadneedle Street is not included in these descriptive details. She lives alone, takes care of herself.)

*Farming First (N.Z.).*





## THE VULTURE OF DIPLOMACY

By BRIG.-GEN. J. F. C. FULLER.

The peacemakers (writes General Fuller in "The Eleventh Hour") are sleek and well fed, they took no part in the War; for during it they trembled in tunnels and shivered behind curtained windows. The blinds of illusion were drawn down before their eyes. The War was an unpleasant experience, and yet in their bombproof offices not a few of them took to alchemy and transmuted the blood of the battlefields into banker's gold. Now they are assembled in black, not because they are in mourning, but because they are conventional; besides, their frock coats lend to them an air of importance and even of dignity.

They are bald, naked-headed like the vulture; but inwardly so, bald to reality, wearing the wigs of ancient doctrines; bald intellectually, smelling out offal and feasting off it as if it were the food of the gods. They are big men, though seldom great. In the distance they may be mistaken for eagles; but at closer range the odour of corruption soon tells the stranger what these birds are.

Do they understand war? As well as you and I; and peace also do they understand in a dim way. They know that both are fashioned out of flesh and blood; that all good and evil is in man; that man makes war, and that man alone can stop the making of it; for his mind is its power-house and his heart is its dynamo.

Here, then, is a simple problem, simple to picture, though difficult to solve. Men can stop war if he wills to stop it. What, then, is preventing him?

We cannot overlook the fact that the world's ability to produce the requirements of mankind has definitely outmeasured the masses' ability to purchase this production.  
—Statement by Executive of Victorian Wheatgrowers' Association, July 30.

The answer is: his ideas of peace. Change his ideas, change his imaginings, the idols which he worships, replace them by living truths, and his will must, for it cannot do otherwise, flow along different channels.

What do the bald-headed ones do? Solemnly they enter the Assembly Room and loudly proclaim that they represent seventeen hundred million people, one and all desirous of peace. Then what do they do? They stand upon their heads and examine the problem upside down. With their feet in the air they say: "Man makes war with weapons, therefore to stop war these weapons must be taken from him." Remove weapons and mankind will have solved the problem of perpetual peace. Here is magic indeed! To eliminate disease, remove the surgeon's instruments; to eliminate fires, abolish all fire brigades; to eliminate thunderstorms, burn umbrellas and mackintoshes.

No, this will not do, there must be a flaw in this logic. "Why," say the bald-heads, as they gaze upwards at their toes, "how foolish; we have overlooked the fact that some weapons are aggressive and others are non-aggressive; we must separate the wolves from the sheep, and tie round the necks of the former a label upon which we will write, 'Wild stock prohibited.' Then when the sheep start the next war we shall all be able to sleep quietly in our beds."

For twenty-eight months more undiluted nonsense has been talked at Geneva upon which weapons are wolves and which are sheep than was talked during an entire century by the scholastic Fathers.

Though the baldheads are still following this red herring, from time

to time they halt and say: "Yet even if we eliminate the wolves, what about the shepherds of the docile flocks? What if they become aggressive?" Thus, by degrees, is the question shifted towards its rightful quarter; man himself is the trouble, but what is he troubling about? Hush! here we approach the origins of war, and to examine these would be dangerous, even heretical; for to do so we must enter the realms of peace, of politics, of economics, of finances, and rummage among the interests and the prejudices of those in power.

Then what do they do? They do not analyse the disease, instead they exorcise it. An incantation is pronounced over it; war is outlawed as witchcraft was once outlawed, and as a witch was an old hag who travelled on a broomstick, so today an aggressor is a man who crosses an imaginary line on a map; for aggression is now defined as "the presence of troops on territory not their own."

Whoever thought out this proposal must have been either a lunatic or a humourist. Picture the scene telegraphically:— "Arguments, heated words, howling mobs, turmoil. An arrest, an assassination, twenty Jews murdered in Berlin and reported to Paris as being Frenchmen. Ultimatums, ambassadors packing, aeroplanes sailing around in hundreds under false colours. Lorries rushing to the frontiers at fifty places. Soldiers leaping out in Czech and Polish uniforms, dashing into German territory, rapidly changing behind Teutonic bushes, bolting back to their own countries to invade them in brown shirts covered with swastikas. Hysterics in Prague, calisthenics in Berlin, Warsaw demented. Same on all frontiers. Two hundred acts of aggression reported. International committees run off their legs; seven hundred reports submitted to the League. Geneva bombed by six nations simultaneously in order to establish each other's criminality. Geneva rebombed, now off the map. Repeat Hell, Gehenna, and the Plutonic regions."

Conundrum: Find the aggressor?

No, this will not do; so finally after twenty-eight months an ancient bald-head got up and said: "To define an aggressor in legal terms would be to warn him what steps to avoid; knowing the rules he would carefully walk round them. Surely it would be better to act in our English way; we should know an aggressor when the time came to recognise him," which means that to make certain that international law and agreements are made fool or, rather, knave-proof, they must be founded on complete vacuity.

Obviously the only knife which can cut the knot of this lunacy is war; after which, if humanity is not utterly destroyed, the vultures will assemble again and prepare the world for yet another conflict.

## INEXPERT EXPERTS

By "MEDICUS."

Sir Patrick Manson, a rightly famed medical authority and scientific investigator, said:—

"Never refuse to see what you do not want to see, or what might go against your own cherished hypothesis or against the views of authorities. These are just the clues to follow, as is also, and emphatically so, the thing you have never seen or heard of before. The thing you cannot find a pigeon hole for is the fingerpost showing the way to discovery."

The spirit of courageous adventure into the realms of veracity and common sense is sadly lacking from the personality and mentality of many of our experts, whether they be financial, economic or political. They stubbornly cleave to fallacies almost as if they were sacred possessions, and those fallacies promulgated by our mentors influence current conceptions in social and political thought, always tending to conceal or destroy the truth.

The world crisis is the result of adherence to deceptions and blindness to self-evident fundamental principles and facts. History is continually repeating itself in types of behaviour consonant with its own era. Sir Norman Angell, in "The Unseen Assassins," recorded this:—

"For many centuries men went in deadly fear of witches, and sought in the science of their day evidence of the reality of the powers ascribed to those beings. Generation after generation of students of the subject devoted their lives to the study of the evidence; the literature of it became enormous. The bibliography, even the fraction which remains today, runs into thousands of pages of small print. Yet the most pertinent evidence is not to be found in those libraries at all; it was beneath the noses of the judges practically every time a witch was tried, was as available to every unlettered peasant as to the most learned lawyer, and is in fact the evidence on the strength of which later generations managed to throw off those fears and by which certain earlier generations managed to avoid them.

"Witches would be put on trial for possessing means of striking dead those whom they did not like; of becoming invisible; of passing through keyholes and stone walls. The accused person would thereupon be locked in stone prisons, possessing keyholes, and would be subjected to long trials and torture by persons whom she had every reason to dislike. Such evidence as might have thrown light on the accusation was the evidence, beyond challenge, beneath the noses of the judges, easily available, evidence which with years

of painful plodding they did not find in their Latin tomes."

FINANCIAL WITCHCRAFT.

Something analogous to the trial of witches is taking place in our financial and economic world courts today. Such evidence as might throw light on the causes and remedy of the crisis is under the noses of the judges, is easily available, yet is not admitted.

The stilted academic mind with its consequent didactic practice, often swayed by evident self-interest, claims authority and is relied on by the unthinking. Thereby the fallacies, which endanger social welfare and destroy the truth are perpetuated.

Professor Schiller of Oxford wrote:

"The interest of the subject is to become more widely understood, and so more influential. The interest of the professor is to become more unassailable, and so more authoritative. He achieves this by becoming more technical. For the more technical he gets, the fewer can comprehend him; the fewer there are competent to criticise him, the more of an oracle he becomes. . . . He will turn away from those aspects of his subject, which have any practical or human interest. He will wrap himself in mysteries of technical jargon, and become as nearly as possible unintelligible. . . . The present economic chaos in the world has been indirectly brought about by the policy adopted by the professors of economics forty or fifty years ago, to suit their own convenience. For they then decided that they must escape from the unwelcome attentions of the public by becoming more 'scientific'—i.e., they ceased to express themselves in plain language, and took to mathematical formulae and curves instead, with the result that the world promptly relapsed into primitive depths of economic ignorance."

Many experts considered leaders of thought and action are of such. From such are perpetuated fallacies, which, as "unseen assassins," destroy the truth.

Owing to the failure of the present system to supply "sufficient public purchasing power, 10,858 persons were imprisoned for debt in 1925 in Great Britain. By 1929 the number rose to 12,925, which was just one-quarter of the total imprisonments for all offences. Last year the figure rose to 20,416! At the present time the total number in British Empire prisons for debt is in the region of 130,000!

Over two million registered unemployed, and a third million of unregistered black-coat workers, together with their dependents, live at or below a mere subsistence level, as stated and proved by numerous public Committees and Health Officials. — "Prosperity," London, July 1935.

## PATHETIC STATE OF CHILDREN'S TEETH

No Money for Health.

By W.T.

For years the Federated Mothers' Clubs of Victoria have been trying to obtain dental treatment for all children. The Education Department School Dental Centres and mobile surgeries (a socialised service, and incomplete for that reason) treat only a small portion of the children.

During last month the Minister of Education (Dr. Harris) has been interesting himself in trying to find means of treating the 300,000 children, most of whom get no dental treatment. To all the parties concerned the Minister keeps on reiterating the parrot-cry: "There is no money." . . . "The Treasurer cannot see his way clear to provide funds." "The Government cannot finance", etc., etc.

The result is, that to deal with the awful menace of septic infected mouths that are diseasing the bodies and minds of the beautiful children in a land of plenty, either one of two things must occur:—

(1) The dentists, who have given years of study at secondary school and University to qualify for their profession, must work for nothing or practically nothing (and the dentists have already been hit especially hard by the people's poverty), or

(2) The parents must have purchasing power to pay for dental treatment—proper dental treatment that gives a healthy mouth, not the dental treatment that removes one tooth after another from a chronically diseased mouth.

But dental treatment is not provided for in the basic wage or the dole. Now Dr. Harris, Minister of Education, being a medical man, knows that diseased teeth and gums lead to diseases of the heart and the joints and the kidneys and the nerves. He knows that a "sound mind in a sound body" is so true that physical disease is the basis of mental deficiency, and that the habitual criminal is almost invariably a sick man. He knows that only half the hospitals and asylums would be necessary if all mouths were healthy. And Dr. Harris knows that to treat a disease you have first to diagnose—find a cause—of that disease. It's the social disease of shortage of purchasing power that is keeping the wonderful advances of dental science from the people, and Dr. Harris' and the Mothers' Clubs would be wise to find the cause of this shortage.

They will find that the right to dental and medical treatment is an inherited right. Every one of us inherited the wealth of Nature and the stored-up sunlight in coal, etc., that with a little assistance from man is producing wealth in goods. Each of us inherited his share of all the scientific achievement of men—the "Cultural Heritage of the Past."

And if everyone got as a "National Dividend" this right, in the form of purchasing power, every child could get dental treatment and the pride of our manhood on the flower of our womanhood would not be diseased by putrid filthy mouths and teeth.

This purchasing power (like on present bank "credit") can be made by the stroke of a pen, and the amount of it simply measured by our statisticians to make the money equal to the things that can be bought.

Let us hope that the Minister of Education becomes educated himself concerning credit instead of debt in the interests of public health.

To the Teachers of Victoria

Ladies and Gentlemen,

Every decent member of the community is entirely in sympathy with you in your fight for a long-delayed measure of justice. But you are waging a battle in which you will inevitably be defeated. Assuming that all your requests were granted, what would be the outcome?

When the cost of living came down your pay was reduced. Even the partial restoring of your salaries now promised is to be brought about only by an increased budget deficit. Deficits mean loans. Loans mean taxation to pay interest. Taxation, which must be passed on by producers, means higher prices for the goods your salaries will buy. So you finish where you start—always unable to attain the standard of living to which your responsible and wearisome services entitle you.

Your members have shown an inclination to blame Mr. Dunstan and Mr. Tunnecliffe for letting you down. Last year Sir S. Argyle let you down. Every politician will let you down—must let you down—until you and others express more clearly what it is you want. There is no good blaming politicians. No politician, or very few, deliberately court unpopularity with voters, and particularly with voters of your type, who make up so large a percentage of what

is known as the floating vote. The politicians are anxious to give you all they can. They are giving you all they can, within the limits of the financial system against which you, as a body at least, have not yet voiced one protest.

And, ladies and gentlemen, your profession must bear more responsibility than any other section of the community for the very evils, which are now oppressing you. Our politicians, or most of them, don't understand the very first thing about the principles, the purpose or the workings of money. THEY WERE NEVER TAUGHT SUCH THINGS AT SCHOOL. You yourselves appear to labour under the delusion that more money will give you more purchasing power, even though the experience of your whole lives has shown you that money which is issued as interest-bearing debt is merely adding to your existing burdens.

The present generation of politicians is caught in the tools of banker-issued money; money put into circulation and taken out of circulation without any necessary relation to the goods available for sale. The trade unions, the public, your own union, are all crying out for money without bothering to examine how money is issued or how it is withdrawn. And what are YOU doing to make the growing generation any wiser?

THE NEW TIME