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Overseas Monopolists Demand Exploitation

Without Taxation

"TAXING OF NON-RESIDENTS VEXATIOUS AND A CAUSE OF EXTREME IRRITATION."—Mr. P. C. Holmes Hunt, of Collins House.

The Colonial Gas Association was formed in England under another name in 1888. In 1893, the year of the bank smash, the year in which we showed ourselves typical Colonials by allowing our real prosperity to be stolen from us by the manipulations of a gang of swindling financiers, the company fittingly changed its name to its present title, and since then it has done a thriving business in supplying us Colonials with gas and its byproducts. Though the company (along with quite a few others) now has its head office in Collins House, Melbourne, its chairman and managing director is an Englishman, Mr. Philip Charles Holmes Hunt. And Mr. Hunt still appears to look upon us as a bunch of Colonials—in presenting the annual report of the Association last week, as you may have noticed, he referred to shareholders at Home and in Australia.

Nevertheless, Australia appears to have been a land of opportunity for Mr. Hunt, who has done quite well for himself since he came out from a gas works in his native Birmingham to be an assistant engineer in the Metropolitan Gas Co. of Melbourne in the early 1900's. For Mr. Hunt, in addition to his post in Colonial Gas where as chairman he presides over two Colonial knights in Sir Arthur Robinson and Sir Stephen Morell—holds besides quite a number of other remunerative positions, including directorships in Metropolitan Gas (his old employer), in Commonwealth Fertilisers and Chemicals, in the Mt. Lyell Co., in Wallaroo-Mt. Lyell Fertilisers, in Johns and Waygood (chairman), and in others besides. In other words, Mr. P. C. Holmes Hunt has been admitted into that magic circle known as the Collins House group, concerning which we had a good deal to say in our last issue.

AN AUSTRALIAN-WIDE MONOPOLY

Those shareholders in Colonial Gas who live abroad should, if they follow the fortunes of their company, have a better geographical knowledge of localities in this country than most people who merely draw dividends from "something in Australia." For the activities of Colonial Gas embrace today, amongst others, works in Box Hill, Footscray, Oakleigh, Frankston, Seymour, Shepparton, Bairnsdale, Warragul, Horsham, Benalla, Maldon, and Wangaratta, in Victoria; Hay, Wollongong, Maitland, Singleton, Tamworth, Grafton and Casino, in New South Wales; Ipswich, Wynnum, Sandgate, Rockhampton and Townsville, in Queensland; Mount

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HANDSOME DIVIDENDS.

As the company's gas supply has expanded, so has its capital, until it is now a million pound concern, with nearly half a million more raised by way of debentures. But Colonial Gas, savouring of a monopoly, has had no difficulty in returning handsome dividends. Disclosing a net return, after providing for taxation, of £74,000 in the year 1928-29, its admitted profit, during all the years of depression, has never gone as low as £60,000. In the five years ended June 30, 1934, after providing for taxation, it distributed in dividends £320,000—not to mention another £28,000 a year to its debenture holders at rates ranging from 6 to 8¼ per cent. This year, although its expenditure was £8000 less than last year, its profit was £2300 more, disclosing a net return, after providing £12,000 for income taxes, of £66,000.

There, surely, is a state of affairs, which should, in these days of financial uncertainty, be eminently satisfactory to English investors deriving such a splendid revenue from Colonials. Surely, one would think, they would not begrudge the Colonials who built and operated their gasworks for them, and who then used and paid for their gas and byproducts, the payment of income taxes out of such fine profits—the more so when, after paying the Colonials less money in operating

expenses, they took more from them in profit.

What has Mr. P. C. Holmes Hunt to say about it?

"A CAUSE OF EXTREME IRRITATION."

"In my last address," said Mr. Hunt, at the annual meeting on Wednesday week, "reference was

AUSTRALIA MUST KEEP OUT.

Abyssinians are being murdered in Abyssinia today by Mussolini's tanks and bombs. Indians are being murdered in India by British tanks and bombs. If Australians want to take up arms for justice, then they should as readily take up arms against the British murderers of Indians as against the Italian murderers of Abyssinians.

But, remember—the Italian PEOPLE do not want to murder Abyssinians; the British PEOPLE do not want to murder Indians. Both wars are dictated by murdering FINANCIERS. The British financiers are concerned over the Abyssinian invasion solely because of the threat to their unjust exploitation of Africa, the Near East and India.

AUSTRALIA MUST KEEP OUT.

made to the vexatious taxing of debenture holders and shareholders resident outside Australia upon interest and dividends paid by the association The taxing of non-residents by Australian authorities is a

cause of holders of shares and debentures in companies operating in Australia, and has provoked many expressions of discontent from holders of our securities Investors in other companies operating in Australia have also been unfavourably impressed, and references were made a few months ago in 'The Times,' London, pointing out the effect that such taxation actions are having in the minds of English investors."

After complaining that repeated letters had been written to the Federal Government, "fully setting out our objections to certain features of the income taxation acts," but that "so far we have not been advised that the desirable changes are to be made," Mr. Hunt proceeded:

"It is fully appreciated that money must be collected by the Government in the form of taxes to meet financial obligations, but it may very well be doubted whether the revenue obtained from these sources by the Federal Government, after deducting the costs of collection, is commensurate with the irritation which is having a detrimental effect on the flow of capital to Australia." Without going into the question of why it should be so expensive as Mr. Hunt suggests to collect taxes from absentees upon income derived locally, you will observe his main point, which is that those who make no personal contribution to this country's progress should be allowed a rich rake-off from the profits of an essential service without contributing a penny to the expenses of running the country. And the reason is, of course, that they provide the capital.

Before going on to discuss this capital, Australians are cordially

invited to remember that the endeavour of the financiers who misrule England to draw us into hostilities with Mussolini at present is not any sympathy with the Abyssinians, but simply the desire to protect similar capital invested in Egypt, Kenya, the Suez, Asia Minor, India and other places in the vicinity.

What is this sacred capital?

We know it is not labour, for the financier toils not, neither does he spin anything but webs. Obviously it is not land. Nowadays it is not machinery or other plant—not to any extent, at all events, and even then the imports could mostly be duplicated locally. Mr. Hunt has announced, the raising of a further £115,000 capital for his company—at par in England or at a premium of 5/- per £1 share for Colonials who subscribe. We should like to ask him what tangible offering apart from his own valued services—which conceivably might also be duplicated colonially—have the English shareholders of Colonial Gas made to this country of recent years which entitles them to so very tangible an annual tribute from us?

The answer, we suppose, is that they have provided us with finance. Let us look into this finance.

AUSTRALIA'S CAPITAL LIABILITIES ABROAD

The current issue of the Commonwealth Year Book states that long-term private capital from abroad invested in Australia amounted last year to approximately £175,000,000. The capital liabilities of Australia abroad—government, municipal, and private—as nearly as the Statistician can determine them, are assessed at £967 millions Australian. Against this there is a set-off (mainly bankers' funds in London) of £134 millions, leaving a net overseas indebtedness on our part (at June 30, 1934) of £833 millions Australian. Bear that figure in mind and now look at our trading figures.

(Continued on page 2.)

Councillor A. G. Wales,
Lord Mayor of Melbourne.

Dear Lord Mayor,

It was a beautiful picture of the future Melbourne which you painted for us on Tuesday—a city with finer buildings, better roads and bridges, better transport arrangements, better playing grounds and no slums. We entirely agree with you that all these things are possible, indeed easy of accomplishment for Melbourne and every other Australian city within ten years.

We also agree with you - that the one thing to be condemned is Government borrowing, which, as you so wisely said, will, unless stopped immediately, kill the nation, its States and its cities. At this point, however, we venture to have a little disagreement with you, insofar as you suggested that the reason why Australia is travelling fast to bankruptcy is "the wild extravagance" of its Governments. We are quite prepared to concede that such part of Government expenditure as goes into the pockets of our friends the armament makers overseas is entitled to your just criticism. But this, after all, constitutes a very small proportion of the total. As for the balance, which is spent by Governments, either out of taxation or out of loans, in what direction can you take serious exception?

Do you think the war pensions, the old age pensions, or the maternity allowances are too high? Do you think the dole is too generous, or the payments for relief work are excessive? Do you think the employees of the Post

Office, the Railways, the Police and Education Departments, or any of the other branches of the Civil Service are 'living in the lap of luxury'?

Moreover, what happens to the money, which is paid out by Governments in this way? Is not practically the whole of it spent at once in the shops? And upon necessities? Are not the millions of borrowed money to which you referred the only thing that is buttressing from ruin the shopkeepers of Melbourne and of all our other cities?

Restrict Government expenditure, Sir, and the only laudable objective, which you will achieve for Melbourne, will be the abatement of noise—the only traffic will be the shuffle of people too poor to use conveyances. Continue government expenditure, from its present sources, and we grant you there will not be much further progress in Melbourne—except that banks, and bankers' subsidiaries, will put up a few more magnificent buildings upon the corner sites which they have not yet seized.

There is a way out of this dilemma, which may not have occurred to you. Our Governments, you say, are borrowing £37 millions a year. Our Governments—a point you may have overlooked—are also paying out over £50 millions a year in interest. If Governments ISSUED the money they now BORROW, we could have all the beneficial effects with none of the disadvantages. And then indeed Melbourne would speedily become a very beautiful city.

THE NEWTIMES

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The result is that the majority of the population have decay and pyorrhoea. 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 toothpaste in the world:

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(Continued from page 1.)

OUR TRADE FIGURES

The earliest date at which records of our overseas trade began to be kept was 1826. Prior to that, and for some years after, the figures were of little consequence. It was only after gold was discovered here halfway through the century that the volume of trade became important. The total trade recorded from and to Australia from 1826 to June of last year gives the following figures (both in sterling):

	£ millions.
Imports to Australia	4136
Exports from Australia	4425

Balance in Australia's favour

There is thus an apparent balance in our favour of £289 millions sterling, or £361 millions Australian. And yet we are told that we have no net overseas credit, but a debit instead of £833 millions. This leaves a disparity somewhere of £1194 millions. How is it to be accounted for?

A small part of it may be put down to what are called invisible imports. Invisible imports include such items as our bill for food, etc., consumed by Australian troops who went overseas to make the world safe for British financiers. Supplies of this nature, being consumed overseas (as also, unfortunately, were many of the consumers themselves) do not appear on our list of imports, although they were duly charged up to us by the financiers of Merrie England, with interest added at 5 per cent per annum.

There are also charges for services such as shipping, commission to obliging financiers on their loans—in 1933-34, when Mr. Bruce was doing such noble service, we were debited with a million sterling under this head—and a variety of other charges. But the accumulation of all of these would not account for more than a portion of the £1194 millions.

Is interest the cause? Did we have a big adverse balance for a long period, and was interest compounded after the recognised fashion of the Jew moneylender? This does not account for a great deal either, as the following table of our progressive trade balances will show:—

Year.	Progressive balance of Australia's overseas trade in £ millions sterling.
1850	-14
1865	-38
1875	-23
1891	-103
1904	+8
1914	+126
1920	+222
1934	+289

We never owed enough for a long enough time to allow compound interest to become a really important factor. So we must look still further afield. We must look to the operations

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of such gentlemen as Mr. P. C. Holmes Hunt and his Colonial Gas with their "flow of capital."

"FLOW OF CAPITAL."

At this point you might remember that all international movements of genuine capital (less the minor invisible ones above alluded to) must be expressed in terms of, and included in the figures of trade in commodities. If, for instance, we borrow a million pounds in England to buy railway rolling stock, then our imports will include rolling stock to that figure. If we pay interest in England, then the payment of that interest also appears in our trade figures through the export of goods. Capital, real capital, must appear in a tangible form.

Apply this to Mr. P. C. Holmes Hunt's Colonial Gas, and you will at once see where the people of this country are being shamelessly swindled out of the ownership of their own country, and being made little more than the vassals of overseas financiers.

Colonial Gas, Mr. Hunt tells us, wishes to expand its operations. Very well; what does it need that Australians cannot supply? Probably nothing; at most nothing more than, perhaps, a small quantity of specialised machinery that can be turned out more cheaply or more expertly overseas. In that case the proper procedure would be for the machinery to be imported in exchange for some of our surplus products which overseas people are wanting—wool, for instance. This is a simple transaction, and one, which is terminated by mutual delivery.

But see what happens. Colonial Gas invites capital in London. On the London board of Colonial Gas is Mr. C. Holmes Hunt—another indication that Mr. P. C. Holmes Hunt has imbibed the true Collins House spirit of bringing the family into it. Let us suppose that Mr. C. Holmes Hunt decides to take some shares in the new issue—say, 1,000. Does he send anything tangible out to Australia?

HOW AUSTRALIANS ARE ROBBED.

If the board of Colonial Gas so decides, his £1,000 of English money may be used to buy English machinery for transmission to Australia. In that case Australians will not be allowed to pay for the machinery. They will be required instead to make Mr. C. Holmes Hunt, his heirs, successors and assigns, shareholders for all time in the monopolistic supply of an Australian household necessity. They will for all time be forbidden to light a gas jet in their homes, from Townsville to Albany, without paying tribute to someone overseas. Aren't we a wonderful race of Colonials?

In actual practice it is highly improbable that the money of Mr. C. Holmes Hunt, or of anyone else in England, will be transferred into goods to come out here at all. What will most likely happen is that the funds of an "Australian" bank in London will be increased by the £1,000. A compensating book entry will be made out here, whereby Colonial Gas will be entitled to draw cheques for £1,000.

And shortly afterwards the Commonwealth Government, seeking London funds to pay interest, will buy the "Australian" bank's £1,000 in London. How will it pay for it? It will either hand over to the bank here the proceeds of taxation, or it will give the bank a further national I.O.U., thereby increasing for all time our debt and our obligation to pay interest on the debt.

If the Commonwealth Government does not require funds in London, they will be wanted to make available in England some other investor's dividend from Australian industry. The Commonwealth Statistician,

admitting that his estimate was largely conjectural, was of the opinion that such dividends, immediately prior to the depression, were in the vicinity of £10 millions a year. It seems safe to suggest that the Statistician would certainly not over-estimate the figures.

Do you now see an explanation, which helps to account for our still having such an enormous overseas liability, although we have sent abroad far more than we have received from abroad? Ask yourself is it not a pretty game—for everybody except for those who have to pay the tribute?

Now refer back to Mr. P. C. Holmes Hunt's remarks at the annual meeting of Colonial Gas: "The vexatious taxing of shareholders resident outside Australia... The taxing of non-residents is a cause of extreme irritation and has provoked

AUSTRALIA MUST KEEP OUT.

Australia's danger point is the Federal Cabinet. The Federal Cabinet cannot be trusted.

The Prime Minister, when a member of the Labor Party, said of a politician who left that party: "It is a terrible thing to see a man sell his principles and the party that has lifted him up. I hope I shall never have the misfortune to leave my children the shame and the dishonour of one who has become a traitor to his own class in order to serve the enemies of the people." Whom is the Prime Minister serving today?

The Attorney General, at a financiers' dinner in London recently, warned his hosts that they must "educate" the Australian people more thoroughly. What did this loyal Attorney General do as a young man in the last war? Was he eligible? Did he go?

Can Australia trust these men? Can she trust W. M. Hughes? Can she trust George Pearce? Can she trust S. M. Bruce? Can she trust any of them? Will Cabinet act constitutionally if it thinks it can act dictatorially and get away with it?

many expressions of discontent Investors have been unfavourably impressed, and references were made in 'The Times'...

Was ever such unconscionable impudence? If the people of this country had any brains, they would put a stop to such exploitation in one act—by imposing a tax of exactly one hundred per cent.

PSEUDO-FINANCIAL PANIC IN ALBERTA

News arrived last night that a "flight of capital" had begun immediately, depositors having transferred their balances from the local banks to other Provinces. This is the usual move when anything unaccustomed happens, and, as the "News Chronicle," among others, pointed out, has nothing to do with the efficacy or otherwise of the programme of the new party, which has not yet taken office.

Simultaneously with this mild exodus of book entries, which incidentally did not continue long or on a large scale, an influx of immigrants is reported to have begun. Real values entered as book values retired.

- "Social Credit," London, August 30.

POTATOES AND PERCEPTION

By D. Izzie

Never let it be said that politicians are never right. They may be slow, but they are not always wrong. Our Stanley Bruce, together with the near geniuses of other nations, suddenly discovered that there is a tremendous opening for foodstuffs in the stomachs of hungry men. Such perception on the part of a politician passes all understanding. It has been common knowledge for years, and the tardiness of the politicians in finding out can be explained only by assuming that politicians are neither common nor hungry, and so are seldom forced to think.

The strain of so much thought left them exhausted and incapable of further mental effort, so the problem of how to get the food to the hungry people was handed over to those who caused the trouble. Scientists, who produced the glut, are to confer with economists, who don't know how to dispose of it, and nutrition and diet experts, who say they know what a hungry person should eat. The inclusion of the economists caused most people to fear that the hungry ones would die of starvation before a solution of the problem was found.

However, the Potato Marketing Board in England, British Official Wireless reports, came to their rescue and showed them one way of doing it. The Board experimented by reducing the price of potatoes at Bishop Auckland, from 7d. for 14 lbs. to 4d. for 14 lbs. for a period of eight weeks. The results were staggering to officialdom. "Consumption of potatoes increased by 69 per cent and the purchases by the unemployed exceeded the previous purchases of the entire population in the area." The comment is that "this shows that demand is much more elastic to reductions in price than has generally been supposed." It might have also been added that hunger is much more widespread than has generally been supposed. But probably that hasn't struck them yet.

EATING AND BUYING

Now that the first experiment has been carried out for them, the League's committee will be able to carry on with the good work. The next experiment will probably be with mutton to find out whether the consumption of Irish stew will increase. Other commodities can then be taken in turn, and the final result will be definite proof of Stanley's assertion that people can eat more and, further, that they will eat more when they, are able to buy more.

At this point the economist will be the snag. He will point out that when the Potato Marketing Board reduced the price of potatoes it did not state who suffered from that decrease. It could mean only one of two things. Either the grower got less for them or the State paid a subsidy.

If the latter, then the subsidy would have to be paid out of taxation,

as sound economists could not advance money to give people food, however hungry they may be. Increased taxation, of course, must be avoided, and so subsidies must be cut out.

If the former, then the solution has not yet been found, for the growers would not produce unless they were adequately rewarded. The result would be that they would not grow potatoes and so there would be no surplus to dispose of. Probably sound finance would accept this as the true solution to the difficulty.

AUSTRALIA'S EXPERIENCE

In Australia an experiment in the reverse direction is being hailed with delight. The recent increases in the price of wool and wheat are bound to be satisfactory to the producer, and the effect on the consumer is yet to be seen. We have here plenty of hungry people, so our observations should be of value. We are already threatened with an increase in the price of bread. What will be the result? We seem to remember that master bakers told Sir Herbert Gepp that the consumption of bread declined when the price was increased. The same thing has been said of milk and butter. Will Australians run true to form this time? We wonder. Assuming that consumption does fall off, then we will have done something for Stanley's committee. The two experiments will have proved that juggling with price is no good. If the consumer is satisfied the producer is not and vice versa.

When we reach this stage the committee will probably disband in despair, as the idea of using more money in such a way as to give the consumer sufficient to pay the producer the necessary price is anathema to sane finance. Then perhaps some other genius, in a year or two, will have the same brainstorm and go through the whole business again. That is, if the hungry people are still alive and if we are still cursed with sane finance.

Before the committee disbands, however, there is one question we would like answered: Does a man feel warmer with his shirt and trousers on or off? That will test their mental calibre.

NO PARLOUR GAME.

There is poverty and starvation among the people of Italy. In mid-winter there were naked children upon the streets of Naples. There is no arguing with such a nation; treaties and solemn obligations become mere scraps of paper in the face of such extremity. It is a matter of life and death for them that the Ethiopians shall be forced to buy their goods with money created and lent to them by the Italian banks. The banking system permits no other way.

—"Social Credit."

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The Members of the Monetary Commission

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(By arrangement with the "Castlemaine Mail.")

When announcing the personnel of the Royal Commission to inquire into the monetary system, the Prime Minister said that the men chosen "would command the confidence of the public, and would ensure an impartial inquiry." In using such terms, Mr. Lyons was either blissfully ignorant of the associations of some of the men, or did not understand the meaning of the words. Most of the commissioners could only command the confidence of a public poorly informed, and it is almost humanly impossible for them to be impartial on the subject of finance.

Six men have been appointed as follows: A Supreme Court judge; a director of finance; "a professor of economics; a grazier; a chartered accountant; and a former Labor Minister. Our primary producers, our manufacturers and our consumers have no place; but it may not be too late for the Government to rectify that oversight to some extent by appointing a capable interrogator to assist the Commission. This interrogator could so question witnesses that the real causes of the difficulties which so sorely beset producers, manufacturers and consumers, would be laid bare before the Commission and the Public. No disease can be cured until its cause is known and properly understood, and the public activities of the several Commissioners suggest that they are already considerably prejudiced towards considering effects instead of examining causes.

MR H. A. PITT.

We ask you particularly to consider how very objectionable is the inclusion of Mr. H. A. Pitt, who is known officially as the "Director of Finance" in the Victorian Government service. In what manner he is a "director" of finance has never been explained, for the only finance he has anything to do with is the amount apportioned to this State by a few private, but very real, directors. In this respect, therefore, Mr. Pitt is only a make-believe director, and in actual practice is merely the tool of the private money monopoly.

With prominent headlines, the Melbourne "Herald" of March 5, last year, informed us that this same Mr. Pitt had opposed an increase in the basic wage on the ground that "the quickest way to financial recovery is to cut down expenditure of all kinds." He admitted that that would be an unpopular remedy, but said it was necessary to do that or increase taxation to secure the balancing of the Budget. The headlines were as follows: "Finance Expert Urges More Cuts." "Unpopular—But Quick Way to Recovery." If he really thought that, it was a clear indication that he was not even an expert's bootlace, for he showed himself bereft of all appreciation of the sovereign rights of the citizens, and was merely repeating the dictum of Sir Otto Niemeyer that the lives and progress of the people must be confined within the limitations of financial figures fixed by private controllers. In total disregard of the increasing wealth of the community—he was brazen enough to say that we should be compulsorily made poorer merely to fit in with the ideas of private financiers. He got part

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of his reward three months later, when his name was included in the "Honours" list with such financial notabilities as Sir Claude Reading, Sir Robert Knox, and Colonel Cohen. With the exception of the very few cases of outstanding merit involving grave personal risk, it is the general belief that "honours" are usually bestowed on persons who have found favour with the money interests. Mr. Pitt has certainly served the financiers well, and on that basis has earned his place on the list.

A SPONSOR OF THE PREMIERS' PLAN

In July and August 1930, Sir Otto Niemeyer paid us a visit on behalf of the Bank of England (a private company!) and directed action along severely deflationary lines. That is to say, producers were to get less for their production, and the general community was to have less money to spend. At the Premiers' Conference, which assembled at the beginning of 1931, a committee of Treasury officers submitted a report "preserving much of the deflationary tone of Sir Otto Niemeyer's statement, and strongly urging the curtailment of Government expenditure." Mr. Pitt was one of the officers.

At a subsequent conference of Premiers in May and June of the same year, another report of "a committee of economists and Treasury officers" was submitted and actually formed the basis of the Premiers' Plan. Professor Copland was the chairman of that committee, and, with Mr. G. D. Healy, chairman of the Associated Banks, was assisted by Mr. Pitt.

In April the following year "a committee of experts appointed by the Commonwealth Government to make a preliminary survey of the Economic problem," issued its report. Professor R. C. Mills was one of these experts, and the chairman was Sir Wallace Bruce, of the bank-owning metal monopoly. Their recommendations included further cuts in wages and "the construction of public works when the reductions in costs of construction made it possible for such works to earn interest." At the back of the report Mr. Pitt expressed the opinion "that the spirit of the Premiers' Plan should be adhered to in its entirety."

ATTENDS THE LOAN COUNCIL

Ever since the establishment of the Loan Council, which is the body through which the will of the private money monopoly is imposed on the people of Australia, Mr. Pitt has attended its meetings as one of the representatives of Victoria. So you may see that, although the political representation changes from time to time, continuity of the private financiers' policy is assured through the permanent representative. In 1931, for example, Mr. Pitt attended with Mr. Hogan; on the defeat of Mr. Hogan's Government, he attended with Sir Stanley Argyle, Mr. T. P. Jones, and Colonel Cohen; and now that Sir Stanley Argyle's Government has gone, he still attends with Mr. Dunstan.

Reporting the Birthday "Honours" last year, the "Argus" gave the following particulars concerning Mr. Pitt:—

"He played a leading part at the conferences which led to the institution of the Premiers' Plan. He is a representative of the

States on the National Debt Commission, and in 1927 went to London on a financial mission for the Victorian Government. In the last four years of financial stress his duties have been most arduous, and members of each of the Ministries which have been in power in that period have acknowledged the soundness of his advice."

In a "financial" emergency, deliberately engineered, the only advice Mr. Pitt could give was to

AUSTRALIA MUST KEEP OUT.

In the last war 59,548 Australians were slain to make the world safe for financiers; 166,819 casualties were suffered from wounds or gas, and 87,957 casualties from disease. Many thousands have since died in the prime of life from war injuries. Our military hospitals and our mental asylums are still full of wrecked men who would have welcomed death any time these many years. Men in their forties are dropping dead from the effects of old war injuries, leaving wives and little children unprovided for. Men who are now finding their constitutions shattered from the horrors, shocks and exposures of those evil years, are finding also that they have to fight a war all over again to secure even a pittance of compensation, to secure even medical treatment. Governments dare not treat them fairly, for Governments are controlled by money. Money is the all-powerful weapon forged by the financiers.

attack everything except the cause, and now he has been placed on a Commission which is to investigate the very thing in which he is supposed to be expert. He has been directly associated with the private bankers and other representatives of the financial monopoly, and has been partly responsible for the imposition and the intensification of suffering and hardship on the community during the years since 1930. Actually, he has been one of the high priests of the debt system, and now he is asked to sit in judgment on his own beliefs and conduct! Did someone say something about "commanding confidence" and an "impartial inquiry"?

PROFESSOR R. C. MILLS.

And what of the others? Professor Mills is the Professor Copland of Sydney. Both occupy positions, which were established by the private money monopoly. In proposing a "Conference on Unemployment," the Prime Minister, on March 12, 1932, intimated to the State Premiers that a committee would be appointed to make a preliminary survey of the economic problem "as a basis for discussion" at the Conference, and that this committee would consist of Sir Claude Reading, G. S. Colman, and Professors Copland, Giblin, Melville and Shann. The Committee's report was presented on April 13, but instead of Sir Claude Reading, we had Sir Wallace Bruce in the chair, and instead of Professor Copland we had Professor Mills.

All of the men on the Committee had taken a more or less leading part in forcing a lower standard of living on the Australian people, and from start to finish their report deals only with effects. It says nothing whatever about the cause or the chronic inadequacy of the money supply. Read paragraph 4 of it very carefully, remembering that it was signed by Professor R. C. Mills:—

"The restoration of employment, as opposed to temporary stimulants, is to be found in bringing into harmony the costs and prices of export industry. This adjustment must involve, for a time, a general lowering of standards in agreement with our loss of real income."

Everything to come back to an insufficiency of money instead of bringing the money into proper relation with the needs of the people! It was simply the repetition of what Sir Otto had said for the Bank of England. I have emphasised the words "export industry" to show that, in the opinion of the impartial Professor Mills, if our goods are not wanted in other countries, we must not be allowed to use them ourselves. This Professor has officially declared, almost in the identical words of Professor Copland, that if prices do not rise we are doomed; but also like Professor Copland, he shies completely away from a discussion of the actual cause of the fall in the prices. He has signed his name to the inferential lie that we must depend for our national income on the sale of goods overseas, whereas it is unanswerably true that all the money used in Australia is made in Australia.

In paragraph 17 of the report it is admitted, "the extent of government action is determined by finance," but the only finance to which the committee gave any attention was the finance, which is written up against the community as debt to private money-writers, and they actually supported the continuance of the swindle. Notwithstanding this, in paragraph 18 they went on to say: "It is the duty of governments to provide sustenance for the large numbers who, even if these measures are adopted, will remain unemployed until overseas prices rise." The "measures" referred to included these:

1. The fixation of wages to be placed more definitely under the control of the money monopoly by empowering wage-fixing tribunals to act strictly in accordance with economic conditions.
2. Budget deficits to be further limited.
3. Substitution of employment for sustenance and the promotion of subsistence farming.
4. Direct cutting of costs and increased efficiency throughout industry.

These things surely speak for themselves, and show that the Professor is incapable of seeing money as other than debt to a private monopoly. And yet someone has said something about "commanding confidence" and an "impartial inquiry"!

MR. J. P. ABBOTT.

Our references, to Messrs. Abbott and Nixon must necessarily be brief on account of space limitation. Mr. J. P. Abbott is president of the Graziers' Association of New South Wales, where he has been in close association with Sir Frederick Tout, president for six consecutive years up to 1934. Sir Frederick, like Sir Claude Reading, is a prominent member of the sugar and tobacco bank-owning monopoly, and also a director of Associated News papers

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Ltd. In the scheme, which recently gave control of the New South Wales Parliament to the financiers, he was appointed to the Legislative Council for a period of twelve years. This is mentioned to show that there is an interlocking interest between the graziers and the financiers. At the Graziers' Conference in Sydney last year, Mr. Abbott himself moved the following:—

"That . . . to maintain a closer balance between internal price levels and export price levels, the Commonwealth Government be urged to arrange that the Tariff Board, the Arbitration Court and the Commonwealth Bank should co-operate when dealing with matters affecting internal price levels, such as tariffs, rates of wages, the exchange rate, and the burdens of interest payable on external loans."

Not a word about the ability of the people, to buy, and not a word about the fraudulent scheming by which the people were deprived of their ability to buy! Commanding confidence and ensuring an impartial inquiry!

MR. E. V. NIXON.

As to Mr. E. V. Nixon, all we would say at this stage is that he has been identified with Professor Copland on the bank-created Faculty of Commerce at the Melbourne University; that he has been connected with the Taxpayers' Association, a body which exists to protect the interests of wealthy taxpayers and to secure reduction of government expenditure, even though industry cannot possibly survive without the liberal circulation of money from Government sources; and that, through his membership of the Royal Commission on Taxation, and the nature of the Report of that Commission, he has already committed himself to the maintenance of the very system through which our troubles have come into being. Here again, did someone say something about "commanding confidence" and an "impartial inquiry"?

Not one of the men quoted has an open mind on this important subject, and no matter how conscientious he may be, his judgment is already seriously handicapped by his personal interests - and public declarations. This makes it all the more essential that definite evidence be obtained on the following:—

What is the objective of a production system?

What is money?

Who manufactures money and out of what is it made?

What should be the true function of money?

Who should own money at the time of its manufacture?

To ensure satisfactory consideration of these important and vital questions, there should be a thoroughly competent representative of the money reformers on the Commission as official interrogator, and we respectfully ask the Cabinet to give favourable consideration to the idea. Failing some such precaution, we fear the work of the Commission will be confined to consideration of the movements of money after it has been manufactured and passed to the Government and the people as debt to a private monopoly. That would be quite useless and would oblige us to repudiate the whole thing.



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The Open Mind of Professor R. C. Mills

In another part of this issue our contributor, Mr. Bruce H. Brown, gives an indication of what hope monetary reformers may have of anything useful coming from the work of Mr. Lyons's Monetary and Banking Commission. We desire here to reinforce his criticism by protesting as strongly as possible against one particular member of the Commission, in the person of Professor R. C. Mills, Dean of the Faculty of Economics at Sydney University. The selection of this gentleman gives the lie direct to the Prime Minister's assertion, reiterated last week that the inquiry will be impartial.

Readers will not need to be reminded that the Prime Minister's promise of this inquiry was given in a panic-stricken moment before the last Federal elections, when Social Credit opposition in his own electorate looked to have more than a chance of depriving him, not only of the Prime Ministership, but of his seat in Parliament. Nor will they need to be told that the numbers of those demanding reform in our monetary system—as apart from advocates of nationalising its administration—consist chiefly of Social Credit advocates. Hence, if the Prime Minister's promise was to have even the semblance of any worth, it was essential that his appointees should at least not be known as open opponents of Social Credit.

But in nominating Professor Mills Mr. Lyons has named a man who was singled out—by whom you may guess—to make a bitter public attack on the proposals of Major Douglas. That attack was launched by Professor Mills from Station 2UW, Sydney, on the night of January 26 last year, the night after Major Douglas had addressed a great gathering in that city.

In the course of his broadcast Professor Mills said, "the Douglas theory was based on unsound principles and the remedies it proposed would merely lead to

uncontrolled inflation," and that "the scheme had the lure of something for nothing, but it merely meant piling inflation on inflation."

So much for Professor Mills's open-mindedness. As for his qualifications, you may judge for yourself from this excerpt from his address, as reported by the *Sydney Morning Herald* on the following day: "It was a common fallacy that the problem of production was solved, and all that remained was to solve the problem of distribution. The problem of production was far from being solved, and would not be solved until the world was much better off than it was today." The Professor, you will see, still lives in the Stone Age, except, perhaps, for that curious little phrase, "until the world was much better off." Does this mean that the Professor is constrained to blame a shortage of potatoes on a shortage of fertilisers in the shape of gold, or notes, or cheque forms? It seems a reasonable inference. And yet Professor Mills on the same occasion went out of his way to deny that there is any shortage of money. To be sure, "he agreed with Major Douglas that deflation caused a shortage in spending power, but it was only temporary"; but "the adoption of the scheme of issuing credit to producers or consumers to make up a deficiency which was not there would lead to tremendous inflation."

Sydney's Dean of Commerce objected to Major Douglas's analysis on the ground that it was "nothing but theory." He then went on to show what a practical man of affairs he is by this: "How could national production and national consumption be measured with the promptness and exactitude demanded by such a scheme? Consumption included both services and goods used, and no statistician had yet been able to relate in definite terms tram rides to the price of meat." Coming from a Professor of Economics, this is an extraordinary statement. Surely Professor Mills should know by this time of his career that services of the type to which he refers do not produce goods; that neither the giving nor the accepting of such services fills the human stomach or covers the human frame; that money paid for them is simply the handing over to someone else, ultimately—even if retransferred through other services—of a claim on goods; and that if there is sufficient money available to pay for all goods there is no necessity to issue further money for services which do not produce goods. On the contrary, any such issue would be definitely inflationary.

All this is in the very elements of the most orthodox economics: and yet the great Professor of Economics, the arch-enemy of inflation, speaks of the necessity of finding out the total consumption of tram rides in order to arrive at the figures of national consumption! Is the Professor sincere? If he is, then he shows him-

(Editor's Note.—In this series of articles is being unfolded the grim battle for world supremacy in oil, a battle ranging through nearly every country in the world, and in which the two chief actors are British interests, represented mainly by Royal Dutch-Shell under Deterding, and the American forces led by Rockefeller's Standard Oil. The earlier articles appeared in our last two issues.)

About the end of the Great War Royal Dutch-Shell began to exploit oil in Venezuela.

Venezuela, though slightly north of the Equator, is a South American republic of some 400,000 square miles, whose shores run for about 1000 miles along the Caribbean Sea. It is separated from Panama only by the northern end of Colombia. It has a population of slightly more than three million people, and is productive of all sorts of tropical wealth. But it is for its production of oil that this country is best known to the outside world.

AUSTRALIA MUST KEEP OUT.

How did the financiers who profited by the last war reward our participation?

Australians were not conscripts. No sooner had our volunteer army left these shores to save the financiers than the financiers saw to it that a bill was charged against our nation for the very food eaten by our men, for the very lodgings provided by those whom they gave their lives to save. £92 millions of money was charged up against us for supplies. And the financiers had the incredible shamelessness to claim five per cent, interest every year on this debt. Until payments were suspended under the Hoover (American) Moratorium, we had paid £12 millions off the principal, and £50 millions in interest!

These horrible proceedings were aided and abetted by W. M. Hughes and S. M. Bruce, the financiers' friends in Australia. Where are these two men now? Beware lest they try and commit you to another shambles.

Venezuela is nominally a republic, but for the last twenty-five years it might almost have been described as the most absolute dictatorship in the world, the dictator being General Juan Gomez, a savage tyrant, a notorious libertine, and the richest man in South America.

When Deterding's company went to see Gomez, it found that underground rights had been reserved to the nation—or, if you like, to Gomez. But the dictator welcomed oil exploitation as long as liberal royalties were forthcoming, and as long as no single foreign interest became too powerful.

The English were first on the scene, to be followed three or four years later by Standard Oil. Another American to be represented here was the well-known Andrew Mellon, of politico-financial fame in the United States.

Oil gushers were found around the shores of Lake Maracaibo, a tidal basin on the northwestern seaboard, and oil was barreled off to such

self in such a hopeless mental muddle that he will be more hindrance than help to a Monetary Commission. If he is not, then he shows himself ready to broadcast what he knows to be untrue, in the endeavour to retard monetary reform. Whatever way he is, are we not entitled to protest against his appointment?

OIL — AND WAR

III. — South of Panama

purpose that Venezuela has become the third (and close behind the second) greatest producer of oil in the world. Today it produces nearly four times as much as Mexico and almost as much as Russia.

About fifty miles off the Venezuelan coast, and in the fairway of ships making for the Panama Canal, lies the little Dutch island of Curacao. Deterding was on the best of terms with his Dutch fellow-countrymen, and it was here, to the disappointment of dictator Gomez, that he established his great refining and storing plant. Here also he had for years the pleasure of extracting tolls from his American rivals in treating their oil, for Standard Oil could not come to mutually acceptable terms with Gomez for a refinery near the Maracaibo oil wells. Ultimately the Americans established their own refinery on the adjoining Dutch island of Oruba. They did not do this without opposition from Deterding, but a little "diplomacy" from America regarding restrictions on alleged runners from the islands to the United States had the desired effect.

Thus far there have been neither revolutions nor bloodshed over oil in Venezuela. There has been jockeying for positions, a struggle for concessions, rivalry in the setting up of refineries adjacent to the Panama Canal. It has been a game of strategy rather than of open warfare. What will happen in the years following the death of old Gomez? Will it be another Mexico?

OIL AROUND PANAMA

There are those who say that underneath the Anglo-American struggle for oil in the countries around Panama—in Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras and Guatemala—there is a thrust, or the possibility of a thrust, at the Panama Canal.

One can only relate events. British Controlled Oilfields Ltd. is a company that was formed in 1918. It had, and has interests in Venezuela. At the present time it is producing about 15,000 barrels of oil a week there. It is also producing about 40,000 barrels a week in Trinidad, the British island off the Venezuelan coast. But non-British observers have noticed a number of peculiarities about this company. One is its control by the British Government; another, its capacity for taking up huge concessions, often without much apparent prospect of oil, but generally contiguous to the sea and to the canal; and a third, its apparent unconcern about exploiting its concessions or making profits.

British Controlled Oilfields, very early in its existence, got a seven million acre concession from President Tinoco of Costa Rica; Tinoco was another President per revolution. The United States refused to recognise him. The British Government gave him recognition. British battleships visited Costa Rica. They were followed by American battleships.

The matter came to a "peaceful" ending. Somebody helped a counter-revolution in Costa Rica. The new Administration revoked the British concession. The British fleet sailed for other ports. A year or two later there was a frontier argument between Costa Rica and its neighbour, Panama. The United States acted as arbitrator, gave a

decision very satisfactory to the Costa Ricans—and a grateful Costa Rica granted a bigger concession to American oil interests than had previously been enjoyed by the British. In spite of which British Controlled Oilfields, nothing daunted, continued to acquire concessions in all the countries—north, south, east and west—which lay in proximity to the Canal.

THE REMARKABLE COLOMBIAN INCIDENT.

More remarkable were happenings in Colombia, the republic a little larger than Venezuela, which separates the latter from Panama.

British oil concession hunters were active in Colombia. In 1927 there appeared a Colonel Yates, a retired British army officer, and an agent of the British Government's Anglo-Persian—the company, you will remember, that was formed, to exploit Darcy's Persian oil concession. Colonel Yates had very high credentials. He met the President and the Cabinet of Colombia, and these gentlemen signed for him and for the Anglo-Persian a fifty-year concession over great area of that section of Colombia, which adjoins Panama. Included in the area was the basin of the Atrato River, which empties into the Gulf of Darien on the north (Atlantic) side, and which, engineers say, could be cut through to the Pacific, thus making a second Panama Canal. A feature of Yates's agreement was that it gave him the legal right, amongst others, to construct in his area railways "or other means of communication of analogous or of greater importance." Another remarkable feature of the deal was that the area thus given to Yates for an oil concession was; known to be barren of oil!

The deal never went through. The moment could hardly have been better chosen, for the United States' administration just then had its hands full of trouble "protecting" the smaller American republics. And the republics were distinctly restive under the protection. But again somebody acted shrewdly. The United States did not openly appear in the matter at all. The Colombian Senate vetoed the concession, claiming that it should first have been submitted to Parliament. The clause which would have empowered the building of a new canal came in for particular denunciation—for the Panama Canal is cut through land originally belonging to Colombia, and Colombians are satisfied that the revolt which led to the secession of the Panama provinces was engineered in the United States solely to secure the cession of the Canal Zone from the new republic.

The Yates concession, despite further negotiations, was not granted. But the irate Colombians, while they were in the mood, also cancelled a concession given to Mr. Mellon's company for an undoubtedly rich oil area.

This was embarrassing for Mr. Mellon. It also became embarrassing for Colombia, which discovered a little later that for some mysterious reason Colombian applications to Wall Street for loans were being flatly turned down.

A new president came into office in Colombia. The new president took a trip to Washington. He dined with Mr. Mellon, and himself related some time later that his host told him the loan difficulty could easily be adjusted if the Mellon oil difficulty were adjusted. Mr. Mellon, when the story was told, denied it flatly. But it is on record that shortly after the dinner Mellon got a bigger oil concession than before, and that within a week or two Wall Street opened its purse strings for Colombia to the tune of four million dollars.

(To be continued.)

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Monetary Humbug from "The Age"

When one reads the Melbourne "Argus", the "Sydney Morning Herald," or similar newspapers, one at least knows where one stands. These papers have their policies and they stick by them through thick and thin. To that extent at any rate they are to be respected, however strongly one may happen to disagree with their views.

There are other papers to which one finds it difficult to yield even this modicum of respect. One such paper is the Melbourne "Age." The "Age," except at times that matter, puts up the pretence of holding independent views, of being an honest and unsparing critic. But when the pressure of events is applied that journal, accustomed to straddle the fence in order to attract readers from both sides, is very quick to plant both feet in the same camp as all the other great metropolitan dailies. For proof of this generalisation look, say, to the unsparing way in which the "Age" flagellates U.A.P. governments — until an election is at hand.

THE "AGE" AND THE BANKS' CHAIRMAN

For a considerable time past the "Age" has given a good deal of space in its columns to correspondents advocating monetary reform — provided always those correspondents included in their letters fulsome references to the marvelous work the "Age" was doing in this direction, and provided usually their letters kept to generalities. Last year, as those who regularly read the "Age" may remember, a discussion along these lines followed a very lengthy statement in its correspondence columns by the chairman of the Associated Banks, wherein by a piece of trickery he sought to establish that private bankers do not create financial credit. That letter was subsequently reinserted in the form of an advertisement, and it was answered by another advertisement quoting banking authorities' admissions that banks do create financial credit. Here was a clear-cut issue for the "Age", if sincere, to have followed up. But what did the "Age" do? It permitted the bankers' chairman to wriggle out of a hole by promising to submit the case to Mr. Reginald McKenna, chairman of the Midland Bank of England, and, upon receipt of his reply, to acquaint "Age" readers with Mr. McKenna's opinion. Months went by. Nothing was heard of any reply from Mr. McKenna. Nothing was said by the "Age." Finally a correspondent resurrected the matter. Still no reply. Then another correspondent. Whereupon the chairman of the banks limped into print with the extraordinary statement that Mr. McKenna had not seen fit to answer his letter! And the "Age", the independent newspaper, the Great champion of the people's rights, let it go at that.

REFORM OR TALK?

Sufficient time having elapsed after this inglorious episode, the "Age" again began to woo those who know that monetary reform is essentially the first step to any real measure of recovery. The Prime Minister, terrified of being unseated in his own electorate, had before the elections been constrained into promising a monetary inquiry. This was safe ground. And so the "Age" became quite bellicose in demanding, not monetary reform, but a mere inquiry. The "Age" should by now know just what measure of results follows from such inquiries. After a delay of twelve months, the Prime Minister has at length given the names of the Commission — names that, from what is known of the economic beliefs of their bearers, suggest that the private usurpers of the nation's money supply will not lose much sleep.

"Justice and a Fair Deal for All"

What did the "Age" say of the personnel of the Commission? "The Government," it said, "may have had some difficulty in making choice of and obtaining the consent of the Commission personnel. The public verdict, however, is likely to be that the difficulties have been successfully overcome. The names announced will be over wide areas of Australia familiar, and all the appointees are men likely to inspire public confidence in their good faith and efficiency."

What was the next step taken by the "Age"?

"AN EXAMINATION OF DOUGLAS CREDIT."

Last Saturday it published an article, over two columns in length, entitled "Monetary Reform—An Examination of Douglas Credit." An examination! The article was a glaringly exparte statement, and an outrageous one at that. We suggest to the "Age" that it was the guilty knowledge of this, which prompted the following editorial footnote in black type: "It is quite impracticable to extend hospitality to a general correspondence on this critical article. A reply to the criticism advanced will appear in due course, but a prolonged epistolary debate cannot be permitted. The arena must be transferred to the witness table of the Federal Royal Commission on Monetary Policy."

In the same issue the "Age" boldly blew its own trumpet with a big four-column advertisement which, giving "reasons why you should read the 'Age' daily", began by saying: "Independent of all Political Parties, its policy seeks Justice and a Fair Deal for all classes in the community."

Justice and a fair Deal! And the "Age," misnaming it an examination, publishes a grossly unfair attack with an ultimatum that it will not allow its readers to reply. Does not the "Age's" attitude strongly bring to mind these sentences in the "Protocols of the Learned Elders of Zion": "We shall set up our own, to all appearance, opposition, which, in at least one of its organs, will present what looks like the very antipodes to us. Our real opponents at heart will accept this simulated opposition as their own and will show us their cards . . . Those fools who will think they are repeating the opinion of a newspaper of their own camp will be repeating our opinion or any opinion that seems desirable for us. In the vain belief that they are following the organ of their party they will in fact follow the flag which we hang out for them."

WHO IS "ECONOMIST"?

The "Age" article was signed by a gentleman who took the pen name of "Economist", but from his style, from his patronising, half grudging admissions, still more from his suppressions and distortions—in fact, from the whole tone of his article, he might well have signed himself "Banker." And it is particularly significant that the "Age" should have published this attack on Social Credit at the present time — a time between the Alberta and the Canadian Federal elections, and just after the nomination of the Monetary Commission. If, as the "Age" suggests, the proper place for replying to its attack is the witness table of the Commission, why should this organ of "Justice and a Fair Deal for all classes" single out Social Credit as the sole object of its attack? Why attack at all at this moment, unless with the contemptible object of prejudicing the case against any Social Credit evidence?

At least it should suggest to

thoughtful persons what is the one school of economic thought of which the money monopolists are most afraid.

We do not propose to go into "Economist's" views in any great detail, seeing that they are merely a rehash of misstatements which were rancid years ago. Suffice it to point out here one major admission; one childish error, which even a schoolboy economist would not make; and one cardinal flaw which invalidates his whole line of argument.

AN ACKNOWLEDGMENT OF THE MONEY MONOPOLY

The admission is a significant one. You will remember that our stupid Australian bankers last year, in contending that bankers do not create financial credit—

AUSTRALIA MUST KEEP OUT.

Do you know what the last war has cost Australia's taxpayers to date? It has cost £850 millions. It is still costing almost £20 millions extra every year in interest and pensions, without reducing by a penny our indebtedness for war "loans." In interest on these "loans" we have already paid nearly £300 millions.

Who issues these loans? The financiers, the private bankers. War, for everyone else a time of misery and suffering, is for these bloodsuckers a time of unprecedented prosperity. Is it any wonder the financiers and the financiers' press are crying out, as the Melbourne "Sun" cried last Saturday, that "Australia can do nothing but to pledge her support to Britain in any action which British statesmanship and justice may deem necessary"? Those who control the Melbourne "Sun" represent the same interests as control the Australian and English banks.

otherwise add to the sum of our money supplies — were trying to establish themselves in a dug-out which had long since been evacuated by their superior officers overseas. Since then the banks have been subjected to so raking a fire by Social Credit writers and speakers that they have had to abandon this funk hole. In its circular of August 19 last the Bank of New South Wales openly admitted that bank deposits are the result of bank loans. And even the orthodox economists have been constrained to make the same admission; even the financial editors of daily papers such as the Melbourne "Herald."

And so "Economist" in turn falls into line. He discusses the case of Smith getting an overdraft from a bank for £1000 in order to make a purchase from Brown. What happens? "Smith", says "Economist", "writes a cheque for £1000 and gives it to Brown, who 'pays it in.' No cash has changed hands, but Smith's account is debited and Brown's is credited, each with £1000, and new purchasing power, or money, has been created to that extent" — a definite acknowledgment that the banking monopolists, who are also the big industrial monopolists, have openly assumed an effective dictatorship over the nation.

"ECONOMIST" PROVES HIMSELF NO ECONOMIST.

So much for the admission. Now for the "howler." "Economist" devotes the first part of his article to warning those who are not economists bred in the purple that they should desist from rushing in where angels fear to tread—"earnest

is often apt to be founded more on emotion than reason", and so forth.

A little later he says: "It is argued that the money used to purchase goods, when made, all comes from industry, and that whilst sufficient may be advanced to make the goods, during its passage through the industrial organism some is abstracted for savings, or" — the emphasis on what follows is ours—"is paid in taxes, or for services such as those of the doctor and the teacher, and that the remainder of the national income is insufficient to do the work it ought to do, that is, to purchase all goods manufactured at prices which are profitable to the producers." Was ever such utter nonsense put forward by a self-styled economist? No one outside a lunatic asylum or the Taxpayers' Association has ever suggested that money paid in taxes or for services causes any total insufficiency.

Money paid in taxes or for services goes to persons who do not through the receipt of that money produce more goods for the market. So that the redistribution in this way of money which came into existence through production, though it may involve individual injustice as a result of excessive taxation or unduly high charges for services, has nothing whatsoever to do with any total shortage of purchasing power. It is simply a redistribution of income. If "Economist" knows anything at all either about Douglas or about economics he knows this. Hence you may reasonably take your choice between these alternatives: —(1) "Economist" is a fool; (2) "Economist" is a rogue, and is trying to pin on to Douglas Credit a new "fallacy." And if you are looking for the stable's choice, read again the "Age" editor's footnote, which protects "Economist" from having to justify or withdraw his assertions.

"GIVEN MONEY CANNOT BE CANCELLED."

The final and triumphant conclusion of "Economist" is the old bankers' bogey that Social Credit is straight-out inflation. Money created for consumption, he says, is given money, whereas money created for production is lent money. "But given money", he declares in black type, "cannot be cancelled."

The clarity of his thought on this aspect may be exemplified by a last quotation: "How can given money be cancelled, except by having it given back? And which of us having got a pound note in his possession would give it back when he could spend it?" We do not pretend to be economists (God forbid!) but in all humility we should like to ask "Economist" what does spending money mean except giving it back to someone? And if it can be shown — as it can very easily — that the money which Social Credit proposes to give to consumers will definitely travel back to cancellation as soon as they part with it in the ordinary way of spending, then surely "Economist" should fold up his tents (or his three card outfit) and steal silently away?

The "New Times" is not a technical paper; it does not pretend to have technical knowledge; nor does it wish to enter into technical discussions, but in the hope of satisfying "Economist's" fears it would suggest that he turn over in his expert brain some possible solution of his difficulties along these lines:—

1. Productive industry today is mainly carried on by limited companies. Taking the case of a manufacturing company, when any such is floated it begins by engaging in two financial operations.

One consists in withdrawing from the purchasing power of the public who take up its shares certain sums of money; the other consists in restoring to the purchasing public, through the erection of a factory and plant, certain sums of money, which are not greater than those, which it has withdrawn (i.e., its capital). So that in the final stage we have on one side a new factory and plant ready to turn out consumable goods, while on the other the money supplies of the public are no greater than before the factory was built.

2. As the factory turns out consumable goods, every unit of goods so issued will have included in its price some charge representing the true depreciation of the factory and plant—the real wear and tear which takes place during the process of production. Let us simplify the case by assuming (which of course will not happen) that the shareholders want no profit, no dividends; that they are pure altruists, desirous only of selling their goods at financial cost. They buy materials, pay wages to workmen, and want nothing more. In the process of manufacturing, therefore, they pay out, somewhere, sometime, as much as they intend to ask for their goods—except for the depreciation charge. But they must recover this depreciation charge, otherwise their factory and plant will speedily wear out and they will have to cease production.

They can get it in one or other of two ways, or by a combination of both. They can sell their goods at financial cost, including depreciation, and recover this latter through the Government giving to consumers an equivalent sum: or they can dispose of their goods without including the depreciation charge (that is, sell below cost) and have it reimbursed to them directly by the Government: or any desirable combination of the two processes may be used.

GIFT MONEY AND THE NATIONAL DEBT

We might mention here that this process of cancelling money given to consumers is taking place even today. Our national debt, which has increased by about £1000 millions in the last 20 years, largely represents new money created by the banks. We see today that this new money is being given to consumers— even where they are compelled to work for the dole, since the product of their work is not offered for sale, the money functions as a gift in the sense referred to by "Economist." And yet an annual increase in the debt of £30 millions or more a year has been accompanied by a falling price level, by mountains of unsold goods, which the people would buy if they had the money, by bankruptcies and all sorts of other disasters. Moreover, the money has gone out of existence, as bank

(Continued on page 6.)

BOOKS ON MONETARY REFORM

Why Poverty in the Midst of Plenty? By the Dean of Canterbury	8d.
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Dividends for All by C. Barclay Smith	7d.
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Poverty Amidst Plenty. By C. H. Douglas	10d.
Democracy at the Cross Roads. By L. H. Holling	4/-
The Douglas Manual	7/6

ALL POST FREE.
Obtainable from The Douglas Social Credit Movement, Room 8, The Block, Melbourne.

WHAT MAJOR DOUGLAS SAID ABOUT ALBERTA

An Article Contributed by Major Douglas to the "Sunday Express," London, of September 1.

Much has been said and written about what is called *The Douglas Plan*. It is said, too, that Mr. Aberhart is going to carry out that plan in Alberta, where he has just won an emphatic victory in a general election.

Actually the phrase is misleading. I have no cut-and-dried plan, which I should apply in all countries or circumstances.

FREING CREDIT.

I have an *objective*—the freeing of credit from the control of the bankers and its equitable distribution among the people to whom it rightly belongs.

How that objective can be attained will obviously vary with the particular political and economic situation in each country and province. Alberta will be the first State in which a determined effort will be made by the Government to attain it.

I envisage that effort as a war, and I can no more disclose the moves, which my friends will make in this War than the chief of staff in the French Army can disclose his plans for a march on Berlin.

I have been for some time an employee of the Albertan Government. I pay two visits a year to the country to give advice on financial and economic questions.

I have not yet received a summons from the new Prime Minister, but I understand that his party have authorised him to seek my advice, and I shall probably be leaving for Canada shortly.

IDEAL COUNTRY.

I regard Alberta as by no means an unfavourable site for the first practical trial of my ideas. The best country of all for their application would be New Zealand, and I am confident that we shall see a Government pledged to Social Credit in power there before many years have passed.

In Alberta you have a vigorous people and a land with immense natural resources. Sixty per cent, of the production of the State is agricultural, chiefly wheat. Twenty-five per cent consists of manufactures, and fifteen per cent, of minerals. You have therefore already a reasonably balanced economy.

In time, if my ideas work out, the proportion of manufactures will increase and the State will become more largely self-supporting, though this is by no means essential to the success of my proposals.

Mr. Aberhart, the new Prime Minister, is a man of magnetic personality and a magnificent orator. In the heat of the election he went rather beyond any proposals that I have made, but it is entirely false to say that I am in disagreement with him. I admire him greatly.

He was a successful headmaster of a school in Calgary. He is a deeply religious man, and a fine Rugby footballer. Above all, he has a flexible and receptive mind.

His followers in the new Parliament have a high level of education, not on the whole inferior to the men they have defeated. They have had no previous governmental experience in Alberta, but many of them are experienced administrators.

One, Mr. Anderson, was, I believe, a civil servant in Burma. I have no doubt that the men are capable of tackling the formidable task, which they have set themselves.

Briefly, that task may be war with the banks. The cause of our present troubles lies not in a failure of production or a decline in consumption, but in a breakdown in the system of distribution.

In Alberta there is a great board of wheat left over from last year's harvest. In New York and Manchester and China, and even in Edmonton and Calgary, there are men and women without enough to eat.

The reason for this deplorable state of affairs is that the monetary system of the world has failed to adapt itself to modern conditions.

Modern money consists of two things, cash and credit. Of these, credit is by far the more important and is used in all important business transactions.

But its creation is controlled by a few individuals whose interests frequently conflict with those of the rest of the community, and who work primarily for their own interests—the bankers.

The credit of the community represents the total wealth of the community. The wealth of a community consists of all the goods produced or producible by its members. The wealth of Alberta is very great, but its people have so far been denied by an antiquated money system the full enjoyment of it."

£5 A MONTH

Mr. Aberhart intends to challenge the present assumption that the banks are the owners of credit backed by this natural wealth, and to administer it himself as a trustee for the people of Alberta.

He promised during the election to pay every Albertan five pounds a month. I hope and believe that once his plans are in full operation that figure will be substantially raised.

There are various methods by which this could be done. Mr. Aberhart is to some extent controlled by the provisions of the Canadian Bank Act.

In order to circumvent that Act he proposed at the election to issue non-negotiable certificates to the population.

These notes could only be used once. A man would draw one from a bank or post office and buy a certain quantity of goods from his grocer or butcher with it.

The shopkeeper would then return it to the Treasury and receive a fresh note which he could use once only in exchange. By this method the exclusive right of the Dominion Government to issue money would not be infringed.

If the credit of a rich province is made fully available to its people without artificial restrictions of any kind, there will be no poverty. Every one will have enough to eat, a decent house, opportunities for recreation and adequate leisure.

STRIFE.

That, I believe, will happen in Alberta, if the new Government sticks to its policy. It will probably take fifteen months before the plan is in full operation and that fifteen months will be a period of great difficulty and bitter strife. The vested interests of the bankers and financiers will not

AUSTRALIA MUST KEEP OUT

Do you remember the glowing promises the financiers made to our boys when they were going to the last war? Do you remember how they promised to make this a land fit for heroes to live in?

What sort of a land have they made it? The people who bore the brunt of the war have made it a land overflowing with every sort of riches, a land where there is plenty for all, a land where everyone could live in friendship, happiness and contentment. The lying financiers have deliberately distorted it into a land of artificial scarcity. They have made it into a land where hundreds of thousands of people are at the point of starvation; where wives and children of the unemployed are deliberately condemned to death unless their breadwinners sell their bodies for dole labour in slave camps; where producers are bankrupt while the food they have produced rots around them; where the children of returned soldiers don't know the taste of milk.

Is this a land fit for heroes to live in?

relinquish their monopoly without a hard struggle.

But there is one very important factor in our favour. During the last five years, throughout the whole American Continent, there has grown up a dislike and distrust of the banks, as institutions who have abused their stewardship of the people's wealth.

The psychological atmosphere in Alberta is favourable to our operations, and I should say that more than ninety per cent, of the population is on our side.

That is very fortunate, for if the majority were smaller, the minority might be tempted to resort to bloodshed and civil war in defence of their privileges, without understanding that no reasonable privilege is challenged.

In fifteen months from now I believe that Alberta will be a blessed land. Unemployment will no longer be a menace to its citizens. No wheat will rot in its elevators. Fine new roads will enable tourists to appreciate its magnificent scenery and bring further wealth to its people.

SHOW PLACE.

It will become one of the show places of the world.

And this brings me to the one really serious difficulty, which, I believe, Mr. Aberhart will have to face. I am not frightened of a run on the banks, of a fall in exports, or a shortage of foreign exchange.

I do anticipate a run into the country, which may reach formidable

dimensions and which it may be difficult to control.

I can imagine men and women from all parts of the American Continent who have hitherto led lives cramped by the credit shortage seeking in Alberta prosperity and happiness that they have never known.

Fortunately the country is large and fertile, and the population at present small. Perhaps before the rush becomes too extensive, other States will have profited, by the example of Alberta and the system of social credit will be established elsewhere.

ENGLISH LABOR'S

"INQUIRY" INTO SOCIAL CREDIT

Mr. Lyons Is Not the Only One Who Can Select Safe Men

Readers may remember how often the Australian press has capitalised the adverse report on Social Credit delivered on behalf of English Labor some years ago. In order that they may be forewarned of further similar propaganda in the near future, we reprint the following from the Political Correspondent of "Reynolds's Illustrated News" of September 1. "Reynolds's" is not a Social Credit paper, though its columns are always open to a fair statement of the Social Credit, or any other case. "In view of the recent sweeping victory of the Social Credit Party in the Alberta elections, importance attaches to Wednesday's meeting of the National Executive of the Labor Party, which will consider the report of the Committee appointed at the beginning of the year to reexamine the Douglas Credit Scheme.

"I understand that the report is adverse to the scheme; and if, as is likely, the executive on Wednesday accepts it, the annual conference of the Labor Party, which meets at Brighton on September 30, will be asked to declare its opposition to Social Credit.

"The report is a very lengthy document, and is to be published forthwith in pamphlet form.

"It is the work of three men—Mr. W. R. Hiskett, a clerk in the Railway Clearing House; Mr. Evan Durbin, prospective Labor candidate for Gillingham and a lecturer at the London School of Economics; and Mr. H. T. N. Gaitskell, prospective candidate for Chatham, a lecturer at University College, London.

"PREJUDICE."

"When the three were appointed by the executive, there was considerable criticism on the ground that all of them had previously committed themselves against Social Credit by their published writings. For this reason some people expressed the opinion that the inquiry would not be an unbiased one.

"Doubtless this view will find expression when the report is debated at Brighton, and I have good reason to believe that the reference back will be moved. Meanwhile, the London Social Credit Club has decided to publish the evidence submitted to the Committee from Labor sources."

READ:

"SOCIAL CREDIT"

The official organ of the Social Credit Secretariat

Published weekly at 163a, Strand, London, W.C.2, England.

Subscription: 10 Shillings per annum (English currency). Single copies, 4d, post free, may be obtained from the Douglas Credit Movement, Block Arcade, Elizabeth Street, Melbourne.

BOOM IN THE BLOODY TRAFFIC

Wartime Arms Factories Re-Opening

London newspapers to hand by this week's mail report general jubilation amongst the merchants of death. The *Sunday Express*, of September 1, under the heading, "Re-opened After Fifteen Years," has this delightfully naive report from its City editor (the emphasis is ours): -

"The revival going on in the heavy industries is very satisfactory. In the past few years the big concerns have been reorganizing, and they are now in very fine shape.

"The outstanding figure in the British heavy industries is Sir Charles Craven, of Vickers.

"He has done fine work, not only for his company, but for the country. One day those people who were so anxious for an inquiry into what they called the 'arms racket' will recognise the very fine work he has done.

"In Barrow last week I found that Vickers has reopened a shop which has been closed since 1920. It is being entirely reequipped.

"The Vickers-Armstrong Company is now employing 30,138 people, against 26,630 at the end of 1934 and 23,600 in 1933.

"Sir Charles Craven pointed out that this increase in employment was due to the fact that the company had spent very much more in improving plant during depressed years than has been paid out to shareholders.

"He urged the leaders of the trade unions to be a little patient, and not to be too anxious to reap the benefit of the increased employment of their members until the company had had a chance to put itself right round the corner.

"This is a fair policy, and because the workpeople have confidence in fair play from Sir Charles Craven there is little doubt that they will accept his advice."

(Sir Charles Craven — otherwise Commander Sir Charles Craven — is another warrior of the type referred to a week or two ago by Major-General Dodds, who said: "Trained soldiers were not failures in other professions. They had been successful in every walk of life in Great Britain. Upon their retirement many army officers had entered business to obtain directorships and managerships of some of the most important firms in the country."

MONETARY HUMBUG FROM "THE AGE."

(Continued from page 5.)

figures show, though the debt has remained.

We would therefore ask "Economist" should there not be a national system of financial accounting which takes cognisance of the appreciation of wealth, and which from such issues a dividend to correspond with the depreciation which occurs from time to time, and which is charged into the prices of consumable goods without at present being in the hands of consumers? In the case we have outlined, instead of there being the accumulations of money which "Economist" affects to fear, all that would happen would be the restoration of financial capital which today is either being lost or is being partially restored to individuals only at the price of ever-mounting national debts.

Finally, with the increasing mechanisation of industry the proportion of the financial cost of goods distributed in wages is constantly lessening, while that represented by plant depreciation is constantly increasing. Consequently the progressive manufacturer, the man who uses labour-saving machinery to its fullest extent, instead of being a real benefactor to the community, is driving us all, himself included, headlong towards universal destitution.

NUTRO OIL

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IF YOU HAVEN'T HAD "NUTRO" OIL YOU HAVEN'T HAD THE BEST

FINANCE IN THE WILDERNESS

The Account of a Money Experiment
in Africa

By COUNT W. G. SERRA, in "New Democracy," New York.

The breakdown of European Singes in 1921 had forced me to suspend a business venture that had been started in that western part of German East Africa, which later became Tanganyika Territory. This enterprise had been financed with Belgian francs, which had depreciated to a staggering extent; on all sides I was urged to liquidate and return to Europe.

There was no doubt that, from a financial standpoint, I was "cleaned out," but at least I still had a concession and a chalk-bed which I had prospected, and I as determined not to admit failure.

At that time there was a certain amount of construction going on in Tanganyika and the Belgian Congo, and I felt sure that I could sell, at a profitable price, all the chalk I could produce. Labour was abundant in the mountain tribes, at two or three days marching distance, and the only perplexing question, apparently insoluble, was that of money. But with all the natural factors making for success it seemed inadmissible that I should give up because of the lack of something purely artificial; and I decided that, since there was no physical impossibility, any artificial barrier could surely be overcome by a different sort of artifice. The artificial barrier boiled down to a lack of bank credit, which I could turn into cash, or banknotes, and cheques. The problem then, was to replace "banking facilities" by some other device.

TYPEWRITTEN "BANKNOTES."

Now a banknote, at least at present, is nothing more than the written promise of the banker to pay in cash, on demand, the amount of money indicated on the note, and I suspected the local banks of being far from able to honour this sort of obligation. Thinking it over, it occurred to me that what the banks promised and promised in bad faith—any honest man could promise a fortiori. So I went out into the brush, sat down at my typewriter and made out a number of vouchers for 25 and 50 cents, and one, two, and five rupees. I hired workmen on the express condition that they would not claim their wages in cash until after sixty days of work, or, alternatively, that they would accept my vouchers, payable in cash at one month's term.

In the desert-like brush where I found myself I had to provide all food supplies for my men, so, when the natives of neighbouring tribes came to sell me their wares, I offered to pay them with similar vouchers redeemable in one month or exchangeable for cloth or other products. These natives had no difficulty in understanding the mechanism of exchange underlying my vouchers and, seeing that I was engaged in manufacturing a product for which I would necessarily receive an equivalent in money, they accepted my mode of payment.

For my own part, I debited my account by the sum of the vouchers that I dated, signed, and paid out, while I credited my account with all those that I redeemed either in cash or in goods, destroying them as I did so. In the meantime I manufactured and sold my chalk, was paid for it, and thus built up a reserve for myself, a stock of "money," the counterpart of the sum of my vouchers, plus my personal profit.

NATIVES PREFER TYPE-
WRITER CURRENCY.

This system, which I had expected to apply only temporarily, proved so satisfactory to the natives

that instead of presenting their vouchers to me to be redeemed, they "spent them," passed them along among themselves in the local markets, in part or full payment of their personal transactions. In the course of several trips that I made prospecting among these tribes, I came upon quantities of these vouchers going from hand to hand in the different markets. In fact, it took me six years to call in and redeem the last vouchers thus issued.

More than that, when the Bank Ordinance of 1924 was published, and—fearing that my vouchers might be considered "counterfeit money" and having no ambition to get acquainted with English gaols—I wished to redeem them in notes issued by the East African Currency Board, my natives flatly refused to accept the exchange.

"Master," they said, "we know you, and we know that you take back your vouchers whenever we wish, and that we receive their value in cash or in goods. But WHO made these bits of paper that you now want us to take in exchange for yours? We don't know these people, and we don't want their paper."

Indeed, the natives exchanged my vouchers for cash only when they had to pay a Government tax, or again when they wanted to buy cloth. I had a hard time making them understand that the East African Currency Board notes were the only legal vouchers, and I do believe that for a while my natives suspected me of wishing to cheat them, of trying to give them "monkey money." It was only in the course of time that they realised my good faith, when the notes of the East African Currency Board were accepted by the Territorial Administrators in payment of taxes.

MONEY ONLY
BOOKKEEPING

Out of all this, I observed that money is strictly a question of keeping accounts for material products exchanged, and that this bookkeeping takes the form of currency notes, solid ringing coins, and cheques—but usually credits of various kinds issued against the value of goods produced and offered for exchange; and I made a mental note of this experience.

The second notion that came to my mind was that the function of money is entirely independent of the substance of which it is made, and that thus, in view of the fact that the banking system as a whole could not possibly pretend to honour its obligations to pay in gold, the gold standard and the gold exchange standard must be a colossal fraud.

I was also struck by the fact that to the extent my natives could supply me with all I needed, and I could give them what they wanted, it was only a matter between us of accurate bookkeeping of everything produced by either party, to account for the value of things, whether goods or services provided by these natives, by my workmen, or myself. All we needed was ink, paper, and a hypothetical unit, devoid of real existence, which we agreed to call a "rupee."

There was not the slightest need for a bank, but only for a rational, automatic bookkeeping system, and a bookkeeper.

SERVICE VERSUS GAIN

In 1926, while on a prospecting trip covering some 400 miles in the Uha and Ushingo regions, small native sultanates to the north-east of Lake Tanganyika, I was able to observe transactions in the native markets. Although the legal tender was the East African shilling, the natives did not figure the value of their goods in shillings, but in

"vihika," measures of salt weighing about 20 pounds each. The "kihika" (vihika is the plural) was thus the current monetary unit. On several occasions I witnessed barter transactions, goats or sheep exchanged for flour or beans, where the value of the things exchanged was debated and expressed in vihika, without there being a single kihika in sight.

In one of the markets I watched a transaction where a native possessing one kihika of salt wished to buy a goat for which the price asked was two vihika. The owner of the kihika of salt, pressed by others to sell his product for goods he did not want, calculated that his kihika was worth two vihika, and since the demand was heavy because of the scarcity of salt, the goat-deal was settled by the exchange of the goat (value, two vihika) for all the salt in the one kihika. But no other transaction was in any way disturbed by this occurrence. Thus, in the minds of these natives, there was a

AUSTRALIA MUST
KEEP OUT.

At this very moment, when the financiers are again oozing their glib patriotism, soldiers who fought in the last war are being evicted from their holdings all over the country. These men were put on to these holdings after the war. The holdings were selected for them, but were not given to them. The soldiers had to buy them, putting in for a deposit their gratuities and whatever they had saved out of their war pay. They have struggled along on these holdings all these years. They have married, and they have bred young heroes to struggle along with them.

Now the financiers have decided that the holdings are uneconomic. Do you realise what this means? It means that the men were cheated when they were put on to them. Land fit for heroes! And what compensation is now being made to those who have sacrificed the best years of their lives in this way? They are being paid an average of £25 per family. A land fit for heroes!

a complete dissociation between substance and value. To be sure, the momentary scarcity of salt gave to these twenty pounds of salt a value estimated at twice the value of the monetary unit, but this was a casual incident of the market: the monetary unit remained the monetary unit, and the fact that the goat whose value had been estimated at two vihika was exchange for the salt estimated at one kihika was a purely private affair, having no bearing on transactions of goats versus other products. No one suffered by the absence of vihika; at the basis of the exchange only the idea of "service" predominated, not that of "gain."

MONEY NOT A MEASURE OF
VALUE

I could not help reflecting that with us "civilised" people, the happy owner of all the "money" available in this particular market would have been able to claim all the goods offered for sale that day. The example I had before me showed me clearly that money is not a measure of the value of things, and that the principle of money as a "measure of value" is a mistaken, perverted notion of the nature of money, resulting from our confusion of substance and value; or rather, from our lack of discrimination between the two concepts, which my natives, primitive as they were, had preserved intact. The experience of my vouchers together with these observations taught me that money is, in fact, purely a social mechanism which must adapt itself to the facts of production and consumption; a

system of "tickets," as Douglas calls it, whose function is not only to facilitate the production and distribution of goods and services, but also, and perhaps primarily, to supply the information indispensable in directing both production and distribution. In other words an administrative mechanism.

Another fact brought out by this experience had to do with the concept of value. Here was proof that value is not the quality that gives things their maximum of exchangeability, but that, if value is an attribute of things, it is a contingent attribute, not intrinsic in their substance, and that, if this attribute has a real, natural foundation in things themselves, we must look for it in the service, a thing can render to those who desire it.

FRAUD OF THE FINANCIAL
SYSTEM

I laid these observations away in my mind. And the ideas I received from them, no doubt "unorthodox" but consistent with the true nature of things, brought home to me the artificiality, the anomalies, the falsehood, the mirage, and the fraud of the financial system that governs our modern world. Later on, I supplemented these observations with new ones, which arose from the difficulties I had to grapple with as the result of an overdraft guaranteed by bonds whose value, in 1930-1931, fell by about 65 per cent.

Thanks to the experience I had gained in my various industrial and commercial enterprises, thanks to the observations I had gleaned and stored away, thanks also to an objective cast of mind which, when confronted with the proof that a theory is wrong, adopts the experimental method to discover the error, my first reading of Major Douglas's A + B Theorem crystallised at once all these notions, and from that very moment I was won to Social Credit.

A WAITING LIST FOR
ENGLISH LUNATIC
ASYLUMS

Economic Conditions Blamed

Will Mr. Menzies Please Note?

The *New Times* recently challenged the truth of statements made by our Federal Attorney-General in England that "the general impression in England was one of great prosperity," and that "the amount of recovery in Britain was phenomenal."

Almost on the day when Mr. Menzies was giving us this fine piece of propaganda the English press was publishing the following:

Mental hospitals in Durham County are so crowded that there is a waiting list of 400 mental defectives in need of care.

During 1934 there were 176 new cases and only 29 vacancies.

The position has become so bad that certain Public Assistance institutions

are to be partly converted into mental homes.

Councillor Alfred Tucker, J.P., a member of the County Health Committee, said that he blamed the economic conditions of Durham for the growth in mental cases.

"This continued depression and fighting on the part of the vast army of unemployed to make ends meet," he said, "often results in many of them being certified. The mind breaks under the terrible strain."

"Give Durham a chance in the coal industry, and I am convinced that, instead of being held up for room, we should have places to spare in our mental homes."

"I am hoping that before long there will be no need to keep moving these poor people around."

"We are launching a scheme for a colony for mental defectives at the village of School Aycliffe."

AN ITEM OF NEWS THAT
WENT WEST

Discussing the censorship in England of the American journal, *Time*, -allegedly for a paragraph about the interest of British Royalty in Grecian affairs that was considered unseemly, *Reynold's Illustrated News*, of September 1, adds: With the page containing the Royal story there also went West *Time's* forceful comment on the appointment of the new Viceroy of India, Lord Linlithgow.

"Possibly never before (says *Time*) has the King named a Viceroy so far in advance, the appointment not taking effect until next April."

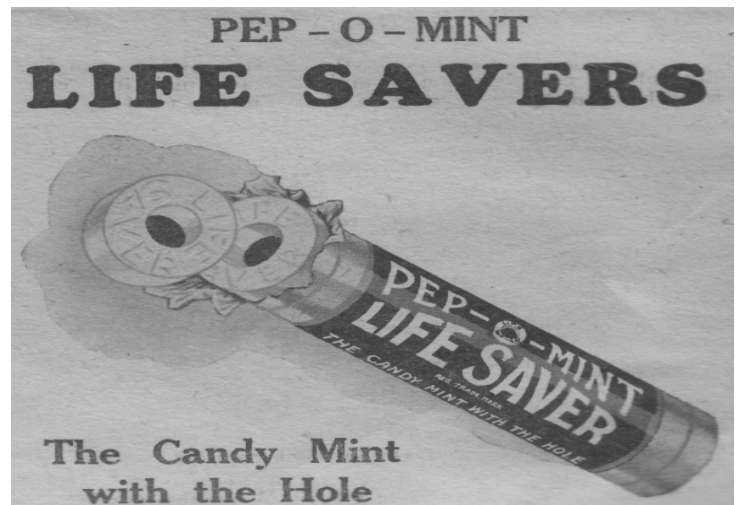
"By this stratagem English Prime Minister Stanley Baldwin, who may fight and lose a general election any time before October of next year, makes reasonably certain that the New Constitution for India just passed by the Mother of Parliaments will be applied by no Laborite or Socialist, but by a hard young graduate of Eton, from granite Edinburgh, a Director of the Bank of Scotland, a one-time Armoured Car Commander, a Capitalist, a Conservative of 47."

We Britons are very sensitive to foreign comment on things that matter—sensitive enough to suppress it.

MONTAGU NORMAN
PREPARES TO COUNTER-
ATTACK

Mr. Montagu Norman, Governor of the Bank of England, who crossed the Atlantic ostensibly for a holiday at Bar Harbour, Maine, has been in almost daily conference with Canadian and American bankers, discussing (so I understand) Alberta's new Social Credit Government. Legal injunctions and economic blockade are only two of the weapons that may be used against Mr. Aberhart.

— "Secret History of Today" column in "Reynold's Illustrated News," London, September 1.



LETTERS TO THE EDITOR

"NO SHORTAGE OF MONEY."

During a lunchtime discussion a man I know, who is regarded as particularly astute in business matters, laughed at the idea of the economic chaos of the world being due to financial causes. He contended that whatever brought about the depression, it was not shortage of money.

Returning to my office I picked up the "Age" (Oct. 9th), and in two minutes the following paragraphs came under my eye:—

"Queensland Budget: Estimated deficit.

"Metropolitan Board: Proposes special mission to London to convert loans.

"Farmers' Advances: Second reading of Bill passed in Victorian Parliament to provide for farmers in necessitous circumstances.

"State Taxation: Last year's rates re-enacted.

"Australia's Trade: Unfavourable balance of £2,783,000 for two months.

"G.U.O.O.F. Conference: Deficit balance £602. Insurance scheme suggested for unemployed members.

"Mechanisation of Mines in N.S.W.: Cheapening prices of coal.

"High Price of Sugar: Fruit growers protest at Doncaster.

"Excessive Taxation: Melbourne Chamber of Commerce preparing case in opposition to present to Prime Minister.

"Petrol Tax: Reduction sought.

"Italo-Abyssinian War: Italy financially unable to carry on long campaign."

No doubt the daily press is always like this. Everywhere we turn we see restriction and oppression of some kind or another. These astute businessmen have not awakened to the importance of getting the goods over from the producer to the consumer in increasing quantities. Increased turnover in goods will solve the depression. A million pounds' worth of goods may be half, or twice the quantity it was a few years ago. Our national income should be so many units of goods—not of money. To contract the quantity of goods so that it will fit into an arbitrarily fixed quantity of money is fatal, as we have seen. What we must do is to increase the quantity of money to equate with the increased quantity of goods. Such an action would not be inflationary.

"MERCHANT."

SALESMANSHIP AND CASH REGISTERS

A delightful little booklet issued by a Commercial Educational Society has been sent to me by a friend. It is one of many regular issues of the society, and the publishers draw attention to a list of lecturers

who address the society—evidently on commercial education. In the list appear such names as Professor Mills, of the Lyons Banking Commission; Mr. R. G. Menzies and Sir Arthur Robinson, of political fame; Professor Brigden, whose wisdom has so often been served up to us in the daily press, and a host of others with important looking letters such as A.I.A., A.C.I.S., M.L.C., Ph.D., and F.E.S. following their names. You will therefore forgive my feeling of pride at being elevated by my friend into this mental stratum.

The booklet contains two lectures—one on "Psychology" and the other on "Salesmanship." Being a salesman, I went straight to the lecture, which was delivered by Mr. N. P. McRae (who, for some reason, has no letters after his name). I read with pleasure that he is the sales agent of the National Cash Register Co. of Aust., Ltd., Brisbane. He should realise, I reasoned, the importance of salesmanship—more sales, more cash registers. I reckoned he would know the real reason why more sales don't take place.

Mr. McRae commenced by drawing a distinction between chain stores and department stores. In the chain stores, he explained, the assistant only requires to be courteous. The public virtually sells the goods to themselves. The goods are simply placed on view, so to speak, and nature takes its course. Salesmanship is not necessary here, so he makes no further reference to chain stores.

The department store, I gathered, differs from the chain store principally because it does not display all its goods, and a salesman is in attendance to increase the turnover. Whether or not the turnover is increased at the expense of a competing department store Mr. McRae does not explain, but I think his idea is to teach the salesman how to drive his competitor to the wall. Of course, the salesman of the competitor may also absorb Mr. McRae's teaching. What would happen then he does not tell us? There is also the danger of the general public acquiring knowledge of these sales methods, but the result is too involved to dwell upon. This reminds me of Professor Walter Murdoch's essay "On Being Sold" in his book, "Speaking Personally," in which he deals with a work on salesmanship by a Mr. Herbert N. Casson. Amongst other things this is what the learned professor says:—

"After reading Mr. Casson's bright, practical, commonsense book—you can read it in about an hour—the first idea that occurs to me is that I should like to invent a new science, to be called

Preventive Economics; I hope nobody else has got in ahead of me with that sounding title. Just as preventive medicine helps you to ward off disease—which is better than being cured of diseases which you need never have contracted—so preventive economics helps you to ward off the salesman, which is ever so much better than being saddled with the duty of paying for things you never needed but were persuaded to buy.

"Mr. Casson's book is intended as a textbook for salesmen; I prefer to regard it as a textbook of preventive economics, and I should like to hear of its being read by everybody. Mr. Casson imparts to the salesman a large number of very useful hints for getting the better of the reluctant buyer; but such hints can be kept in mind by others besides salesmen. They are useful to all of us; they tell us just how we are likely to be attacked and to what blandishments

AUSTRALIA MUST KEEP OUT.

Every promise made by the financiers who urged us into the last war has been broken in the most shameless fashion. All the financiers have done is to murder tens of thousands of our young men, to bring down their parents in sorrow to the grave, to load the country with a mountain of debt, to rivet the chains of slavery upon all of us.

If they want another war, let the directors of our banks and their creatures, the members of Cabinet and the daily newspaper editors go into the front line trenches. Let the Baillieux, the Robinsons, the Horderns, the Knoxes, the Mackinnons, the Symes, the Finks, the Lyonses, the Menzies, the Hugheses, the Pearces, and all their kith and kin go forth to battle—not as generals or officers, but as full privates in the front line. Let our knights go forth as knights went forth in days of old—before their men, not behind them. Let them put their patriotism to the acid test. When they have all gone, when they have all been shot, gassed, bombed and disemboweled, then it will be time for the rest of us to think about war. Meantime—

AUSTRALIA MUST KEEP OUT.

we are likely to succumb; and forewarned is forearmed."

Is it not high time for business people to wake up and realise that salesmanship and service are not even secondary considerations in the problem of commerce? Statistics compiled over a period by the British Board of Trade show that profits earned in business are balanced by losses made, so what is the use of perpetuating the scramble for the money in the pool when it is insufficient to buy the goods offered for sale? In other words, if we add up the incomes of the people for a year and then add up the selling prices of all the goods produced for sale, there is a shortage of money. The goods cannot be sold at prices, which will permit all the traders to stay in business. This, and not salesmanship, explains why some traders fail while others survive.

Mr. McRae in his lecture used many charts, one of which is entitled "Why customers buy", and he gave ten reasons, ranging from "Need" to "Keeping up with Jones." If he would prepare a chart on "Why customers don't buy", I think he would be able to crystallise practically all the reasons in one answer: "Insufficient income." And if he would teach the salesman to analyse the causes of the shortage in incomes instead of the customers'

THE LATEST FROM ALBERTA

SWEARING IN OF THE NEW MINISTRY

From the Vancouver "Weekly Province" of September 4:—

"It was the end of a long political trail for William Aberhart and the opening of a new one when he was sworn in as Premier of Alberta and Leader of the first Social Credit Government in the world.

"While several hundred people jammed the galleries of the Legislature Chambers here, Aberhart and his seven Cabinet colleagues took the oaths of office before Lieutenant-Governor Walsh. It was twelve days after the Social Crediters had swept the provincial elections, winning fifty-six seats on their platform of 25-dollar monthly dividends to every man and woman in Alberta.

"It was a very informal affair. Among the customary gloss missing from the ceremony were policemen, soldiers, morning coats, canes, high hats, women in evening gowns. Even the Lieutenant Governor, who once grubbed for gold in the Yukon, sported a gray suit and blue shirt. Scattered through the crowd were men in sweaters. Some advertised membership in the Alberta Social Credit League by little buttons. The crowd, the largest ever to attend an inauguration in Edmonton, was so big the ceremony had to be transferred from the Council room to the Legislative Chamber.

CABINET'S FIRST MEETING

"A few minutes after the ceremony the Cabinet held its first meeting, where financial matters were discussed. The new Government took office with a Treasury almost bare of money and pressing obligations to meet in the next six or seven months.

"Investigation of the Treasury's present position is being rushed through, and Aberhart plans to leave for Ottawa early next week to arrange a loan from Premier Bennett running from ten to fifteen million dollars.

"In the meantime, the full extent of the Social Credit sweep became known. A new party, formed less than three years ago, it won fifty-six seats out of sixty-three. United Farmers of Alberta, who formed the last administration, did not elect a candidate. Liberals won five seats, Conservatives two. Final figures were complete in all but one riding, Grouard, which was conceded to the Liberals.

"Two Social Credit members will resign to permit Aberhart and Minister of Mines Ross to take their seats. Although it was not settled definitely, it was expected Rev. William Morrison would resign Okotoks-High River in favour of Aberhart, and William Sharpe in Grande Prairie for Ross. Neither Cabinet Minister is expected to be opposed in by-elections.

15 MILLION DOLLAR LOAN NEEDED.

"Aberhart said today he expected an interim report on finances in two or three days, although it would be three weeks before an audited report would be completed. He took office with the prospect of facing 16 million dollars in obligations before the fiscal year ends next March. This was exclusive of 18 millions already owing to the Dominion and 3,800,000 in demand savings certificates, redemption of which was suspended some days ago by the Reid administration as a result of a run by depositors.

"Before March 31, Aberhart must face bond maturities of 5,200,000 dollars; interest charges of about 2,800,000, and the provincial share of relief, heretofore capitalised,

peculiarities he would be performing a much more valuable service to the community. We expect a man with a name like McRae to delve into these things.

"HEBREW PIANO."

1,215,000. In addition, bank loans have been estimated at 5,700,000, which brings the total obligations to 14,915,000 dollars.

"These figures are estimates, and only time will tell the exact position of the treasury. Not until he has an interim report will Aberhart know how much money he must secure from Ottawa. In the meantime, he has the promise of Premier Bennett to give him every assistance."

THE ABERHART CABINET

The members of the Aberhart Cabinet, every one of whom is new to politics, are:—

President of the Council and Minister of Education, William Aberhart, Calgary.

Attorney General, John W. Hugill, Calgary.

Minister of Agriculture, Trade and Industry, William N. Chant, Camrose.

Minister of Lands and Mines, C. C. Ross, Calgary.

Minister of Public Works, Railways and Telephones, W. A. Fallow, Vermilion.

Minister of Health, Dr W. W. Cross, Hanna.

Provincial Treasurer and Minister of Municipal Affairs, Charles Cockroft, Gadsby.

Provincial Secretary, E. C. Manning, Calgary.

TWO WOMEN MEMBERS OF SOCIAL CREDIT PARTY

The victorious Aberhart party includes two women. One of these, Mrs. W. W. Rogers, a former schoolteacher and bank clerk defeated ex-Premier Brownlee in Sonoka.

The other is Mrs. Edith Gostick, cashier in a large Calgary department store. For four years Mrs. Gostick has supported an invalid husband and two children. Her husband, who served overseas in the Canadian Engineers, and whose health was shattered, will never work again. Her two boys have not reached an age where they can shoulder financial support of the family. During the war Mrs. Gostick, who was born in Wales, served in the London office of the Australian Pay Corps, while her husband was at the front. She has lived in Alberta for twenty-five years in all.

League of Democrats**WEEKLY CAMPAIGN NOTES**

To co-ordinate the work of the Electoral Campaign in the districts of Henty, Balaclava and Fawcner, a meeting will be held in the Douglas Rooms on Wednesday, October 16, at 8 p.m. All residents in those districts who intend to help in the Campaign are invited to attend.

A successful meeting was held at Berwick on October 3, when a branch was formed. The secretary is Mr. E. S. Jones, of Gibb St., Berwick. Arrangements are being made for a public address at an early date.

There will be no Speakers' Class until further notice.

Politicians are the recognised instruments of doing all that is done socially in organised communities. It is known how Poverty may be abolished—all that lacks is the order to get it done. The Electors' Demand and Pledge issues this order, and is the duty and privilege of reformers to see that this pledge is put into the hands of every elector within the shortest possible space of time. Beside this one urgent task all others are of less importance for the time being and it is essential that everyone who desires reform shall examine his present course and determine whether he cannot do more to assist in organising that mass demand which alone will become an effective order to Parliament.

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