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THE NEWTIMES

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Those Drunken Pensioners And Mr. Cerutti's Cure-All

While there have been many comments during the past week on, the hard things said by Mr. Cerutti, the Federal Auditor-General, in his parting shot before retirement, it is rather surprising how little attention has been drawn to the real issues involved. Annoyance has been expressed by Mr. Casey at references to the Treasury methods of accounting, and indignation has been voiced by the Labor party at slighting references to pensioners, but one hears hardly a word of protest against Mr. Cerutti's attack upon our national standards of living.

Insofar as Treasurers and national trust funds, so called, are concerned, the answer to the Auditor-General may well be left to the officials concerned. Whatever be done in the affair does not matter overmuch to the public, for little more is at stake than how statements of taxation shall be presented or window-dressed from year to year in order to whitewash one political party or to blackguard another. And as, on the one hand, there is no question of lessening the impost on taxpayers, while on the other, all political parties are now pretty thoroughly discredited with most of the same taxpayers, it does not seem to be really important how much mud slinging takes place between Mr. Casey and Mr. Cerutti.

With the pensioners it is rather different, for here a far more vital matter is raised.

On the personal side Mr. Cerutti, in effect, charges many of these with being thriftless, shiftless people, who, after lives of drunken squandering, attach themselves in their dishonourable old age to sober citizens like himself, dragging out of him in taxation for their upkeep an altogether unfair share of his £1500 long service leave allowance and of his own permanent pension.

This prompts us to ask Mr. Cerutti two questions:—

1. Has he any first-hand knowledge of the actual preliminaries to obtaining an old-age pension? Of the soul-searching, utterly humiliating questionnaires that must be answered to the satisfaction of the pensions department? Of the brutal personal interviews which applicants must undergo and from which they emerge feeling as though they were criminals? (We are not putting this forward by way of reproach to the departmental officers concerned, many of whom doubtless hate the whole disgusting business as much as do their victims.) If Mr. Cerutti has not had actual experience of this process we invite him to make himself familiar with it. And we honestly believe that, as a fair minded man, he would then incline to agree with us that anyone who can get away with a

pension under such circumstances is almost deserving of one.

2. With regard to these old-age pensioners, would it not be fair to assume that most of them in their time have been actual producers of wealth, that they come mainly from that section of our people who spend most of their lives in industrial production? If this be so, then great numbers of them, from the nature of their callings—as in the building, seasonal occupation, or casual workers' trades—get little or no holidays on full pay, and certainly no long-service leave. Mr. Cerutti, on the other hand, in the whole of his life as a civil servant, paid from the same taxation sources as pensioners are paid from, has never produced a shilling's worth of real wealth. He has been concerned only in the bookkeeping side of redistributing the wealth produced by these and similar people. How, then, while blaming them, will he justify his drawing of £1500 as a bookkeeper's long-service leave—a sum which, apart from that portion of his own pension which may not represent his personal contributions, is probably three or four times as much as the sum total of the average pensioner's life time drawings from the same fund?

COMPULSORY INSURANCE.

These questions are only by the way; admittedly *tu quoque* is not a sound argument. So let us get to the kernel of the affair. Mr. Cerutti's case is that the pensioners, or many of them, have no claim on the community. Drunk or sober, thriftless or thrifty, it is their duty to provide for their own old age. And so the Auditor-General proposes that they be compelled to make this provision by a life-long scheme of contributory insurance, by the establishment of a national pensions, fund to which every worker must subscribe weekly.

This is a definite proposal, and it is a calamitous reflection on Mr. Cerutti's intelligence, as well as on that of the community at large, that silly schemes of this nature should be so thoughtlessly put forward and so easily accepted for discussion without the slightest attempt to figure how they would work out, the more so as facts are readily available to show how non-sensical are all such plans.

On this page last week we dealt with the average wages paid in Australia since 1901. A little further investigation of these figures will show just where Mr. Cerutti's proposals would land us.

THE WAGE STANDARD.

For many years past the average Australian wage has been arrived at after very exhaustive inquiries, embracing no less than 3948 different occupations, city and country. This average wage is shown to be slightly higher than the basic wage, with which it must not be confused. Taking the year 1911 as a base, and calling the commodity value of the average wage of that year—actually, £2/11/3—1000, what do we find? From 1907, when the first basic wage was declared, to 1933 (the last period available in the current Year Book), the average adult male wage paid in Australia, allowing for unemployment, had a purchasing value of 963, or less than what could be bought with the 1911 wage of 1000.

This average wage over the whole period had a little less buying power than that of the wage (986) of 1907, when the nominal average wage was three or four shillings higher than the minimum basic wage. That basic wage was determined on the following calculations: Food, £1/5/5; rent, 7/-; all other expenditure, 9/7.

So Mr. Cerutti's scheme for the wage earners of Australia is that they be compelled each week to

put something aside from earnings which for 27 years have been below the scale just outlined, and which the Royal Commission of 1920—whose findings were ignored—declared should be raised nearly 50 per cent. to enable the workers to live even in ordinary decency, without their being able to save a penny.

WHAT THE CENSUS SHOWED.

Leaving aside index figures, just contemplate the financial position of Australia's entire population as revealed by the census of 1933. Here are the Statistician's figures of the incomes then being enjoyed by the inhabitants of our Commonwealth:—

Incomes.	Persons.
No income	3,648,037
Under £1 per week	1,012,514
£1 and under £2	617,167
£2 and under £3	393,099
£3 and under £4	314,755
£4 and under £5	244,605
£5 and over	340,492
Not stated	59,170
	<hr/>
	6,629,839

With only 340,000 people in the whole of Australia drawing £5 a week or over, where in the name of Heaven is Mr. Cerutti going to find those who can afford to establish an insurance fund for their old age? Is he not aware that the vast majority of those who endeavour to put by even a few pounds into an insurance policy to bury themselves are sooner or later forced by poverty to abandon and forfeit everything they have paid? And, so far from wondering at the rapid increase in the numbers of those applying for old-age pensions, do not the incomes of Australians make it remarkable that the pension list has not doubled long ago?

EFFECTS OF INSURANCE.

But let us assume that a compulsory insurance scheme were in vogue. What would be its effect?

The first thing to note is that it could not possibly do anything to improve business, or the people's welfare. National insurance is a tax. A tax on higher incomes, in so far as it takes money from those who would not spend it on goods immediately and distributes it to those who will, may give business quite a fillip. But a tax imposed on those who ordinarily spend their whole income as soon as they receive it will not enable any more goods to be sold. At most it will merely give a stimulus to certain trades at the expense of others. And the trades to benefit will mainly be those dealing in urgent primary necessities and those producing either shoddy or cut price lines coming from sweated labour. The wage tax is a case in point. It has probably assisted the half-crown stores, the £2 tailors and various types of "star bargain" selling, but not ordinary business.

Compulsory insurance would be worse, for the proceeds of wage taxes go back into the buying pool at once, which would not happen with the insurance fund. And it might be noted here that even Mr. Cerutti's hypothetical or mythical drunkards, though they may be interfering sadly with their own physical and moral fitness, are not, in terms of sheer economics, doing as much harm in the community as they would do if they saved their "money. For as all incomes which arise directly or indirectly from production must be reflected by at least equivalent price tags on goods, the man who spends his money, even on beer, is of far more assistance to farmers, brewery employees, carters, printers, the bottle and cooper trades, and a whole host of other people than the man who saves his money and so leaves producers lamenting. The same argument applies to the spending of money on lipsticks or lollies.

THE INVESTMENT OF INSURANCE FUNDS.

Insurance without an insurance fund, or reserve to meet claims, is meaningless. And what is this fund but a form of saving, of unspent money, and so of unsold goods? We

His Excellency The Rt. Hon. Sir Isaac Alfred Isaacs, P.C., G.C.M.G., Governor-General of Australia.

Your Excellency,

You are reported, when addressing the Australian Journalists' Association in Sydney on Tuesday, to have passed some highly eulogistic remarks about the Australian press. The occasion naturally called for the saying of nice things, but was it necessary for you to state that the press of Australia is "the powerful protector of individual rights"? The press should be such, we agree, but if your Excellency looks a little more closely into the ownership and the direction of Australia's most powerful newspapers we are sadly afraid you will find them to be very closely identified with the banking-industrial monopolies which are the bitterest enemies to every human right of the Australian people.

As a current example of the views of the press, may, we refer you to certain ideas expressed by the Melbourne "Argus" on Wednesday, and which we reproduce on page 4 of this issue? Similar views have time and again been put forward by nearly every great metropolitan daily in Australia.

When, we would ask your Excellency, has the powerful Australian press ever led the way in the fight for humanity, for decency, or for reform? Quoting the old saying, "Let me write the people's songs and I care not who may make their laws",

you paraphrase it, "Let me print the people's newspapers and it matters little who occupy the seats of power." We suggest to you that those who occupy the seats of power here and abroad are now also responsible for the people's newspapers, for their songs, and for that other weapon over the people's minds, their moving pictures.

We can well imagine that your audience, or that part of it composed of real journalists, must have laughed (or groaned) in its heart upon hearing your sentiments. Were you to assemble all the journalists of Australia who write for the powerful Australian press, and were you to ask those to stand who, in your own words, "with irrepressible determination, search out the true facts of life and place them before the public"—were you to do this, your Excellency, we fear you would need also to instruct the band, as you did once before, to play "God Save the King" right through before you would find many on their feet.

Australian journalists writing for the powerful Australian press simply dare not try to tell the truth. Your audience might have assured you that odd ones who have tried it are no longer journalists.

Your Excellency would have been on safer ground had you praised the irrepressible way in which our journalists describe races and murders, or the discreet way in which they condense reports of suicides caused by destitution.

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all know what happens to insurance funds. They are kept intact until they mount up to considerable figures. Then they are invested, very largely in governmental bonds. An example of this is the announcement some days ago that the A.M.P. Society proposes to take up £500,000 in the forthcoming national loan. A similar course would doubtless be followed in the case we are discussing. Australian insurance companies' investments in national and municipal securities are already in the vicinity of £100 millions.

Consider the ridiculous position we now arrive at. Money is put aside to provide for old age. In consequence, goods are heaped up, lessening prosperity (and the number of those who can pay taxes) and increasing destitution through the resulting unemployment. More people are thrown back on the government. To keep them from starvation the government, which can never raise sufficient revenue through taxation, has recourse once again to the loan market. The saved money is then restored as purchasing power through an increase in the national debt. The national debt bears interest, which in turn requires more taxation, leaving still less of its revenue available to the government, and so necessitating ever fresh doses of national debt, of interest and of taxation.

A DEFLATIONARY TAX.

The Auditor-General complains bitterly of taxation, which he very rightly indicates is already near breaking point. He then proposes, in order to relieve general taxation, a special taxation scheme which is definitely deflationary—since it withdraws money without a corresponding withdrawal of goods—leading in turn to a still further increase in general taxation in order merely to bring us back to here we were at first. The Auditor-General has access to all the Commonwealth books. For ears he has had the opportunity of examining every detail of our financial transactions. And what are his conclusions?

On one side he sees a nation, passing rich in real wealth, yet bowed down

NERO FIDDLER

By D. IZZIE.

Nero, Emperor of Rome, is remembered by ordinary people because it is said that he fiddled while Rome burned. It is probable that any action Nero could have taken would not have extinguished the blaze or even lessened it, in which case fiddling would be as good an occupation as anything else for a man in a safe spot. Nevertheless, he has achieved fame, of a certain kind, for this one act. The only other Roman Emperor that the man in the street is familiar with is Caesar. Caesar's fame rests on his military rather than on his literary exploits, and so it seems that making war or fiddling about are the surest means of engraving one's name on the pages of history. Of course, this applies only to leaders. The nonentity who fights the wars and the nonentity who makes a fool of himself in private remains unknown, but let the rulers do these things and they are remembered forever.

From this it seems certain that our present rulers are heading for

beneath an intolerable yoke of financial debt and taxation. On the other, an ever increasing number of its citizens, who were never permitted to move more than a pace or two ahead of destitution, are being overtaken by its horrors when advancing years compel their steps to falter. "And, like a child astray in his forest of statistics, he proposes to lift this burden of debt and destitution by increasing taxation on the poor.

Has Mr. Cerutti, one wonders, ever given an hour's thought to the possibility of improving our national position by giving an income to the poor? Apparently not. For that would imply inquiring into the nature and origin of money. Such an inquiry may be all right for an untutored crank. But not for the nation's Auditor-General; not for a Companion of St. Michael and St. George. Anything but that.

immortality—dictators for their wars, the hidden rulers of finance for their callousness, and politicians for tinkering about with trivialities whilst the big job is kept ignored in the background.

A FUTILE LEAGUE.

The League of Nations was formed with the object of preventing war. It is credited with having prevented numerous wars, but when a nation shows itself determined to fight the League is powerless. Its successes, therefore, appear to be with quarrels which never would have become war. In its minor spheres, such as drug control and slave traffic, it has achieved some measure of success, but it has never tackled the big job. Instead of trying to make peace possible by removing the cause of war it muddles about with sanctions when war comes. Instead of finding the cause of poverty in a world of plenty it fusses around and appoints a committee to inquire whether hungry men could eat more food.

As with the League, so with the nations individually. Our Senate and House of Representatives are hot and bothered about sanctions. In addition to party clashes there are differences within the parties as to the efficacy and outcome of them. The underlying idea seems to be that, whatever happens, we must be on the side of the majority, the reason being the pious hope that if we are all in together we'll be safe.

In Victoria one of our legislative Houses learnedly and heatedly debates whether margarine should be coloured pink, yellow, or left white—yet we laugh at the old ecclesiastics who debated the number of angels that could stand on a pin's point. At the same time the other House, in the same manner, debates the Debts Adjustment Bill and wonders whether 30, 50 or 60 per cent. of the creditors should be sufficient to give a farmer permission to live.

WHAT WILL PROSPERITY SAY?

Nero fiddled and has been calumniated by generations since, even though he was powerless to save Rome. What will posterity say of these modern Neros who fuss and muddle over non-essentials, who meddle with and magnify trifles whilst the objects of their apparent concern perish by poison gas and privation, from loaded guns and empty bellies? What will posterity think when they know that all the time these same people had the means of salvation within their reach?

What is the use of adjusting a farmer's debts when the financial system, founded on debt, will ensure that he returns to his present position in a very few years? What does it matter whether margarine is pink, blue, or green to the person who is too poor to buy it? Will colour make it more nourishing or easier to get? In a country which exports large quantities of butter and could produce much more should margarine be a staple article of diet?

What is the object of trying to coerce a nation into a peaceful frame of mind when war is the natural outcome of our present system? Does an unfriendly act make a nation feel peaceful? Can passive force keep active resistance in check forever? Are international friendship and peace possible in an atmosphere of trade rivalry, armament races, intrigue, suspicion and distrust?

THE POWER OF PARLIAMENT.

The power to abolish poverty and to end war is possessed by our parliaments. By taking control of our monetary system from private bankers and vesting it in the nation, by changing the system from one of

debt to one of credit and enabling the people of a country to buy and use what they produce, they can give each individual economic security and make international peace possible. Instead of adjusting farmers' debts, they could institute a system whereby the farmer could be adequately paid for his products. Instead of arguing about the colour of margarine, they could make it possible for Australians to eat the butter which we export and to drink the milk which we waste. Instead of despairing about unemployment, they could change it to paid leisure by means of National Dividends. In short, they could enable us to take advantage of those benefits which science, nature and the work of previous generations have conferred on us. In this land of plenty poverty is an anachronism and in this age of power production human labour is becoming redundant.

This our Australian politicians could do for Australia without the help of the rest of the world. If and when other politicians do the same for their countries then the League of Nations will achieve peace. Trade rivalry and the struggle for markets would be replaced by reasoned exchange of surpluses. The League would be the instrument by which this and other international problems could be harmoniously settled in an atmosphere of confidence and willing co-operation.

Nero fiddled—what of our rulers? Do we want them to be execrated by future generations as the puppet hirelings of the money monopoly or do we want them to be gratefully remembered as patriots who instituted the new age of peace, leisure, and happiness? Left to themselves they will, with a few exceptions, be the former, but we as electors can force them to play the bigger part if we demand that they abolish poverty.

THE NEXT FIVE YEARS IN CANADA

WILL RADICAL LIBERALS AND SOCIAL CREDITERS JOIN FORCES?

Discussing the results of the Canadian elections and the probable future trend of events, the *Manchester Guardian* of October 18 features the following article by one of its correspondents recently returned from Canada:—

"The leaders must at the moment be weary men, for a Canadian election is primarily an endurance contest. Electioneering does not see Mr. King at his best. He is a rapid, easy speaker, but by no means a born orator. Too often he seems on the defensive before a crowd. Though in conversation he is witty, his public appearances are sedate. It is in the details of administration and as a mediator that his genius lies. Before the war he often acted as Government intermediary in industrial disputes. In the next few months he will need all his talent for conciliation for his team is not an easy one to drive.

DISCORDANT ELEMENTS

"When one party combines the discontented farmers of the West and the progressive young Liberals of Ontario whose leader is the dynamic Mitchell Hepburn, an avowed enemy of the banks, with the highly reactionary French Canadians, and to these diverse elements is added, as it clearly has been in this election, the business vote scared away from Conservatism by Mr. Bennett's radio offensive on capitalism, a common denominator is hard to find. It is one of the anomalies of Canadian politics that an active Nonconformist should have the backing of the Roman Catholic hierarchy of Quebec. Mr. King's recapture of that traditionally Liberal stronghold is almost entirely due to Premier

Taschereau's well-oiled political machine.

"Mr. Bennett has paid the price of his extravagant promises in 1930 and his dictatorial behaviour in Parliament. He is a wealthy man, and though he has never flaunted his wealth it has helped to make him unpopular, especially among the million and a quarter people on relief. He suffered some indignities at the hands of his agents. They told him the posters which read 'Vote Bennett' were a liability. So the name 'Bennett' was crossed out and the word 'Conservative' pasted below. I saw hundreds of such alterations.

THE RECONSTRUCTIONISTS.

"Though unpopularity may break a man in Canada, popularity alone cannot make one. Otherwise Mr. H. H. Stevens would not be the only member of his Reconstruction party to be returned. This Conservative rebel has been a lone fighter all his life. He came out to Canada as a boy immigrant from Bristol, and was many things, including a railway brakesman and a marine in the United States navy, before he entered politics. The retailers love him for his crusade against the chain stores, but their clubs formed hastily in his support were no match for the deep-rooted organisations of the older parties. However dismal his own failure, his insurgence served its purpose. It forced the older parties to recognise the genuine grievances behind his propaganda and to incorporate in their programmes promises, at any rate, that they would see fair dealing in industry.

"The gentle and altruistic Mr. Woodsworth, whose neat 'imperial' gives him an aristocratic air quite unsuitable for an enemy of capitalism, is a bachelor of divinity, and used to preach for the Methodists to whom Mr. Bennett also belongs. Though everybody who knows him likes him—except the Roman Catholics, who placed his candidates under a kind of interdict—most mistrust his particular brand of Socialism, which grows pinker as it comes East from the prairies where, until the rise of Mr. Aberhart, his main strength lay.

EVERYONE TALKING SOCIAL CREDIT.

"Of Mr. Aberhart and Social Credit everyone in Canada is talking. The Dean of Canterbury was having a highly successful tour while I was out there, in which, though the number of his converts was problematical, he made many friends in unconventional quarters, just as easily as when Dean of Manchester he went 'backstage' to hobnob with pantomime players. Mr. Aberhart himself must be highly pleased at sending nearly a score of members to Ottawa. What they will do there is doubtful. But as Mr. King has declared a benevolent neutrality towards Social Credit they may line up with the Liberals. Mr. Aberhart has the fullest and roundest voice among Canadian politicians. His enemies call it unctuous.

"The future would seem to lie with the radical elements in the Liberal party, which may attract to itself these new reformers."

BOOKS ON MONETARY REFORM

Why Poverty in the Midst of Plenty? By the Dean of Canterbury	8d.
ABC of Social Credit. By C. Barclay Smith	7d.
Dividends for All By C. Barclay Smith	7d.
Tell Me the Story Simply. By Will T. Duggan	7d.
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THE BLIGHT OF OUR EMPIRE

By BRUCE H. BROWN.
(By arrangement with the "Castlemaine Mail.")

Just before the last Federal elections a gentleman using the nom-de-plume "Banker," and writing behalf of "the Victorian Council for the maintenance of Sound Monetary Conditions," an organisation which had been brought into existence to defend the money monopolists during the period of the election campaign, took me sharply to task for "vilifying" the Bank of England. Here are the words he used:—

"When Mr. Brown carries his criticism to the extent of vilifying the Bank of England I think decent thinking people will have got his motives. This Bank has the admiration of the world, and is looked upon as being analogous with all that is secure and sound. Mr. Brown has the doubtful honour of being one of the first persons who has ever found fault with its policy, which centuries have proved to be one of the foundations of the greatest empire the world has known."

Now this charge of vilification arose out of an earlier statement by "Banker" that "the Bank of England, generally considered to be the bank which is most perfectly carrying out Central Bank functions in the interests of both the government and the people, is entirely privately-owned." My reply to that was as follows:—

It is privately-owned, but the general idea that it functions in the interests of the Government and the people is entirely fallacious. It is a private-owned Mint, manufacturing, not only all the legal tender notes, but also most of the credit money of Great Britain. This private bank has been endowed (for what reason goodness only knows) with the Empire monopoly of creating, as its own property, buying power and loan power as it sees fit. A principle laid down by the Bank Charter Act of 1844 is that in all its dealings with the public the Bank of England is to carry on its transactions with reference to its own-interests alone, and not with any view to the public advantage."

It sounds incredible, but it is true: and the recital of those astonishing facts is what hired apologists for the system which is murdering humanity have called "vilifying."

Up to 1931, I, too, regarded the Bank of England with admiration, but the spectacle of the Australian people getting less and less money when they were producing more and more wealth prompted deeper inquiries, and I soon found that my admiration was based on ignorance—ignorance which was largely the result of gross misrepresentation by the press and our public men. That misrepresentation is still going on, but fortunately the people are not accepting it with such readiness as was previously the case. Instead of admiration, an examination of the facts engenders the feeling that the Bank of England is actually a blight on the British Empire. That is a strong-thing to say and is not said idly.

WHAT HAPPENED IN 1914.

It is not generally known that on the outbreak of war in 1914 this bank, which Mr. Stanley S. Addison "looks upon as being analogous with all that is secure and sound," was actually forced to close its doors through the sheer impossibility of operating its supposedly wonderful system in the face of the great emergency. Within 24 hours of the declaration of hostilities the demand for gold was so pressing that this great "Mother Bank," as the late Sir Robert Gibson so affectionately called it, suspended operations and rushed to the Government for protection and assistance. The British Government immediately passed the Currency and Bank Notes Act of 1914, authorising the issue of Bank of England notes in excess of the limits fixed by law to such an extent as might temporarily be authorized by the treasury.

Although the action just related

had saved the private banking system, the financiers smarted under the loss of power, and did everything they dared to regain that power. They realised, as their predecessors of 1877 had realised, that when money is controlled by the nation there is no difficulty in financing the people's needs. This is why the American Bankers' Association issued the following circular to its members in 1877:—"It is advisable to do all in your power to sustain such newspapers, especially in the agricultural and religious press, as will oppose the issue of greenback paper money, and that you also withhold patronage of favours from all applicants who are not willing to oppose the Government issue of money. Let the Government issue the coin, and the banks issue the paper money of the country, for then we can better protect each other. To . . . restore to circulation the Government issue of money, will be to provide the people with money and therefore seriously affect your individual profits as bankers and lenders."

THE BANK AND THE PEOPLE'S GOVERNMENT.

More than once Lloyd George was warned by the *Financial Times* to cease his interference with credit policy, as otherwise he would be held up for finance by the stoppage of the "Ways and Means" advances which are controlled by the Bank of England. It is also on public record that at one stage of the war the Council of the Bank of England (consisting largely of foreigners) informed the Prime Minister that no further financial accommodation would be made available, and that the Prime Minister, much to his credit, replied "If the money required is not produced within three hours a new board will be in control of the bank tomorrow morning." Needless to say, there was no need on that account to change the Bank Board, and the war went on.

Immediately the war terminated the bankers pressed for the appointment of a Committee with the object of getting back to the gold standard and thus restoring to them the control of the nation. The result of this was the setting up of the "Cunliffe Currency Committee," consisting of specially selected representatives of High Finance.

"ACCORDING TO PLAN."

The chairman was the Governor of the Bank of England, and the committee solemnly recommended a return to the Gold Standard "according to plan." We are not told what plan or who prepared it. It was unthinkable, you see, to continue a system which admitted of the expansion of credit without the aid of the international financiers. For these men to be shown that they could be done without was the hardest blow of all.

Following this, the next step "according to plan" was a conference of international bankers at Brussels in 1920, and, notwithstanding the solemn warning of Professor Cassel that such a course would lead to world-wide distress, the conference callously decided to press the Governments of all countries to return, to the gold standard. Montagu Norman's appointment as Governor of the Bank of England dates from the same year and synchronises with this bankers' decision, which meant that nations were to be forced to pay back in gold the enormous war debts which had been contracted in paper.

INTERNATIONAL CONNECTIONS.

In the last two articles, dealing with Professor Giblin's regrettable appointment to the Commonwealth Bank Board, we have shown the close connection between the American banking system, and the British banking system through Paul Warburg, of New York, and Montagu Norman, of London (formerly of New York also). We also showed how our own Commonwealth Bank is closely

allied to the Bank of England and how the policy of the Australian banks generally is directed from the same centre and serves the same interests as the policy of the Bank of England.

Apart from the direct connection between the Commonwealth Bank and the Bank of England deliberately arranged by Mr. Stanley Melbourne Bruce, who has been referred to as "one of Australia's greatest sons," some of the directors of the Bank of England are also directors of the Australian trading banks. In the same way, some of the directors of the Australian banks are directors of the British banks. Moreover, many of the directors of the leading financial institutions in the Commonwealth may also be found on the directorates of the Australian banks, and this applies to financial institutions and banks in England as well. We quote one of many illustrations, as follows:—

Kenneth Goschen is a director of the Bank of Australasia, and, besides being a director of the Bank of England, and a partner in the foreign banking firm of Goschen and Cunliffe, he belongs to a family which has direct representation on the following additional financial institutions:—Westminster Bank, Ottoman Bank, Atlas Assurance Company, Chartered Bank of India and China, National Provincial Bank, Mexican Railway Company, London Assurance Company, Assam Tea Company, Anglo-Celtic Trust, Provincial Bank of Ireland, Sun Life Assurance Society and Union Discount Company.

THE CONTROLLING INTERESTS.

To give some idea of the actual interests which control this "secure and sound Mother Bank," it is necessary to name some of the directors and to quote their financial connections. In addition to the Goschens there are:—

E. C. Grenfell: Senior partner in Morgan, Grenfell and Co., affiliated with J. Pierpont Morgan and Co., who are the agents of the U.S. Treasury and the British Government. (Pierpont Morgan was also personally called upon by our very own Archdale Parkhill during his recent world tour at public expense).

G. M. Booth is connected with interlocking directorates controlled from the United States and operating, as Australia's trade competitors in South America.

Lord Cullen is another director in many South American companies.

C. J. Hambro represents the huge interests of Hambro's Bank in Norway, Sweden and Germany.

Sir Robert Kindersley is associated with the international banking firm of Lazardes. (This is the gentleman who so greatly impressed Mr. R. G. Menzies).

E. R. Peacock represents Baring Bros., who are closely connected with Anglo-Australian finance.

F. C. Tiarks belongs to the great German banking firm of Schroeders, and also to the Anglo-Persian Oil Co.

This little list shows that the international financial houses of Schroeder, Hambro, Pierpont Morgan, Lazardes, Baring and Morgan, Grenfell have their representatives not only on the directorate of the Bank of England, but actually on its inner controlling court.

Is it any wonder, that Ramsay MacDonald, early in 1931, before he came so much under the spell of Montagu Norman, expressed himself in these strong terms:

"A few financiers in New York, in London, or in Paris, pursuing their own ends, and looking after their own fortunes, are able to destroy the fruits of good harvests and the productive accomplishments of human energy." (To be continued.)

ARMAMENT FIRMS AND SANCTIONS

What Is the Position of Vickers-Armstrongs?

The announcement that British armament shares are again soaring since the return of the so-called National Government in England, combined with recent disclosures and suspicions regarding the enforcement (or non-enforcement) of sanctions that would be inconvenient for certain powerful interests, gives emphasis at this particular time to certain proceedings at the last annual general meeting of Vickers-Armstrongs, the great armament firm.

At this meeting one shareholder referred to the private letters read out at the American Senate Inquiry. She was Mrs. G. E. C. Catlin, better known as Miss Vera Brittain, the novelist. Mrs. Catlin said she thought it would be to the benefit of all if these letters could be published in full in order to dispel suspicions in the United States. Thus, she said, it had been stated at the American Inquiry that on July 30, 1932, Commander Sir Charles W. Craven, R.N., Managing Director of Works and Shipyards of Vickers-Armstrongs, wrote to the President of the American Electric Boat Company: "May I suggest that even in code it is better not to mention any name of ships as I am afraid that such telegrams might get into the hands of our clients and it would be awkward if they asked me about our agreement with you."

"PLEASE EXPLAIN."

Americans put it to her, Mrs. Catlin went on, that Vickers had been giving information to the American Government which they did not want our Government to know about. "What," she asked the Chairman, "is the fair interpretation of this?"

The Chairman replied that he could not "at this stage tell what really happened between Sir Charles and the Electric Boat Company."

Several interesting questions were asked by Major J. E. Marston, another shareholder. In the first place, he asked for "a categorical denial of the insinuations which have been freely made that Vickers are responsible for inaugurating and prolonging the Chaco War." He asked because "it was clearly stated in the American Senate Inquiry that one Luis Aubry was Vicker's agent in South America. Further it was clearly proved from his letters to his other employers—the Electric Boat Company—that he attempted to influence the Peruvian Government in most reprehensible fashion and in general went about stirring up trouble in South America. The shareholders have a right to know." Major Marston continued, "that Aubry is no longer an agent of the company." There was no answer.

AND MORE "NO ANSWER."

Major Marston also asked what was Vickers' interest "by agreement or by capital participation" in foreign arms firms. No answer.

In reply to a further question, the chairman explained that Vickers' Spanish Factory, the Placenda de las Armas Company, "merely manufactures for the Spanish Government."

Major Marston: "Would it not be possible for the company to avoid an arms embargo imposed by

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England by having prohibited arms manufactured in Vickers' factory in Spain?" No answer.

"What interest, if any, have Vickers in the Italian Terni works, in the Polish Societe Polonoise de Materiel de Guerre, and in the Roumanian Resita works?" No answer.

Other questions dealt with a secret shareholders' deputation which interviewed the Chairmaa on June 8 of last year, following the 1934 annual general meeting. On October 29 a report was agreed upon. Mr. Ronald Kidd, a shareholder, asked whether the obligation of secrecy accepted by the deputation still applied to the report and to the verbatim notes taken by the deputation. The Chairman said it had been agreed that nothing should be published. "On many points," he continued, "we were able to satisfy you."

Mr. Kidd: "Yes, but one point was left in an unsatisfactory position. You have a summary of Vickers' investments, and reference was made to the values of five different firms—one being Vickers-Schneider. It is explicitly stated in your summary that no company called Vickers-Schneider exists or has ever existed. I feel it reveals an unsatisfactory state of records of the firm that after four months had elapsed between the receiving of the deputation and the issue of the agreed report it had apparently not been ascertained at Somerset House that there is an agreement—here's a copy—the fourth schedule of which lists five different companies, and one of them, number four, is Vickers-Schneider, with your signature and the common seal of Vickers and Vickers-Armstrongs."

THE AGREEMENT.

The agreement referred to was between Vickers and Vickers-Armstrongs, made on January 3, 1928. The fourth schedule reads: "The benefit of all agreements and arrangements entered into by the vendors for rendering technical services to others in connection with armaments, but subject to the obligations binding upon the vendors in respect thereof, including agreements and arrangements with the following companies: Sociedad Espanola de Construcion Naval, Kabushiki Kwaisha Nihon Neikosho (Japan Steel Works), S.A. Acieries et Domaines de Resita, Vickers-Schneider, and Terni Company."

The chairman explained that there was a proposal for setting up a company of that kind a great many years ago in conjunction with Schneider, "but the whole thing fell through. The company never materialised. There never was such a company."

The Rev. Mr. How: "Since the last meeting, the Clergy Pensions Institution, up to last year a very large shareholder in Vickers, sent a delegation to some of the directors, as the result of allegations in this room, and the result is that the institution has sold out its entire holding."

The Chairman: "I am sorry Clergy Pensions Fund has lost a good investment."

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'Arid and Unproductive Activities'

The Melbourne "Argus", in an editorial on Wednesday, made another of its frequent appeals for reductions in taxation. With that plea the whole community will be in sympathy, but it is hard to see how thinking people can find any hope, or any logic in the views of the "Argus" on this subject.

As would be expected, the "Argus" made its main attack on the practice of taxing property income at a higher rate than income from personal exertion. In the course of that attack it expressed these views:—

1. "These (graduated) rates were imposed originally on the principle, defensible in war, that wealthy people should contribute generously to the cost of war."

2. "They have been retained, however, and their effect has been to draw into the arid and unproductive activities of government wealth that would otherwise have gone to the development of the country."

Before going on to consider the scheme of life (and death) envisaged in these views, let us be clear as to the terms used. The "Argus" sweepingly refers the activities of government as being arid and unproductive. On what grounds does it base this assertion? What are the chief activities of governments?

In physical terms, our governments have provided us with most of the essentials for developing our country. They have mapped out our lands accurately, made them available for settlement, and kept faithful and guaranteed records. They have built roads, railways and other means of transport and transit, they have carried out vast schemes of water supply and conservation. They have furnished us with a wonderful network of communications by our postal, telegraphic, telephonic and wireless services. They educate our children. They organise our de-

fence against internal and external aggression. And they do a great deal more besides. Where would private industry and private wealth be if these things were withdrawn?

The other activities of governments deal mainly with caring for those whom private industry has callously neglected — with the destitute sick, the mental defectives, the aged and the young, for whom private industry has no place or with whom it has dispensed without making provision for their very existence.

These, briefly, are the activities of governments. Which of these activities are to be discontinued?

In return for these, governments claim from their citizens the finance to carry out such undertakings at cost—for governments seek no profit. Would private enterprise take over government activities on the same basis?

The "Argus" accepts the principle that the wealthy will give up part of their possessions for war. War is destruction, an actual lessening of a country's wealth, both in its citizens and in its goods. By what moral code are we to justify a course of action undertaken for destruction which is not at least as justifiable if undertaken for construction? Or is it that the "Argus", looking upon war as defensive, will allow things to be done for the preservation of property which it will not permit for the preservation of the lives of the propertyless?

There is one point which the "Argus" and all similar organs never by any chance touch upon when discussing taxation. There is only one activity of governments which is truly arid and unproductive. This activity entails the greater part of our total taxation, and consists in levying money to pay interest on, our national debt. For the national debt there is absolutely no justification. If there is sufficient money in existence in the community for all lawful purposes—as is constantly contended by the "Argus"—then governments should at all times finance their proper activities by taxation. If there is not sufficient money—as we contend, and as we are prepared to prove (which the "Argus" is not)—then governments should at all times finance their proper activities by taxation. If there is not sufficient money—as we contend, and as we are prepared to prove (which the "Argus" is not)—then the government should issue the money. Such a thing as a nation borrowing within itself is an absurdity. And until the "Argus" realises this we shall never have any reduction of taxation without a corresponding increase in destitution.

Financing the New Loan

Next week this country is to go into debt to the tune of another £7½ millions—not that the amount matters much, since it is now pretty obvious to everyone that national debts of the

modern variety are never repaid, nor expected to be. What is of immediate consequence is that the new debt will increase our interest tribute, and therefore —will the "Argus" please note—our taxation by £281,250 a year, of a sum sufficient to give 1000 families 5/10/- a week each. In the classic words of our legislators, where is the money to come from?

As far as this particular loan is concerned, it seems reasonably probable that, for once, very little of "it will be new money created by the banks. The first indication of this was the recent announcement that insurance companies are to be allowed an underwriting commission for taking up the loan. Upon this followed—unusual because made a fortnight or so before the formal opening date—the publication in the daily press that the A.M.P. Society is taking £500,000 worth of the loan. What is behind all this can only be guessed at. On one point, however, we can speculate with a good deal of certainty; which is that the insurance companies' action will be taken in perfect harmony with private banking policy. The numerous interwoven links between our insurance boards and our banking boards have been stressed too often in these columns for any need to repeat their community of interests now.

It would seem, therefore, that the insurance companies, assisted by the trustee companies and similar banking subsidiaries, are likely to provide nearly all the subscriptions necessary for this loan. If this be so, its significance should not be lost upon the public.

Business men are accustomed to associate loan flotations with a picking-up in trade; indeed, some trades have latterly been circularised by wholesalers when a loan is about to be raised, warning them to lay in extra stocks. The reason for this temporary spur to industry is that a great proportion of loans ordinarily consists of new, additional money created by banks for the purpose, either through their own applications or through the applications of banks' clients financed by new overdrafts, which is the same thing.

Hence, if this loan be taken up by the investment of existing money, it naturally follows that the public will have no extra total purchasing power as a result, and, second, that whatever stimulus is felt in one direction must be offset by shortage of funds (mortgages for building, for example) in another.

The position may even be worse. In this, as distinct from previous loans, there has not yet been a public statement as to whether any of the proceeds, are to be used for retiring Treasury bills; but it is understood that some part of the loan may be used for this purpose. Should this happen, in conjunction with what has already been indicated, then the result of the loan would be to accelerate still further the deflationary process on which the banks have again embarked. For it must be remembered that redeeming Treasury bills means handing over money to a bank for cancellation in exchange for national I.O.U.'s against which banks have previously issued money.

Hence, summing up, the certainty of this loan is an addition to our interest and taxation burden of about £1000 for every working day. The probability is that the community as a whole will have very little, if any more money in the process. And the distinct possibility is that it may

HOW ITALY IS FINANCING HER WAR

And a Financial Editor's Admission on National Debt Ownership

The "Financial Times" (says the "New Age" of October 17) recently described how the Italian Government have been raising credit internally. Their procedure has been to offer to buy back three and a half per cent. consolidated stock, worth 70 lire on the market, for 80 lire, on condition that the seller contributes 15 lire as the price for exchanging it into a new issue returning 5 per cent.

Mr. A. L. Jeune, who is financial editor of "Paris-Midi," from whose article in the "Financial Times" (October 4) this information is taken, goes on to make the following comment on the transaction. He says:

"For each 100 lire nominal" of the 3½ per cent. bonds "holders will pay 15 lire and receive five per cent. stock; and, as the 3½ per cent. issue totals 60 milliard lire" (about £1000 millions) "the transaction will mean a 'rake-off' of something over 9 milliards (£150,000,000) for the National Exchequer."

He then comments: "The holders of the three and a half per cent. stock will accept this offer. How can they do otherwise? Most of the Government bonds are held, in any case, by the banks or by organisations under State direction, so that most of the holders are not in a position to make a free choice."

Later he says: "The more prices fall the more milliards accrue to the Treasury by this simple conversion operation. The only limit to the process is the limit of credit facilities which have to be accorded to holders of the old bonds so that they may be able to provide more money to the State. In essence the State first creates milliards of lire which afterwards pour into its coffers. In other words, the internal problem of war finance in Italy is not a question of money but of authority." (Our emphasis.)

It will be seen that the principle of this system of financing the war is the same as that which was operated in Britain in 1914-18, when the banks lent new-money to borrowers who would lend it to the Government. Bankers are obliged to work these things more discreetly in 1935 than in 1914. The public are now more alive to the policy and machinery of high finance; moreover, in 1914 all the banks were engaged in financing war, whereas to-day only the Italian banks are so engaged. The importance of the last consideration is this, that when all banks were doing the same thing together (keeping in step, as Mr. J. M. Keynes would say), when the national inflations were in each case roughly equivalent to the economic-military resources of the various belligerent countries, there was a good prospect that when the war was over the banks of all these countries could begin to operate their intended policy of deflation in an orderly manner. The national inflations having "kept in step," the bankers' problem would not be complicated (as it would otherwise) by the unbalancing of competitive advantage in the world market reflected in unbalanced depreciations of currencies. At any rate, the bankers could hope with some good grounds for that outcome. To-day, however, Italy is using inflationary methods to a degree far beyond the rest of Europe, and is thereby calling into service her reserve capacity of production, not to speak of new means thereof. The other

it may have even less money than before with which to meet its added obligations. Such are the ways of sane finance.

countries are left lagging behind, and cannot hope to catch up with Italy in this phase of the race for power unless they themselves go to war. Under the rules of the existing financial system no other course can provide them with the occasion or purpose for expanding and employing their credit resources at an equivalent rate to that which Italy has set.

Coming back to Mr. Jeune's analysis, our readers will note his reference to the fact that the Italian banks "or organisations under State direction" hold most of the £1000 millions' worth of bonds. It may be assumed that he knows this as a fact, and therefore his statement supports the conclusion which has been repeatedly put forward in the "New Age" that the British banks and other financial institutions are holders of the bulk of Britain's war debt. For the phrase: "Organisations under State direction," is a trick of speech which gives an inverted view of the fact that these organisations are directing the State, and have placed themselves, in appearance, "under State direction" so as to make their close consultations with State Ministers and officials look natural. To illustrate, supposing that in this country the Brewers' Association were to be seen hobnobbing with the Board of Trade heads and officials whenever major questions of policy were under consideration, there would soon be questions in the House by suspicious members representing other interests. Yet everyone accepts as quite natural the hobnobbing of the heads of the Treasury with those of the Bank of England, or of the insurance and stock market directorates and experts. And the reason for this is probably solely because the State appears to direct them by prescribing special regulations (called "safeguards in the public interest") affecting their conduct. It is a clever ramp. These financial institutions, instead of getting the State to authorise them to do what they want to do, get the State to forbid them to do what they don't want to do. The State places them under a control which facilitates their control of the State. If anyone wishes to test this let him try to start a bank or insurance company, and he will find that the hostages he has to give (all of which are in form conditions for "safeguarding the public") have the same prohibitory effect on his proposed competition with the Money Monopoly as if the Monopolists themselves had imposed them.

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The Commonwealth Crimes Act and Political Offences

By J. V. BARRY, Barrister at Law,

Nine years after its enactment, the people of Australia have discovered Part 2A of the Commonwealth Crimes Act. It is a bitter commentary upon responsible government that the vast majority of the people are unaware of the laws that are enacted to govern until those laws are applied, or threatened to be applied, in a fashion of which the community disapproves. One is tempted to wonder whether an autocracy which is subject to a vigilant scrutiny by the people is not, perhaps, a more desirable form of government than a democracy which leaves the business of governing entirely to a body of inept politicians whose constant preoccupation seems to be hoodwinking those whom they are supposed to represent.

Such is the prevailing ignorance of the constitutional scheme under which we live that, one may be forgiven for directing attention to the powers of the Commonwealth in respect of criminal matters. The Constitution of the Commonwealth is written, and the Commonwealth powers are to be found within its pages. Certain subjects are committed to it, but power to deal generally with criminal matters is not among them. As Mr. Justice Evatt puts it in Devanny's case, to which reference will later be made, "The Commonwealth does not possess general jurisdiction over the domain of criminal law. The States of the Commonwealth have power over that subject matter, and have exercised it very fully and extensively." Until the High Court decides otherwise, if it ever does, it may be taken that whatever criminal powers the Commonwealth has are incidental only to the exercise of some other power which it has been definitely granted by the Constitution, and the criminal jurisdiction exists only to enable the Commonwealth to effectuate its laws upon matters specifically assigned to it. It will thus be seen that the validity of Part 2A of the Crimes Act is at least open to argument, and, indeed, the question of its validity was left open by majority of judges of the High Court in Devanny's case.

INTRODUCING REPRESSION IN GUISE OF REPEAL.

It is now convenient to trace the history of this legislation, and that examination takes us back to the war years. During the war Australia was fettered by what were known as the War Precautions Acts. Whatever the position may have been during the war years, by the year 1920 the need for that coercive and repressive legislation had gone, and even the Government of the day, which was led by Mr. W. M. Hughes, could not withstand the popular demand for its repeal. Accordingly, in 1920, Mr. Hughes brought down a bill which was attractively but misleadingly entitled, "War Precautions Act Repeal Bill." Under the guise of repealing the obnoxious Acts, this bill introduced a number of repressive provisions, and the Government put the gentlemen of Opposition, in the awkward position of refusing to support a bill which purported to be repealing the Act about which they had been so vociferous, or of accepting a measure which was highly repressive in its main characteristics.

Included in this bill were what are now Section 24A (which de-fined "seditious intention") and Sections 24B, 24C, 24D and 24E of Part 2 of the Crimes Act. These sections are significant because they are the first foreshadowings of the later legislation which is now occasioning concern.

Sedition, which is, broadly speaking, creating disaffection among the King's subjects, has always been a crime at Common Law, and, except on the ground that it gave rigidity to what had been the flexible Common Law definition of a seditious intention, not much objection could be taken to Section 24A. But the real vice appeared in Section 24E.

Sedition heretofore had been an indictable offence, that is, it was triable only by a jury. It may be that the Star Chamber had assumed power to deal with sedition, but, substantially, it may be taken that under the law anyone accused of sedition was entitled, as of right, to trial by jury. By Section 24E, however, sedition in certain aspects became an offence triable summarily (that is, by a magistrate in a police court), unless the accused elected to be tried by a jury.

THE CASE OF WALSH AND JOHNSON.

In 1925, Australia was rent by industrial upheavals, and prominent in them were two gentlemen named Walsh and Johnson. Although they had been in Australia for many years, Walsh since 1893, and Johnson since 1910, they had not had the felicity to be born here. The legal advisers of the Government looked with favour on the methods of the surgeons and decided that excision of the malignant growth was the best treatment for the body politic. The Commonwealth undoubtedly possessed power over immigration, and it was decided to amend the Immigration Act so that Walsh and Johnson could be deported. A Board was set up for the purpose, and after an inquiry which furnished the newspapers with excellent "copy" because of the clashes between Counsel and the Board, the necessary recommendation for their deportation was made, and the Minister ordered that Messrs. Walsh and Johnson be taken into custody and deported. Thus far the plan had worked excellently, but the High Court, when invoked by the two Ishmaels, caused it to "gang agley." We need not stop to examine the diverse reasons which the learned Judges gave for their decision, although it would be an exercise of ingenuity far surpassing the most complicated jigsaw puzzle; it suffices to say that they pronounced that Walsh and Johnson should go free.

FURTHER LEGISLATION.

The High Court decision—delivered in December 1925, but in November Mr. Stanley Bruce had been returned to power with an overwhelming majority—the Opposition had been cut down to 12 members. The Government set about devising new legislative means to deal with the radicals, and in January, 1926, as soon as the new Parliament met, what is now Part 2A of the Crimes Act was brought before Parliament. We may borrow from Mr. Justice Evatt a compendious description of the sections which compose the Act. "Their general aim," he says, "is the suppression of associations which advocate or encourage doctrines considered as dangerous to 'constitutional' Government, including the form and frame of Government which is expressed in the Commonwealth Constitution." Section 30A is the opening section, and it declares certain bodies to be lawful associations. Broadly, any association which advocates or encourages the overthrow of the Commonwealth or the Government of a State or of any other civilised country or of organised government or which advocates the destruction of Commonwealth property or of property used in foreign or inter-State trade or commerce or which advocates or encourages the doing of any seditious act is an unlawful association.

One may stop for a moment to remark that any such association as is described would, at Common Law, constitute a criminal conspiracy, and that therefore the section, unless intended merely as the prelude to some other legislation, is just as unnecessary as was Sec-

tion 24A, which defined a seditious intention.

JURIES AND DESPOTISM.

The purpose of the section, however, becomes abundantly plain in the succeeding sections. Conspiracy, like sedition, was triable only by a jury. The despotically inclined have never regarded juries with favour, for history teaches that any attempt to interfere with the plain man's liberties on the grounds of political expediency is doomed to failure if the decision be left in the hands of a jury. Of conspiracy a great Irish judge has said that it is a branch of our jurisprudence to be narrowly watched, to be jealously regarded, and never to be pressed beyond its true limits. The jury system provided the best guarantee that it would not be pressed beyond those limits. But trial by jury, and the traditional legal processes that are inseparably connected with it, would have rendered unworkable the scheme of Part 2A, and, therefore, trial by jury and the laws of evidence were abrogated.

NEW OFFENCES CREATED.

The Act, as amended by Act 30 of 1932, creates a number of offences. Membership of an unlawful association is an offence. Advocating by speech or writing the overthrow of the Government by force or violence or by revolution or—blessed word—"sabotage," and advocating the destruction or injury of the property of the Commonwealth or property used in foreign or inter-State trade or commerce, are offences for which the offender is liable to be sentenced to two years' imprisonment, and, if not born in Australia, to be deported by order of the Attorney General. Most of these matters would, it may be noted, have amounted to sedition. Giving or soliciting contributions for an unlawful association and the publishing or printing of solicitations for such contributions in newspapers become offences. In the wording of the section there is no requirement that the offender should know that the body to which he has given or for which he has solicited is an unlawful association, and, as pointed out by Mr. Justice Evatt, an impossible duty is cast upon a newspaper publisher. The publications of the association are denied carriage by mails, and their sale is forbidden. The property of the association is forfeited.

Sections 30J and 30K are aimed at industrial disturbances, lockouts and strikes and at attempts to tie up transport facilities. Substantially, their effect is to deprive workers of the strike weapon, although there is in the section a vague and unworkable inclusion of employers.

The amending Act of 1932 provides for applications to the High Court or the Supreme Court of a State for a declaration that an association is unlawful. An application under that section is pending in the High Court, and criticism of its extraordinary provisions must be left for another occasion.

RELENTLESS LEGISLATION.

The familiar deportation provisions appear, but Section 30Q is a striking example of legislative relentlessness. No forgiveness is to be extended to any person who has once been deported, for Section 30Q makes him liable, if he ever returns to Australia, to imprisonment for one year and to renewed deportation. No change of heart, no reversal of belief will avail him, and the magic cloak of respectability which he may acquire in another community will not render him invisible to the searching eye of officialdom. His banishment from our shores is perpetual.

It may be said that there is no-

thing in this legislation as above summarised which should occasion concern to the law abiding citizen. Without staying to discuss that view, but assuming it, let us now show the indisputable vices of the legislation.

THE COMMUNITY AND THE LAW.

We have already mentioned the importance of the due and orderly processes of the law. The political stability of British communities is in no small measure due to the people's confidence that the Courts stand between the Executive and the common people. It is always the aim of the Executive to increase its powers, and increase of the Executive's powers inevitably means loss of liberty. Down the centuries the protection against oppression by the Executive has been the right to fair trial. Every citizen is believed to have that right, and its possession involves four things, namely, that every person accused of a crime is entitled (a) to know his accuser, (b) to be presumed innocent until proven guilty beyond reasonable doubt, (c) to be tried by a jury of his peers, (d) to have admitted on his trial only the best and most cogent evidence.

There have been some encroachments upon these principles in police legislation, but in the main they have always been asserted to be fundamental in our system. Certainly, until this legislation became law, they have been the rights of every man accused of political offences which amounted to sedition or criminal conspiracy. Until 1926, it had been the law of the land in relation to sedition that any man could say or publish anything which twelve of his countrymen thought not blameable. The people possessed the right to discuss any grievances they may have had, and the law did not scrutinise too narrowly the manner or form of discussion. It was always for the Crown to prove to the satisfaction of twelve ordinary citizens that the limits of freedom of speech had been exceeded. We have previously quoted a judicial warning against the dangers of pressing the law of conspiracy too far.

ABOLITION OF RIGHT TO JURY.

Part 2A of the Crimes Act takes from the person accused the right to trial by jury, and the political offences created by that part become, triable summarily by a police magistrate, unless the magistrate cares to commit the prisoner for trial. It must be noted that it is not for the prisoner, but for the magistrate, to say how he should be tried. Mr. Fang, the magistrate who denied justice to Oliver Twist, is still with us, and we cannot look with any satisfaction upon the enlargement of his jurisdiction. Experience has not shown the inferior magistracy to be guardians of our liberties.

The sections which are designed to make the prisoner prove his innocence

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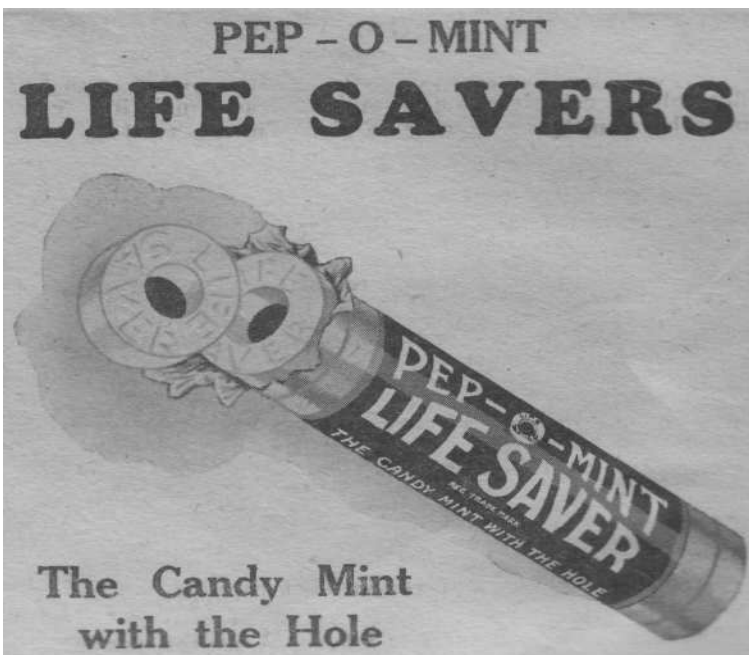
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are a most remarkable feature of the legislation.

Section 30H provides that, in the absence of evidence to the contrary, proof that the defendant at any time since March, 1926, has been a member of an unlawful association or has attended a meeting of it, or has spoken publicly in advocacy of the association, or has distributed its literature shall be evidence that at all times material to the case he was a member of the association. Section 30R, however, is a fine example of the Executive's method of emasculating the rules of evidence. In substance, it provides that in a prosecution under Part 2A of the Act the averments of the prosecution contained in the information (that is, the document containing the charge) shall be prima facie evidence of the matter averred. An averment is, of course, only an allegation or a statement, and under the law, in the absence of a provision like Section 30R, the burden would rest upon the Crown to prove each allegation of fact beyond reasonable doubt before the person charged could be called on for his defence. This iniquitous section does away with that inconvenient requirement of ordinary fairness, and provides that the mere allegations of a bureaucrat shall be taken to be true and shall suffice to found a conviction.

THE CONVICTION OF DEVANNY.

A disquieting instance of the employment of this device was seen in Devanny's case. There, a gentleman, appropriately named. Hush, charged Devanny, the proprietor of the *Worker's Weekly*, a Sydney journal, with soliciting contributions of money for an unlawful association, the Communist party. Devanny's paper contained a solicitation of contributions of money for the purpose of "a monster anti-imperialist war demonstration on International Day against imperialistic war." Mr. Hush sought to convict Devanny upon averments. He averred to some order—a charge which could have been expressed in thirty words spread over 27,543 words, covering 68 pages of typewritten matter. "It was," said Gavan Duffy, C.J., and Starke, J., when the matter came before them



before them in the High Court, "an amazing document, well calculated to embarrass the proper trial of the accused." The charge was heard by the Chief Stipendiary Magistrate of N.S.W., and no evidence was called either by the prosecution or the defence. Upon the averments only, Devanny was convicted and sentenced to six months' imprisonment with hard labour, and to pay £35/15/- costs, or in default a further seventy-four days' imprisonment with hard labour. The defendant appealed to the High Court, and, by a majority of 5 to 1, Rich, J., dissenting, the High Court quashed the conviction. (The King v. Hush *ex parte* Devanny, 1933, 48 C.L.R. 487). This instance should furnish an answer to the familiar argument that the people can trust to their Executive officers not to employ a rigorous law oppressively.

THE BILL NOW BEFORE PARLIAMENT.

There is now before the Federal Parliament a Bill, which is designed to amend the provisions of the Crimes Act. It leaves to the Attorney General the decision whether or not a person accused of offences of the kind here discussed shall be tried summarily. Surely, the decision of the mode of trial in political offences should be made by the prisoner, and not by his prosecutor. The freedom of the press is further menaced, for the mere publication of matters which are likely to seduce members of the armed forces of the Commonwealth becomes an offence. It is noteworthy that Senator Brennan, in introducing the Bill, openly avowed that the object of the new provision was to deprive the publisher of the defence that had been open to him under the Act as it now stands, namely, that he did not knowingly publish the offending matter.

This Bill tightens up the provisions relating to official secrets, and contains a further clause which must cause concern to those who watch with misgiving these insidious attacks upon democratic institutions. The power of search, previously exercisable only upon the warrant of a justice, becomes exercisable upon the order of a Superintendent of Police, if he considers an emergency warrants it. A claim by the Secretary of State to a similar power was condemned by Lord Chief Justice Camden in 1765 in a case which arose out of the prosecutions of John Wilkes. This Bill confers that power upon the police only in relation to offences against a particular part of the Act, but, if one can learn from past experience, it will not be long before it is extended to cover all political offences.

In the amending Crimes Act of 1932 there had appeared a section giving power to the Attorney-General to interrogate persons believed to have knowledge of the affairs of unlawful associations.

The present Bill provides that the order of a magistrate shall be necessary before this interrogation can be made, but this belated concession does not affect the principle. The existence of such an inquisitorial power in a democracy should not be tolerated. Its use may result in rendering completely worthless the constitutional right that every man has to refuse to answer questions which may incriminate him.

It is not the purpose of this article to discuss the unwisdom of the persecution of ideas, or the foolishness of endeavouring by statute to stem the tide of progress. Those who wish to consider these matters may refer to Mill's essay "On Liberty," and C. E. M. Joad's "Liberty To-day," which, so far, have escaped the ban of the Minister for Customs. Neither are we concerned with the furtherance of any political theory or doctrine nor with the protection of any association at which the legislation is aimed. It should be remembered, however, that this enactment is wide enough to include a movement such as Christianity was in its origins, and that it is a potent weapon of repression. What it has been sought to do is to show that this legislation is an insidious attack upon the system of trial by jury and the laws of evidence which have been devised for the protection of accused persons. Of these the late Professor W. L. Birbeck, K.C., has said that "the Jury and the Law of Evidence are Englishmen's two greatest safeguards against the worst of all oppressions—that oppression which hides itself under the mask of justice."

"LET ME WRITE THE PEOPLE'S SONGS—"

English exchanges report that the King has been pleased to approve the appointment of Mr. Ronald Norman as chairman of the British Broadcasting Corporation.

Mr. Norman is 62 years of age, and is the younger brother of Mr. Montagu Norman, Governor of the Bank of England.

THE BIGGEST BILL-COLLECTING AGENCY.

General Smedley D. Butler, retired commander of the United States Marines, the only person ever to receive twice the Congressional Medal of Honour for bravery under fire, said:—

"I spent thirty-five years with the biggest bill-collecting agency in the world, the United States Marines. I served in every rank from private to general, and half that time was spent in fighting on foreign soil for the benefit of American bankers. But now I have sworn that I will never fight again in a war outside our borders, nor let my three sons fight, even if I have to shoot the conscription officer that comes to take us. War is a racket."

EDUCATION OR ACTION?

By G. B. MALTBY, Campaign Director, League of Democrats.

The time has arrived when the fullest co-operation is essential if we are to be successful in our efforts to achieve social Reform, and it is the duty of everyone to examine his or her activities to see if they cannot be so amended as to become more effective. Our efforts can be directed along two paths; the one propaganda, to show people the correct way to bring about social reform; the other, organisation of the electors to demand of Parliament that steps be taken to implement the prescribed policy of the abolition of poverty.

Both of these two activities are essential to complete success, and the problem that now is of first importance is to decide the relative proportions of each that will make the most efficient weapon.

In the past our efforts have been wholly directed towards propaganda, but we must be prepared to forego some of this temporarily so as to reach a more advantageous position, and those who refuse to carry out their allotted portion of the general plan are doing a grave disservice to the cause they have at heart.

THE ORGANISATION REQUIRED.

Let us outline the effective organisation that we must build, pointing out the relative duties, and showing how each element becomes a component part of a uniform effort devised to accomplish the designed purpose.

Taking the Douglas Movement as an example, we find there a widespread framework consisting of people who are convinced of the necessity of a change. They have been preaching their particular plan for reform for several years, and have been disgusted generally by the apathy of the nation as a whole. This apathy has retarded a far more rapid spread of the Douglas proposals, and makes it difficult to obtain more than a handful of supporters in any district.

Recognising that political action is necessary, there have been several attempts to build a party or to support independent reform candidates, but these attempts have not been so successful as to compel further action of the same kind.

On this account many have become discouraged and weary of continuing to support a movement which offers little activity other than meeting the same few people every week, and listening to speakers reiterating the same arguments to the already convinced.

Suddenly, at this juncture, the Electoral Campaign has been evolved, and we find that it offers to these weary groups a technique of action that satisfies their demand for something to do, and in the practice of which they can overcome a great deal of the previously mentioned apathy, and get into touch with hundreds who would otherwise not have been contacted.

A DIVISION OF DUTIES.

For the movement, as a whole, then, it becomes urgent to define its attitude to this new move, to detail the various duties that become necessary and to appoint officers to carry out these duties. This being done, the branches can be instructed in the new policy, and asked to put it into operation at once. For the successful performance of this, each branch would need to decide on the workers required to fulfil each of the duties, and insist on the regular practice of these services. At the outset, the principal activity is to be the Electoral Campaign, and all members not otherwise engaged should be expected to help in this. As pointed out before, in the performance of this workers will receive many inquiries as to the technical plan to abolish poverty, and their job is to direct these inquiries to those branch officers whose task is the maintenance of educational

propaganda. In this way not only will there be no slackening of the propaganda efforts, but an actual widening of the field, and at the same time the whole of the electors of the district will have been approached personally, and their signatures solicited for the electoral pledge.

There are many districts where the reformers are very few in numbers, and where they have made little or no headway by the usual methods of calling public meetings, but by busying themselves in the campaign they will be able to see some result for their efforts, and it is likely that the new method of attack will interest some who cannot see any merits in National Credit accounts or Just Prices, yet desire to help in the abolition of poverty.

PART PLAYED BY PROPAGANDA.

The propaganda side of the joint effort should concentrate first in spreading the idea of the Electoral Campaign in new districts, and in opening branches of this organisation, then in making arrangements for educational meetings to answer the demand for knowledge of technique that the presentation of the pledge form is certain to bring about.

This method is logically more sound than the opposite one of arranging meetings to hear Douglas speakers, and then attempting to form any ensuing support into the spearhead of the Electoral Campaign. The former commences with the simple, broad appeal to abolish poverty, and offers an easily understood job immediately, at the same time giving to those who wish it an opportunity to get into touch with technical instructors. The latter method necessitates at the outset an amount of study that without doubt unfavourably impresses many who still could be of great service. We must use these services to the limit, and, it is therefore, desirable to bring them into contact with something to which their response is: "Sorry, but I cannot understand, and must give it up. Surely it is better to say to them: "Help us to get signatures to demand the abolition of poverty, and if you want to you can learn how as you go along."

In the long run there is no difference in the aim of each method, but whereas propaganda for monetary reform cannot hope to change things in time to prevent a catastrophe, the Electoral Campaign, carried out with all the determination at our disposal, must inevitably be successful in the next

year or two in effecting political action, and, if the propaganda side of the effort is carried out efficiently... there can be no doubt that the technique they have made so widely known and accepted must stand first chance of becoming the basis of the plan adopted by Parliament

Campaign Notes

The opening rounds have been fired. A visitor from Sydney, desirous of helping, took out some forms and tried out the canvass. A great deal of his work was done in the daytime, but he got good results and his comments are valuable.

He called at 70 houses and got 42 signatures, representing about 30 per cent. of the number of electors. Many forms bore only one signature, and it is likely that we can get the other at a later call, but a mass vote of 30 per cent. would swing almost any electorate. Our campaign workers can go ahead with confidence that their task is going to be filled with the spirit of victory. They should be able to get better and better results as they improve their methods of approach, and we shall be able to put forward our demands in a very short time with perfect confidence that they will be respected.

The idea of demanding results is gaining favour among individuals, and comments have come to hand from many quarters that at last we stand a chance of getting what we want.

ACKNOWLEDGMENT.

Rev. E. Hankinson wishes gratefully to acknowledge receipt of £5/10/6 in response to his appeal for funds to print a leaflet containing views on economic reform recently expressed by Church leaders. A full list of donations may be inspected at the Douglas Credit Movement Rooms, The Block, Melbourne.

If "Silent Worker", who omitted to send his address, will communicate with Mr. Hankinson at St. Mary's, North Melbourne, a supply of leaflets will be forwarded to him. "Other donors may obtain leaflets from the Douglas Credit Rooms.

DOUGLAS CREDIT WOMEN'S MOVEMENT will hold a BRIDGE PARTY at the E.-S.U. CLUB ROOMS, Elizabeth House, Elizabeth St., City, on Thursday, November 28, at 8 p.m. Tickets (2/-) obtainable from Douglas Credit Movement Headquarters.

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10,000,000 SIGNATURES FOR EMPIRE PETITION TO KING

Prosperity Drive at Work in Britain

An Empire petition is to be addressed to King George praying him to exercise his royal prerogative and command his Privy Council to make such adjustments in the financial system of his realm as may be recommended by a judicial commission for the purpose of abolishing poverty in the midst of plenty (writes A. C. Cummings, London representative of a chain of American newspapers).

The petition is known as "The Prosperity Empire Petition to Abolish Poverty," and already a vigorous drive to obtain signatures is making rapid headway in Great Britain. Similar movements are afoot in Australia, New Zealand and South Africa.

Lord Tavistock is the director of the petition and among its prominent supporters is Lady Clare Annesley, member of a well-known Irish aristocratic family, a social worker of note, a former parliamentary candidate, an able public speaker, and a convinced exponent of Social Credit.

"Apart from the admiration we all feel for Alberta at the present time," she told me when I requested an interview, "I am devoted to Canada and the Canadian People, as the result of my two visits to the Dominion. The last time I was there I travelled to Vancouver and spoke to many of the women's Canadian clubs and other organisations."

Lady Clare is a woman of gracious personality and obvious ability. Born in a picturesque Irish castle, situated among the unforgettable scenery of the Mourne Mountains in Northern Ireland, she could have followed the usual fashionable life of a society girl in Edwardian London-balls, social gatherings, the court find the opera. But nothing of the sort appealed to her. The hard lot of London's East

End poor made a profounder impression upon her, and for a time she worked among them, getting to know and admire their many good qualities. She joined the Independent Labor party because it stood for her conception of social justice. During the Great War she became a pacifist, and after it, speaking German fluently, she went to Germany and tried to do her bit towards alleviating international hatreds. She stood for Parliament on two occasions—on the strict understanding that she was given a constituency impossible to win. She did not wish to enter Parliament, but knew the value of her candidature in making better known the cause she had at heart.

SOUGHT SOLUTION OF GREAT PARADOX.

After the Labor debacle of 1931, when Britain went off the gold standard under a Government formed to keep the country on it, she studied Social Credit, seeking to find in it the solution of the paradox which ever since has puzzled so many acute minds—the paradox why people are poor when plenty, potential and actual, surrounds them on all sides.

"I am no economist, I must tell you," she said, "because I received an Edwardian education, the kind of education that girls received at that time, which left them in ignorance of all the things that mattered. But I grasped that Social Credit contained the answer I was in search of, and since that time I have been speaking for it and writing about it extensively. My home here is virtually the London office of the prosperity campaign. In my campaign work for the petition and for Social Credit I tell my hearers of the plenty that we might have, and contrast it with the poverty we actually have. I explain that this can be changed, that we can abolish poverty, and then I try to get them to

sign the Empire petition which we have drawn up to present to the King, asking him, through the Privy Council, to make such adjustments to the financial system as may be recommended by a judicial commission so that 'the proper purpose of the economic and financial system—that is, the distribution of the products of industry and the ready interchange of services as and when required to meet the common good,' may be fulfilled."

DRIVING HOME HER POINTS.

When Lady Clare is on the platform, here is a sample of the way she drives home her point to her audiences:

"Ten million people in these islands are living on or below the starvation level. Twenty million people out of a population of 54,000,000, are suffering from malnutrition. Yet there is wholesale destruction and restriction of foodstuffs, raw materials and plant. Now, over-production and underconsumption cannot normally exist together. There must be an artificial cause. Clearly the explanation is that while each nation produces an abundance of wealth, it starves in the midst of it because finance will not issue sufficient money in such a way as to enable the people to use that abundance."

From this to the national dividend and the just price, giving everybody the purchasing power that is needed to equate production and consumption, is the obvious conclusion.

To avoid political and class antagonisms, Lady Clare explains, "The British people throughout the Empire are petitioning the King-in-Council appealing for an examination of the financial system. Having obtained the judicial commission it seeks, the prosperity campaign will present its case to it and demand an examination of it. The findings of the judicial commission will either be implemented by an order-in-council or be used to advise Parliament. If Parliament under the influence of the financial powers should ignore the advice, Parliament will have to go to the country on the single issue of the national dividend"

And with the example of Alberta in mind, the Government's chances of winning the election would be meager.

PUBLIC RALLIES TO BE ORGANISED.

Ten million signatures are required for the Empire petition. Mr. R. J. Scrutton, the editor of the campaign newspaper, *Prosperity*, tells me that within the year the necessary number for Great Britain will have been secured. At the same time, to bring home to people the need for the removal of "the present needless and widespread suffering caused by poverty," great public rallies will be organised. In Great Britain daily rallies will be arranged to Buckingham Palace, where each important town, represented by its mayor or chief citizen, will show its loyalty and allegiance to the King and indicate its support of any action His Majesty may take to secure the abolition of poverty.

The Empire petition is non-political. But the organisation of the electorate on the basis of making known their will and desire is expected to put formidable pressure on members of the House of Commons.

4,000 MILES ON CHARCOAL GAS FOR £3.

Vast new possibilities for cheap travel by road have been opened up by an experimental run through Europe just performed by an Italian Alfa-Romeo car using gas produced from charcoal as fuel.

The run totalled 4000 miles through ten different countries. In parts of the journey the average speed was fifty miles an hour, yet the total cost of fuel was only about £3.

CANADIAN ELECTION RESULTS

elections, we reproduce the following items:—

The seats in the new House, numbering 245, are now held by Liberals, 167; Conservatives, 41; Social Credit, 17; Co-operative Commonwealth Federation, 8; all others, 12.

Alberta, which returns 17 Federal members, elected 15 Social Crediters. Of the two remaining seats, the late Premier, R. B. Bennett, won Calgary West with a majority of 1112, while Edmonton West went to J. A. Mackinnon, a Liberal, by 1658. The other two seats, which returned Social Crediters, were Kindersley and The Battlefords, both of which are in Saskatchewan. In this later province, which has 21 seats, the Social Credit vote was quite substantial, the Liberals winning 16 seats with 96,000 votes, and Social Credit two seats with 40,000 votes.

Social Credit victories included seats held in the last Parliament by United Farmers, Liberals and Conservatives. The Social Credit poll in Alberta was almost double that of the Liberals.

All the party leaders in the new House represent Western constituencies, Mr. King (Liberal) holding a Saskatchewan seat; Mr. Bennett (Conservative), Alberta; Mr. Stevens (sole representative of the new Reconstruction party), British Columbia; and Mr. Woodsworth (C.C.F.), Manitoba.

A surprising election result was the close defeat (95 votes) of G. G. McGeer, K.C., Mayor of Vancouver, by a 36-year-old schoolteacher of that city, Arnold A. Webster, who won the seat for the C.C.F.

Conservative representation (41 seats) in the House is at its lowest since Confederation, the previous minimum being 50 seats in 1921.

The Liberal view of the Ottawa Agreements was thus expressed by Mr. Mackenzie King in the course of a speech acknowledging his party's victory:—

"The results make clear that the people of Canada are opposed to planning for scarcity by the restriction of production, of trade, and of employment, and that they are not satisfied with the Ottawa trade agreements, and welcome the prospect of their early revision. Everywhere Mr. Bennett has said that the verdict of this election would be a verdict for or, against the Empire Trade Pacts of 1932. There can no longer be any mistake as to what the people think of those agreements and of Mr. Bennett's methods of their negotiation."

Canadian Press on Recovery

An example of the intelligence of the Canadian daily press, and proof that it is fit to rank with our own in clear thinking and originality, is provided by the following excerpts from editorials dealing with the elections:—

"Toronto Telegram": "The fight Mr. Bennett put up for the benefit of his native land during five years of world depression entitles him to rank among the world's great statesmen. In this period Canada suffered less than any other country and made, further advance towards recovery than any other country, with the exception of the United Kingdom."

"Montreal Star": "The Liberals have a most emphatic mandate. They are loaded with the responsibility of conducting the business of the nation at a desperately critical time. Whole-hearted cooperation will be necessary

with hands all round, to salvage the Dominion from impending ruin."

"Calgary, Herald": "Mr. King, will probably realise ere long the gravity of the many problems that confronted the Bennett Government during the past few years. He will find that governing the affairs of the country at this time is a far cry from administration during the carefree years prior to 1930."

"Toronto Mail and Empire": "Mr. Bennett took over the country after it had crashed into disaster, largely by reason of the world depression, under Mr. Mackenzie King, and by consummate ability he and his colleagues have placed the nation ahead of all other nations in the momentum of its recovery from hard times. The defeat of the Government must be attributed to the long grind of the world depression, though Canada has made more headway out of that depression than any other nation."

"Winnipeg Tribune": "This thing we call the luck of government was against R. B. Bennett all the way. It met him at the door when he entered office, and it lingered with him till the electorate turned him out. All of us should hope and pray that Mr. King will have a better break of luck. There are indications that a measure of luck awaits him, for the depression is beginning to die of old age."

But the most significant comment on the elections we have yet seen comes, not from any Canadian paper, but from the "Manchester Guardian Weekly" of October 19. After discussing the tremendous swing of the pendulum and noting that Mr. King's "majority is unprecedented in Canadian political history," the "Guardian" concludes thus:

"Mr. King has said that the Liberals will find their own way to 'break the autocracy of money power.' It is a vague phrase, but it will have to take material shape if the nostrums like Social Credit, which have been eccentrically backed by Alberta, are not to give as violent a swing to the political pendulum five years hence."

Another Press Fairy Story

Apropos the story in the Australian press a few weeks ago that Premier Aberhart has called in a "sane financier" in place of Major Douglas, the following news item from Alberta, apparently the basis of that report, appears in the Vancouver "Weekly Province" of October 16:—

"Decision of the Provincial Government to call Robert J. Magor of Montreal, noted actuary and engineer, to Edmonton to confer in the capacity of financial and economic adviser was announced by the Premier."

"Mr. Magor had not been engaged by the Government," the Premier said; "he is coming here to confer with us in order to clear up the financial situation left by the old government." Premier Aberhart said he expects Mr. Magor to arrive here within a week to meet the government.

"Mr. Aberhart said it was necessary for this action to be taken as a first step to the introduction of Social Credit. The Premier added the preliminary work after consulting with Mr. Magor was necessary before Major C. H. Douglas, British economist and reconstruction adviser to the Government, comes here to assist in preparing a Social Credit plan."

DOUGLAS CREDIT WOMEN'S MOVEMENT.

Invite you to hear A LECTURE at the DOUGLAS CREDIT ROOMS, The Block, Melbourne, on MONDAY, NOVEMBER 25, at 8 p.m., on "THE MACHINE AGE—ITS IMPLICATIONS AND POSSIBILITIES," by a Specially Selected Speaker.

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The Tasmanian Monetary Inquiry

Full Report of Parliamentary Select Committee

Editor's Note. —The first part of this important document, which is being reprinted in full in our columns, appeared in our last issue

(The Committee is quoting a statement by the Southampton Chamber of Commerce, which "is endorsed by the Committee as substantially expressing its own general conclusions.")

"(1) Money supply should be governed by the real credit of the community as represented by its productive capacity. This involves the abandonment of any arbitrary restriction on the quantity of money, including the limitation of the internal supply of money by any such instrument as the international gold standard.

"(2) In order that money should perform its true function of operating as a means of exchange and distribution it should cease to be traded as a commodity.

"(3) Money being merely a vehicle for the credit of the community, and the power which the control of money carries with it being nothing less than the control of the entire economic life of the nation, the administration of financial policy should be vested in a national authority directly responsible to the Sovereign and his people.

"(4) As the existing mechanism for the distribution of incomes fails to supply the purchasing power necessary to distribute the products of industry or the money equivalent to imports, it is necessary that purchasing power and prices of available goods and services should be equalled. As the defect arises chiefly from charging the community with certain costs in respect of which the necessary purchasing power is not distributed, two alternatives are available—

"(a) Either prices should be reduced to meet the purchasing power available without involving any loss to individuals, or

"(b) Purchasing power must be increased to meet prices—

or both methods could be employed together. The defect being due to the withdrawal and, in effect, cancellation of money before the products represented by the money are consumed, it follows that, under either plan, the necessary money must be distributed direct to the community in the form of currency and / or financial credits.

"(5) This fund of financial credit, available to the community for purposes of obtaining access to its production, should also be employed towards—

"(a) Adjusting the financial system to the progress of technical development and consequent decrease in the human labour required for production, and

"(b) Effecting a drastic reduction in taxation with benefit to the entire community."

COMMONWEALTH COURT'S JUDGMENT.

The following extracts are from the written Judgment of the Commonwealth Full Court of Conciliation and Arbitration, delivered on 22nd January 1931. The judges were Chief Justice Dethridge and Judges Beeby and Drake-Brockman:—

"There is a considerable body of opinion in support of the contention that the handling of currency and credit, and the banking systems of the world, are largely responsible for the present world crisis.



"Lord D'Abernon went so far recently as to express the opinion that 'independent international action would probably furnish the most effective solution, if applied in time.'

"The whole mechanism of finance is theoretically a device to facilitate the movement of existing wealth, internally and externally.

"Under the world's banking systems it has become an instrument for controlling the future production of wealth. Whether this control is for ever to be left in the hands of profit-making institutions has become a question which has been agitating the minds of thinking men in all parts of the world.

"Many eminent economists and statesmen to-day support the idea that the control of money should be a State function rather than a field for dividend making.

"By some witnesses it appeared to be thought that the raising of the wage-level would have an effect similar to an increased issue of currency or so-called 'purchasing-power.' This misconception was not shared by others, who advocated a system involving the distribution of 'new-money' to consumers, somewhat similar to that enunciated during the last ten years by Major Douglas and his followers.

"There was almost unanimity in the opinions of witnesses that in some form banking policy should be changed.

"Mr. R. F. Irvine, for many years Professor of Economics at the Sydney University, contended: 'It is practically a question of life, and death to stop deflation and institute a movement in the other direction, that is, to retrace our steps by a carefully guarded inflation. Such a policy is forced upon us by facts.'

"The consensus of opinion is that some change in the direction of granting facilities to increase credits is necessary. Beyond doubt, the grave hardships to the wage-earning and other long-period debtors, and the discouragements to industry which accompany the continuous fall in the internal price levels in Australia, demand the most earnest consideration by those who are able to exercise any control of the factors governing the price levels."

In view of the coming Commonwealth Inquiry this judgment of a Commonwealth Court nearly five years ago is specially interesting.

DEPUTY, STATISTICIAN'S STATEMENT.

A statement was given to the Committee by the Deputy-Statistician that during the past 25 years the assets of the Australian trading banks increased as follows:—

Year	£ millions.
1910-15	55.6
1915-20	75.5
1920-25	78.0
1925-30	57.8
1930-35	32.0

This shows a total increase of £298.9 millions in 25 years, and further indicates that the faster industry functions the faster the total debts to the banking system increase.

The wealth of the community should be reckoned by its freedom and security and well-being and not, as at present, by its debts.

The fall from fifty-seven million pounds to thirty-two million pounds

in the last five years clearly discloses the reason why the representatives of the banks commend the Government for spending, so that industry may again function more rapidly, and the banks' assets grow faster.

The banks, in providing the credit by which industry expands, do no work, and do not provide anything which a national credit board or a community controlled bank could not do and provide without taking away the community's assets.

SIR DENISON MILLER'S VIEWS.

According to press reports of the period, in 1921 a deputation from the Australian unemployed waited upon Sir Denison Miller, Governor of the Commonwealth Bank, owned by the people. A member of the deputation put the following direct question to him:—

"In a recent address in London, Sir Denison, you stated that to meet the necessities of the war certain things had been done by you which, before the war, would not have been dreamt of. You advanced Australia over £350,000,000 for war purposes, and you stated that, had the war continued, you would have advanced another £350,000,000. Are you now prepared to advance Australia £350,000,000 for productive purposes?" Sir Denison Miller replied: "Yes, I shall do my best."

Marriner S. Eccles, when taking over the Governorship of the Federal Reserve Bank of the U.S.A., said: "Orthodox economics are out of date, because they were meant for a situation in which famine and scarcity were normal conditions."

THE PAPAL ENCYCLICAL.

The following quotation from the Papal Encyclical, *Quadragesimo Anno* (1931), throws a very great light on this attitude of the financiers and their economists:—

"It is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.

"This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the life blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will . . .

"This concentration of power has led to a three-fold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then, the fierce battle to acquire control of the State so that its resources and authority may be abused in the economic struggle; finally, the clash between the States themselves . . .

"Unbridled ambition for domination has succeeded the desire for gain; the whole, economic life has become hard, cruel, and relentless in a ghastly measure. Furthermore, the intermingling and scandalous confusion of the duties and offices of civil authority and of economics have produced crying evils and have

gone so far as to degrade the majesty of the State.

"The State, which should be the supreme arbiter, ruling in kingly fashion, far above all party contentions, intent only upon justice and the common good, has become instead a slave, bound over to the service of human passion and greed.

"As regards the relations of peoples themselves, a double stream has issued forth from this fountain-head; on the one hand, economic imperialism or even economic imperialism in financial affairs, which holds that where a man's fortune is, there is his country . . ."

OTHER CHURCH LEADERS.

Recently, leaders in the Anglican and Free Churches have been taking a more definite stand in public interests. Some, such as the Dean of Canterbury (who is also an engineer), have realised that increased unemployment or leisure has been forced upon civilised nations by the inventions and discoveries of scientists and engineers, and that work can no longer be regarded as a man's sole claim to draw his means of sustenance from the national supply.

Definitely they realise that man's character, moral nature, and spiritual aspirations are as universal, and at least as important as his desire for food and clothing, and now that the latter can be provided by the world's fields and factories with the expenditure of so much less toil than formerly, it is right that there should be more time for the cultivation, of personal or human attributes.

Some of these leaders are adopting social credit_ views fully; others, without committing themselves to any economic or political plan, while still inclined to believe that continual human labour is a necessary part of the general scheme of life, are beginning to see that the present conditions of poverty and distress are man-made and can certainly be removed, as soon as a sufficiently strong public opinion demands their removal, irrespective of the desires of the few who now control so much of the community's wealth.

Within the last few weeks the Anglican Primate of Australia (Archbishop Le Farm) and the Primate of New Zealand (Archbishop Averill) have been leading speakers at meetings held in Perth and Auckland respectively with the object of rousing the public to demand that their political leaders shall put an end to the present distress. They have been supported by Monsignor Holbrook of the Roman Catholic Church, and by speakers of other churches.

Similar meetings, based on the fact, as expressed by his Majesty the King, that it should be possible to find means of distributing existing wealth, are being held in many places.

FAILURE OF FINANCIERS TO OBEY THE KING'S WISHES.

It is realised that the health, morals, and happiness of our people are being needlessly sacrificed, and the inevitable result must be very severe injury to the coming generation. The Committee unanimously agrees that this is un-

necessary. It is not satisfied that any real attempt has been made by the financiers, who control the destinies of the nation, to carry out his Majesty's desire of finding a means of distributing our abundant wealth. Probably the reason for this is that the first step necessary in any plan promising success must be control of its own credit by the community. It is not reasonable to suppose that those who now control it, and have controlled it for so long to their own great advantage, will allow this control to pass easily out of their hands.

The Committee is satisfied to accept the views recently expressed by Mr. H. T. N. Gaitskell that it is questionable if private banks have any more right to the profits arising from control of credit than they would have to profits arising from issuing notes.

The Committee is also much impressed by the recent suggestion of Mr. Cole that a social dividend appears to be the most appropriate way of distributing our increased production in conjunction with community control of credit, and also fully supports the views expressed by the London Chamber of Commerce as to the need for monetary reform and the even more explicit views of the Southampton Chamber of Commerce.

It is necessary to recognise, that, owing to the great increase of machines and power, large numbers of people can no be kept in permanent employment, and a division of the profits of labour and science and power will have to be made on a social or national basis as a right belonging to every member of the community. This matter has gone far beyond the stage of quibbling or arguing over details of administration.

DUTIES OF WAR AND RIGHTS OF PEACE.

During periods of war, every member of the community is asked to protect the community. So also, in times of peace, every member of the community has at least as much right to share the enjoyments and benefits and wealth resulting from peace as he had duty to protect it in war.

Suggestions of possible ways of returning to conditions and incomes of some years ago fall far short of what is required in an age of marvellous expansion and development. This failure to show satisfactory causes and cure can only be taken to mean that the supporters of the present financial system are unable to find any solution while the present financial system exists and are unwilling to consider any solution which involves a change of system.

It has been realised from the inception of the Committee that, under Tasmania's insular and restricted conditions and because of the fact that it was not possible to call as witnesses the heads of financial institutions, since these do not reside in Tasmania, a complete investigation of some matters could not be made.

This Committee considers the inquiries of the Commonwealth Monetary Commission should not be confined to superficial aspects of the present monetary system, but should be directed firstly to the basic principles on which money, and especially credit, is at present issued and controlled, with particular attention to the manner in which it functions, in industrial operations in the creation and liquidation of costs and debts.

(To be continued.)