THE NEW TIMES

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New Zealand's Smashing Blow at Money Monopoly

If one were to form one's judgment from the reports of the Australian and overseas financier-controlled, or at least financier-influenced press, the results of the New Zealand elections are nothing to get excited about. The Melbourne "Herald," for instance, said in an editorial: "Labor's policy in New Zealand consists mainly of measures which have appeared in the programmes of all Australian parties and that in certain cases have been given statutory effect. The most notable proposal unknown outside of Labor and social credit platforms is the creation of a central Government organisation to control credit." The "Herald" then at once switched over to discuss various minor details of the proposed administration of the new Government.

Similarly the Melbourne "Age," after remarking that the rout of the outgoing administration was not really a vote against the private banks, went on in its usual milk and watery way to point out how "there, as here, thoughtful people are wondering whether, in view of the increasing complexity of our industrial economic problems, fresh light might not be obtained by subjecting our credit and currency processes to re-examination." Inquiry, examination, but never action—this seems to be the motto of the "Age."

Who, reading these comments and the dozens of similar ones which have appeared elsewhere, would dream that New Zealand Labor, with the support of great numbers of New Zealanders who have never voted Labor in their lives before, has received a mandate which, if carried out, will bring about the greatest and the happiest revolution any country could know—a bloodless revolution, or at least one which is bloody only in the sense that it will pump rich red blood back into many veins rendered anaemic through lack of proper food and drink?

It is only in the Melbourne "Argus," a paper that, however callous in its attitude towards the poor, is at least consistent in its fight for those it represents, that one gets a glimpse of the truth. When the results of the elections became known the "Argus" devoted to them both its leading article and its financial leader. The first, from its heading, "New Zealand To Rain Money," is self explanatory. "It is when Mr. Savage and his party come to explain their financial policy," said the article, "that they may be expected to plumb the depths of folly and reach the heights of frenzy. Either Mr. Savage is a political charlatan of a peculiarly unscrupulous type or he really believes, as he declared in his policy speech, that he can turn out money at will under his plan for controlling public credit." And the financial editor wrote: "A 'money service at cost' has proved a good election cry, and only time will prove whether it is not merely a hoax on the electorate. . . . It is a pity that the secret of this wonderful scheme has been withheld from the public."

There is the real "Argus" for you. There is the real feeling animating also those other papers like the "Herald" which have unceasingly fought by every possible means, including the bitterest misrepresentation and the grossest lies, any change in the policy which centres all power in the private banking monopoly with which they are associated. That they are not now expressing themselves with the same poisonous venom as the "Argus" does not suppose any change in their sentiments. Rather does it indicate their desire to keep us, as far as may be, unaware of the significance of what has taken place in New Zealand, lest we be tempted to go and do likewise. Regarding New Zealand we may now look forward to a campaign of silence on things that matter.

WHAT HAS REALLY HAPPENED.

The true significance of what took place last week may be gleaned from a cable which we have received from Captain Rushworth, leader of the Social Credit Movement in New Zealand, and which we reproduce on this page. As Captain Rushworth points out, though every possible device was used to sidetrack the issue, the elections were fought on the question of whether the money monopolists or the New Zealand people themselves were to control the money system which, being the sole means of distributing goods and services, is verily the life blood of every modern community. The verdict has been unmistakable, and it is a matter for comment that, as Captain Rushworth says, every Government member on the recent Monetary Inquiry Committee has been heavily defeated, while all the minority report signatories (one of whom was Captain Rushworth himself) have been re-elected. As our readers will remember, that minority report was framed on Social Credit lines, while the majority report was what might have been expected.

AN EXAMPLE FOR AUSTRALIAN LABOR

The policy of New Zealand Labor, and the electors' verdict on it, should be an object lesson to the Australian Labor Party. Where the latter has, until very recently at least, been unable to rid itself of its last century ideas that its enemy was the industrial capitalist, or "the boss," and so has alienated public support by its demands for nationalisation of industry and of the administrative side of banking, the New Zealand party has been progressive enough to see where the real enemy is hidden. Its principal banking plank has been to "assume control of the public credit and establish a national credit authority, whose duty it will be to provide a money service sufficient to give effect to the will of parliament"-that is, to the will of the people. Mr. Savage, Labor's leader, has already denied any present intention of nationalising administration, unless it **be found necessary later on.** That grim sentence is a warning to obstructionists, and there is little doubt that it has been so construed in the quarters to which it was addressed. It may also serve to explain why the usual bank-engineered financial "panic" has not accompanied Labor's return to power. One has a feeling that Mr. Savage would know how to deal with such a panic. One cannot see it providing the occasion under New Zealand's new administration, as it did under an ineffective Labor Prime Minister in Australia, to enable bank subsidiaries like the A.M.P. Society—you will remember their

CAPTAIN RUSHWORTH'S CABLE

We have received the following cable from Captain Rushworth, M.P., President of the Douglas Social Credit Movement of New Zealand: -"New Times, Melbourne,

"General election here veritable tidal wave against Coalition Government, which has proven itself handmaiden of money monopolists. Every device and great ingenuity used to prevent issue turning on monetary system. Instructions issued all newspapers throughout Dominion not to mention monetary reform until after election. This was obeyed with remarkable unanimity with exception one illustrated weekly.

"New intermediate party launched just prior to election helped confuse issue. All metropolitan dailies, provincial papers, party organisation poured crescendo stream clever, expensive propaganda, far surpassing any previous efforts. Result, however, Labor party, previously official Opposition, captured fifty-three seats out of total of eighty.

"THIS PARTY PLEDGED TO FIRST DEFINITE, LIMITED OBJECTIVE, TO CONTROL MONEY SYSTEM BY NATIONAL CREDIT AUTHORITY ADMINISTERING POLICY LAID DOWN BY PARLIAMENT, THEN TO RECONSTRUCT MONEY SYSTEM ON BEST SCIENTIFIC BASIS, SO THAT CONSUMPTION WILL EQUATE WITH MAXIMUM PRODUCTION.

"Five Independents also elected to support similar monetary reform. Scientific reconstruction money must follow. Great battle will be fought this Parliament between power of money monopolists and power of people. Fight is on, but SUCCESS IS CERTAIN. Power of press to influence public opinion here in this matter has definitely ceased to exist. Great bulk of people now sufficiently money wise to be immune to propaganda.

"Members of Douglas Movement New Zealand cover all shades political opinion. District Councils autonomous and IN EVERY CASE UNANIMOUSLY SUPPORTED ANTI-GOVERNMENT CANDIDATES. Sweeping victory of Labor party and Independents in both country and city electorates largely due to Douglas support.

"EVERY GOVERNMENT MEMBER ON RECENT MONETARY INQUIRY COMMITTEE HEAVILY DEFEATED. ALL MINORITY REPORT SIGNATORIES RE-ELECTED.

"Real issue before electors was control and reform money system.

-"RUSHWORTH."

[Editor's Note. —Captain Rushworth was born and educated in England and entered the engineering profession, also studying law. After qualifying, he was an engineer with the London County Council for several years. Then, before the war, he joined the Imperial Army with the 7th London, one of the most famous regiments in England. He served in France with the rank of captain. He was wounded seriously, but joined the Royal Flying Corps, and again saw service in France. In 1922 he took his family to New Zealand and settled in North Auckland. Although always a keen student, he had taken no active interest in politics in England; but he was induced to stand for the Bay of Islands seat in 1928 and he defeated Colonel Allan Bell, then known as the "Uncrowned King of the North." He had for years made an intensive study of economics and monetary questions, and from the time of his election he was the spearhead of the Social Credit movement in New Zealand. The reaction of public opinion during the last seven years has been most interesting. About the time of his election to Parliament, for instance, Captain Rushworth spoke in the Auckland Town Hall upon social and economic questions much along the lines of his speeches today. The comparatively small audience considered him a pessimist, and, failing to understand him, treated him with derision. Recently he addressed another audience of nearly 3000 in the same hall and was applauded continuously. He now commands enthusiastic audiences wherever he goes. He was the only Country Party member in the 1928-31 Parliament, and again in the 1931-35 Parliament. However, shortly after his first election, he began to win the support of members, who found much that was acceptable in his views. His analysis of the economic position during the depression always drew full benches. He won a reputation for sound exposition during his first Parliament, and his advice came to be sought by numerous members. During the last Parliament he was largely responsible, because of his repeated efforts, for the formation of the Monetary Committee, to whose report, with Labor members he added a Memorandum of Dissent, disagreeing with the conclusions of the Government members, whose party has now been defeated. This Memorandum contained views which he was the first to expound in N.Z. and which have now been accepted by monetary reformers in that country.]

general manager's confession quoted in these columns—to buy national bonds at less than £50 and to "make good money, the return in some cases being as high as nine per cent."

A cartoon recently appeared in the "Labor Daily" of Sydney (reproduced in last week's "Labor Call" of Melbourne), depicting a six-hour day as "the bridge of hope," enabling the great masses of workers to cross the chasm dividing darkness from light. The happy land to which the masses are shown advancing with serried ranks and flags flying is irradiated from an invisible sun. The first bright ray is marked: "PERMANENT WORK."

As long as this remains Australian Labor's objective, and as long as it proposes nationalised, bureaucratic administration as the principal means to that end, can one wonder that it remains in the twilight of the nineteenth century?

THE LESSON FOR SOCIAL CREDITERS

Social Crediters, in Australia as in New Zealand, are drawn from adherents of all political parties. Mainly they comprise those who have become disillusioned by the ineffectiveness and meaningless wrangles of parliamentarians—of which Canberra is providing us with an excellent example these days. But, short of outright revolution, it is only by parliamentary action that monetary reform may be carried out. Hence the divergent views within the movement as to the most desirable methods to be adopted.

Alberta has provided an example, which is probably unique in parliamentary history, where a new Social Credit party has been returned to office at its first time of trying. The method adopted in New Zealand, however, appears to offer the more normal way of reaching the objective. Social Crediters in that country, adopting the general lines advocated in the Electoral Campaign, cast their votes for those who were pledged to money being made a service under a national credit authority—in this case, mainly the Labor Party. Where there was little likelihood of a Labor candidate being successful, and where no member of any other party was prepared to carry out their wishes, they gave their support to an independent candidate. Here, again, in numbers of cases they were successful.

It is too early yet even to forecast which will first take the lead in the world, Alberta or New Zealand, but the odds seem to favour the latter. For New Zealand is a sovereign Dominion, whereas Alberta is merely a province within a Dominion, and so driven to adopt all sorts of expedients which are rendered unnecessary to a body with the powers of a Dominion parliament.

POSSIBLE OBSTACLES.

Mr. Savage, in carrying out his mandate from the electors so to use the national credit that he can proceed with a true prosperity campaign without fresh borrowing or taxation, has only one real obstacle in his way. That is the possibility of opposition from the New Zealand Legislative Council. But there appears little likelihood of a serious hold-up in this quarter. The Legislative Council is a nominee body, appointed by the Governor General on the advice of the Executive. Appointments are for seven years, and the present members of the Council are 30; there have been as many as 53 in the past. The Governor General must be guided by the advice of his Executive, though there is a proviso in the Constitution that he may dissent if he thinks he has sufficient cause, in which case he must report the matter to the King. It is difficult to see a position of this kind arising in the face of such a clear mandate from the New Zealand people –for New Zealand is not on a par with New South Wales, where the Governor's refusal to appoint sufficient new members to the Council at Mr. Lang's request, and his subsequent dismissal of the Lang ministry had, as he doubtless knew, at least the benevolent acquiescence of the Federal Ministry. In this case the Governor has to deal with the Federal ministry itself.

In any case we understand that provision for an elective Legislative Council was contained in the New Zealand Legislative Council Act of 1914, and that this may be brought into operation at any time by proclamation.

As far as we are aware of the position at the moment, the first sign of opposition is most likely to come in some such form as an announcement that Mr. Montagu Norman's medical advisers, of this recent American holiday, have ordered him to try New Zealand's hot springs.

LETTERS TO THE EDITOR

G.U.O.O.F.—A CORRECTION

It has come to the notice of the Board of Management of the above society, that contained in your issue of October 11 last, there appears a reference to our society, which besides being incorrect in substance, has a tendency to a damaging effect on the society.

The matter referred to appears on page eight, and is entitled "Letters to the Editor," with a sub-title of "No Shortage of Money."

The reference we take exception to is "G.U.O.O.F. Conference, Deficit balance £602." The words would convey the impression the society as a whole had a deficit balance of £602; whereas one particular "statement of account " may temporarily have a deficit balance, the society has a credit far in excess of £100,000.

We have no desire to further embarrass you, other than request that in your next issue you will dispel the wrong impression the report complained of would, or has, created.

Thanking you in anticipation. —Yours faithfully,

G. L. COULTER, P.G.M.,
Grand Secretary.

[The, reference in the letter to the editor above referred to was as follows: —"During a lunch-time discussion a man I know, who is regarded as particularly astute in business matters, laughed at the idea of the economic chaos of the world being due to financial causes. He contended that, whatever brought about the depression, it was not shortage of money. Returning to my office I picked up the 'Age' (Oct. 9), and in two minutes the following paragraphs came under my eye: — Then followed a list of eleven items, included in which was this, complained of by our present correspondent: —"G.U.O. O.F. Conference: Deficit balance £602. Insurance scheme suggested for unemployed members." The actual wording of the "Age" report was: —"The Grand Lodge report said that the deficit balance was now £602 in the extension fund." We regret that our former correspondent omitted to note that the deficit was in a particular fund, and not in the total funds of the G.U.O.O.F., and we desire to assure that body that any such impression, if conveyed, was quite unintentional. — Ed. "N.T")

BANKS AND TAXATION.

One of the lesser advantages held by the banks by virtue of their stranglehold over our Governments is their immunity from any analysis of their balance sheets by the Income Tax Department.

I am just a small businessman. If I claim a deduction for bad debts I can only claim those actually proved bad, furnishing a list of names and addresses of the debtors. The Income Tax people have no tender feelings of reluctance in analysing my figures to the last penny.

Not so with the banks. The method adopted by one, and perhaps all of our trading banks, is as follows: Where a debtor, no matter how solid his security, is finding it difficult to meet his interest charges or reduce his overdraft, the bank charges him interest as usual, but credits the amount to a contingency account for bad and doubtful debts, instead of to profit. Perhaps an additional amount will also be set aside to cover part of the principal. In this way thousands of pounds of profit are camouflaged in contingency accounts. Not 10 per cent, probably not 5 per cent, of the accounts so treated ever become actually bad, or even really doubtful, owing to the security held. An excessive amount of profit is also set aside to cover depreciation. By these means the apparent profit is purposely kept down. Then the banks hypocritically point to their lower earnings as evidence of their sacrifice and contribution towards economic recovery.

Sacrifice! They make me smile.

"PETER."

"MAKING WAR ON THE CHILD."

May I express my appreciation of last week's article, entitled "Making War on the Child." This is exactly what we are doing, and the general conditions have not hitherto had anything like the notice to which the importance of the subject should give rise. Children are being punished for circumstances over which they have had no control and despite our vaunted civilisation; we tolerate practices, which can only be described as barbaric.

"EXPERIENCE."

MALLEE SETTLERS—MASS SUPPORT TO PREVENT EVICTIONS.

Several months ago a deputation of wives of Mallee settlers visited Melbourne to seek redress from the Government because of the threatened eviction from their holdings by the Closer Settlement Commission, which had classified certain areas uneconomical for wheat growing. After various methods of redress had been exploited, the wives of the settlers concerned formed an organisation - - The Mallee Women's Association—to take up the problems of security of tenure, or adequate compensation of £500 if they had to vacate their blocks, or transference to holdings ensuring at least £150 per annum income. Their appeals to the Government met with no results, as it is contended that Section 13 of the Closer Settlement Commission Act prevents an increase of compensation or any amicable adjustment, pending a general review of Closer Settlements in 1937. The maximum compensation provided in the Act allows for £ 100. When it is realised that these settlers have spent from ten to twenty years in winning virgin Mallee to productive wheat country, it is seen that £100 is a mere pittance for people who are asked to break out into a new sphere of life.

Realising that these difficulties could be overcome if the real situation were widely known, the deputation, prior to their return, set up a committee in Melbourne to further their claims. This committee is comprised of delegates from various organisations—Douglas Credit Movement, Farmer' Unity League, Women's Auxiliary of the Australian Railways Union, etc. Other organisations—the A.L.P., T.H.C., and Returned Soldier's—expressed their sympathy, stating that they were working for the redress of grievances arising from Closer Settlement schemes. Other bodies also expressed sympathy, but, due to their constitutions, were unable to send delegates, but were also taking the matter up independently. At the same time various organisations have passed resolutions in support of the claims of the Mallee settlers.

To develop this campaign still further the Melbourne committee appealed to the Minister for Lands, Mr. Lind, to hear a deputation, which was to be introduced by Mr. T. Tunnecliffe and supported by Mr. Eugene Gorman, K.C. On this occasion it was anticipated that a case for a special grant would be put forward. The committee claims that a special grant would overcome the difficulties of Section 13 of the Act. However, the Minister refused to receive the deputation on the grounds that no useful purpose could be served.

Objections may be raised that the passing of a special grant would create a precedent, but we point out that the precedent has already been created by the State Government in its dealings with the claims of the overseas settlers.

To obtain support for these claims the above committee appeals to all sympathetic parliamentarians to have the matter raised in the House. A further meeting of the Melbourne committee is to be held on December 13 to further the campaign. Meanwhile we appeal for support from interested organisations and individuals, who are requested to get in touch with the committee by communicating with the secretary, c/o Douglas Credit Rooms, The Block, Melbourne.

For the Mallee Settlers Protection Committee,

D. DUNCAN,
Acting Secretary.

[A number of other letters have been held over owing to pressure of space. —Ed., "N.T."]

SPILLING THE BEANS

A remarkable article on the Social Credit situation appeared in the "Boston Evening Transcript" on September 7. It was written by J. A. Stevenson, which happens to be the name of "The Times" Ottawa correspondent. A few quotations will suffice to show the tone adopted, which is more outspoken than we have seen in this country.

"Mr. Aberhart . . . has left the key office of provincial treasurer . . . to a certain Charles Cockroft of Gadsby. This gentleman runs a general store in that village, and his prestige as a financial wizard rests upon experience gained as accountant with a chain store organisation.

" . . . in order to meet a variety of imminent obligations, he will within the next six months have to raise between ten and twelve million dollars. **Ordinary financial channels for raising this will obviously be closed to him** (our emphasis), and . . . there will be no alternative but to seek succour from Ottawa . . ..

"He has secured a mandate to give practical effect to financial heresies. So the 'Financial Post' of Toronto and other papers are urging that when he comes to Ottawa to seek financial help, he should be bluntly told that the Federal Treasury has no money to spare to assist a Government which is evidently bent upon a wild experiment, and that not a cent more of Federal money will be available unless a firm guarantee is forthcoming that a competent financial administration will be set up and orthodox financial methods followed rigidly."

It is interesting to compare this stuff with the notorious threat in the "Financial Times" (London), in 1921:

" . . . half a dozen men at the top of the big five banks could upset the whole fabric of Government finance by refraining from renewing Treasury bills."

-"Social Credit," Oct. 25.

"POVERTY IS A CRIME," SAYS PROFESSOR WALTER MURDOCH

"We Refuse to be Silent Accessories"

Notable Address to Western Australian Gathering

The campaign to abolish poverty in Australia, the opening of which in Western Australia was marked by the fine address of Archbishop Le Fanu in the Perth Town Hall, as already reported in our columns, was responsible for a crowded and enthusiastic meeting in the Fremantle Town Hall on the evening of Thursday, November 21.

The speakers were Professor Walter Murdoch, Professor of English in the University of Western Australia, and whose delightful writings as "Elzevir" in the Melbourne "Argus" are so familiar to Eastern readers; Rev. A. E. Brice, Mr. Eric Isaachsen, Chairman of the Nationalist party of W.A.; Mrs. Irene Greenwood, Mr. R. J. C. Butler, Director of the Abolition of Poverty Campaign in W.A., who outlined the committee's policy; Mr. C. F. J. North, M.L.A.; Mr. O. W. T. Cook and Mr. Richard Rushton. Canon Collock was also on the platform.

Professor Murdoch (who, incidentally, is the uncle of Sir Keith Murdoch, managing director of the Melbourne "Herald" and its Australian-wide chain of newspapers) gave the principal address.

"THIS STRANGE CAMPAIGN."

"I count it a privilege," said Professor Murdoch, "to be invited to speak tonight in this great cause, to take even the humblest part in this strange campaign that has been launched in our midst. I call it a strange campaign, because—well, don't you think it is strange? Don't you think it surprising, and even bewildering, that in a country which is fabulously wealthy it should be necessary to launch a campaign, and to get ready for a sore fight, to do away with the poverty which is the lot of 80 per cent, of our people today? When I say that Australia is fabulously wealthy, I mean just that. I am not, of course, speaking of the amount of money in Australia; I am speaking of real wealth, of the things we can eat and drink and wear and use; I mean the capacity to produce the things we need. In that sense of the word—and it is the only sense that has a real meaning - - Australia possesses wealth such as our fathers and mothers would certainly have called fabulous. Even after all the talk there has been of late about the paradox of poverty amid plenty, I don't believe everybody fully understands how real this plenty is, or what a tremendous abundance of material goods the coming of machinery and the various applications of science have placed in our hands, if we like to use our resources.

"Science has given us the means, but it couldn't give us the wit to use the means it has given us. I was reading the other day a book written by various authors, among them some of the most eminent English scientists now alive; and the name of the book was 'The Frustration of Science.' The men of science have held out these gifts to us, but something—and you have to inquire what that something is—prevents us from putting out our hands and taking the gifts that are offered to us; and so men of science feel that their efforts have been frustrated, and they feel profoundly discouraged. Surely a man has a right to feel discouraged when, after having worked his way to a new discovery or lit upon a new invention for the saving of labour, he finds that his discovery or his invention has turned out to be not a blessing, but a curse; that his new machine for saving work has only thrown more men out of work and in creased the sum of human poverty and misery. What is the power that frustrates the men of science and makes their labours of no avail—of worse than no avail—so that men are crying out to them: 'Oh, for heaven's sake take a holiday and don't invent any more machines for a hundred years or so'?

PEOPLE DON'T FULLY REALISE.

"I say, people don't fully realise the plenty in which we might be living; and I say also that many don't fully realise the poverty amid which we are actually living. I suppose everyone in this hall has heard of the great battle of Passchendaele, that tragic blunder of the war, when many thousands of lives' were thrown away for no military gain whatever. The battlefield consisted of a vast swamp. General Seely says the ground was so churned up with shells that the top foot or so was like pea soup, and below that a glutinous mass of clay, out of which it was almost impossible to pull one's feet, and those who were wounded were drowned in mud. Against impregnable positions our men were marched to the slaughter; the casualties have been set down at 350,000. Well, one of the best historians of the war tells us of an incident, which is one of the most damning comments on this battle and the men who planned it. A highly placed officer from General Headquarters paid a visit to the battlefield —his first visit, after the battle had been going on for four months and had at last come to an end. When his car came near the edge of the sea of mud which had been the battle area, this officer burst into tears, and cried: 'Good God, did we really send men to fight in that?'

THOSE RESPONSIBLE SHOULD VISIT THE BATTLEFIELD.

"The moral of that story is that the men responsible for a battle ought to take the trouble to visit the battlefield occasionally; and the same thing applies to the financiers and the economists. If one of the economists who complacently tell men to tighten their belts and carry on—the economists who tie their brains into knots with mathematical formulae to prove that nothing can be done—if one of these authorities were compelled to visit the battlefield, to see the conditions in which millions of men and women are being forced to exist today, I hope that he, too, would have the decency to burst into tears and to cry out: 'Good God, did we actually ask men to live, and to keep their wives and children, on that wage and in those conditions?' A great many very clever people lack a sense of reality; a great many very good people, who have never been hungry, lack the imagination to tell them what being hungry feels like.

"Well, this state of things is not going to last. I say with absolute conviction that it cannot endure; it is too preposterous. Nothing has struck me more, in my reading of history, than the extraordinary patience of human beings; but history also tells us that there do come times when that patience is strained to breaking point; and one of those moments is drawing very near. We know that the extreme poverty, which so many of our fellow men are enduring, is quite unnecessary. There is no law of nature that makes it inevitable. In former ages there was not enough wealth to go round; even if it had been divided up equitably, which, of course, it never was, some people would have had to go poor, perhaps even to starve. If you were unlucky enough not to be able to seize a share of the world's wealth, you had to bow the head and accept the inevitable. In those days poverty was a misfortune. Today the conditions are quite different; there is plenty of wealth to go round; today poverty is a crime. And it is because we refuse to be silent accessories to that crime against humanity that we are on this platform tonight.

PRESENT MONEY SYSTEM MUST BE SCRAPPED.

"I say that an end will certainly be put to the present system—if you can call it a system. The question is, not whether it will come to an end—for that is certain—but what end it will come to. The world will find a way out; but will it choose an unreasonable way, which will only lead to fresh miseries? We know there is a reasonable way; and when I say we know, I mean it; we are absolutely sure that our present money system, which has so obviously broken down, must be scrapped; and we know that there is an intelligent way of managing money, which would end our present distresses. Perhaps we don't all agree as to the best way. If anyone tells me that the way I believe in is not the best way, all I shall say in reply is, 'If you know a better 'ole, lead the way, and I shall follow'. That is to say, we are not here to prescribe a method of abolishing poverty; we are only saying that poverty must be abolished. Since we know it can be, therefore we insist that it must be. And. as we still have some faith in Parliament and the parliamentary method, we are addressing ourselves to members and to would-be members of Parliament. We are asking them to make this problem of the abolition of poverty a first charge upon their intellectual capacity, if they have any. We are asking them to make the abolition of poverty the objective of their political lives. No Parliament in Australia has ever done this before, and we are determined that the experiment shall be tried.

THEY WILL NEED WATCHING.

"But I want to give you two warnings. The first is that when we have got men into Parliament pledged to do this, we must not lose interest in those men; we must watch them as if we were their mothers and they were our own beloved children. They will need watching.

"And the second warning is that, as long as we can see that they are trying, we must have patience with them; we must not expect a result next week. After all, they will have a stiff battle ahead of them; the embattled forces of the established money power won't surrender at the firing of the first shot.

"But, for my part, I feel exceedingly hopeful. As I have said already, there is no law of nature supporting the present state of things, but only a system devised by men, and therefore alterable by men. There is no knot that men can tie which cannot be untied by men. I have an unlimited faith in the intelligence and ingenuity of the creature called man; he has done much more wonderful things than finding a way of allowing people to eat when they are surrounded by food. It is not much that we are asking of our politicians; only that they shall promise to give the whole of their minds to this problem until it is solved."

TASMANIAN M.P. DENOUNCES INSURANCE SCANDALS

Government Investigation Urged

Saying he intended to ask that a Select Committee be appointed to inquire fully into the question of insurance, Mr. G. S. Carruthers, in the Tasmanian House of Assembly on November 21, asked whether those who had tried to sell the State Insurance Office were acting in the interest of the private insurance companies. He expressed the view that all insurance should be State insurance, and pointed out that the State office was not able to deal with life insurance.

A pamphlet containing the latest available figures in regard to Australian policies from 1928 to 1931 showed that settlements were made by the

(Continued next column.)

insurance companies in respect of death, maturity, and surrender on policies totalling £49 millions, whereas the amounts forfeited during that period covered no less than £94 millions. He had submitted this pamphlet to the local manager of one of the largest insurance companies in Hobart, who did not dispute the figures.

The pamphlet contained the comment that insurance companies might just as truly be considered the confiscators of the people's savings as the greatest thrift associations in the country, Mr. Carruthers referred to a case he recently investigated where a woman who had lost her husband believed he was insured for £250, and had stated during negotiations for a pension that she had this insurance due to her. During 15 years £97/10/- had been paid in, and one advance of £10—on which interest was charged—had been made. The company now offered her £95/10/- in full settlement. He found that during the first three years of the policy her husband was covered for £20, and £19/10/- had been paid in, after which the insurance was actually for the amount of the premiums paid, plus bonuses. The interest credited on the premiums paid was 1 per cent, for the first three years, then 1¼ per cent, and progressively up to 2½ per cent He had examined the policy and found that it did actually state that, if the money was left with the company, at the end of 20 years the insurance would be for £250. When he protested that few people would be likely to understand the terms of such a policy, the local manager had replied that their agents were instructed to read the policy most carefully to all intending policy-holders.

It meant, concluded Mr. Carruthers, that many people drew out less money than they put in, and he did not think the members of the House would stand for such a state of affairs.

"As a mathematician, and having made a thorough study of statistical data, I am of opinion that.... as a Federal issue in Canada, embraced by our nine provinces, Social Credit is not only a sane solution to an economic problem, but also a solution which is practical and feasible." —Professor J. W. MacLennan, Lecturer on Economics, St. Patrick's College, Ottawa, Canada.

E. R. Knox, Esq.,
Chairman, Colonial Sugar Refining Co. Ltd., and Deputy Chairman, Commercial Banking Co. of Sydney Ltd.

Dear Sir,

The daily press reports that the C.S.R. Co., of which you are chairman, has invested £266,000 *in the new National Loan. To your company, of course, this amount is only a fleabite—or should one say the result of many fleabites upon the backs of Australian sugar consumers?* £266,000 *is a mere bagatelle when one remembers that it is just a year since you were able to issue bonus shares to an amount almost equal to the total sought in this loan, to the stupendous amount of* £5,850,000. *Of this huge sum no less than* £3,900,000 *represented the bringing to light of hidden reserves—a business proceeding which we ordinary folk would term plain dishonesty, but which to a gentleman who is also a bank director would doubtless seem quite in order. After capitalising these reserves—and Heaven and the keepers of your secret ledgers alone know how much more you still have hidden—there yet remained, according to your last annual statement, some £6 millions of reserves and "suspense" funds, just on £4 millions of which were held in liquid form in cash and bank deposits.*

We are suggesting to you, Sir that instead of being praiseworthy for its public spirited action in subscribing to our loans (and drawing interest therefrom), the policy of your company is entirely reprehensible and anti-social. While we admit the present necessity or advisability of a company retaining certain sums from its profits (if it can get them] as reserves for business requirements or for equalising dividends, the long history of the C.S.R. shows that it has not acted upon this principle; that reserves, acknowledged or hidden, have represented little more than extortionate profits wrung alike from the actual growers of sugar and from its consumers.

The C.S.R.'s enormous bank balances, in particular, represent purchasing power of which the poor have been fleeced to feed its insatiable maw, and which, taking its cue from the banks—three of the five C.S.R. directors are also bank directors—the monopoly has not even had the grace to distribute to its own shareholders in the form of cash. You are now prepared to make available some small portion of the shortage you have caused, but not by way of rebate or of distribution. The money comes out of your coffers as an investment, an exaction of further tribute from us at 3¾ *per cent, per annum. You demand perpetual interest for restitution.*

And only a few weeks ago your company was before the courts brutally endeavouring to beat down the wages of your men by 5/6 a week. In God's truth, we have given you good cause to appraise us as a race of coolies.

THE NEW TIMES

THE NEW TIMES

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Banks, Government Securities and Depression

"During the year", said Sir Thomas Buckland, chairman of the Bank of New South Wales, at the annual meeting last Friday, "we have reduced our holding of government securities from some £16,640,000 to £11,457,000, thus providing a sum of £5,183,000 for lending to the business community."

One would have thought that even our Australian bankers—notorious amongst the world's bankers for lack of candour and for misleading statements—would by now have ceased trying to foist upon the public such absurd nonsense as the latter part of the sentence quoted. To the simple person who envisages the bank as a trader like a grocer, and our money supply as consisting entirely of notes and coin, Sir Thomas Buckland's statement might sound true, or at least credible. The bank, such a person would argue, hands the securities across its counter, getting notes or coin in exchange, and thus being able to lend this money to the next acceptable borrower who should come along. Banking, however, is not nowadays conducted in this fashion.

Let the Simple Simon who has a bank deposit—say, of £1000—place himself in the position of a buyer of securities to that sum from his bank. What will happen? Simon will draw a cheque upon his account with the bank. This he proceeds to hand over in exchange for securities. The bank debits the cheque to his account and promptly cancels both. That is to say, the sale of securities by the bank destroys bank deposits to the amount of the sale. No money is thereby created, nor is any money made available either for the business community or for anyone else.

Before the transaction took place, the community owed the bank, which held the security £1000, plus regular payments of interest. The bank owed its depositor a similar sum, without interest. When the transaction is completed the bank has liquidated its debt to its depositor by transferring to him the community's liability to the bank. And in the process there is £1000 less of bank-created money in existence than there was before.

To see the wickedness of the whole system, look a little further in the process. Go back and inquire how the bank came to hold the security.

The community, finding that it had not sufficient money to carry on, floated a national "loan." The bank applied for portion of this, and bought it by the simple process of writing a cheque *upon itself*—that is, it created the money out of nothing—or by a process of drawing on its deposits in the Central Bank, which had similar results. In due course this bank-created money, or £1000 of it, found its way through trade channels into the hands of our Simple Simon. But—and this is the point—when Simon surrendered the money to the bank for cancellation, the money went out of existence but the debt of the community did not. It simply passed into Simon's hands, and automatically became impossible to repay.

Why, you will ask, should banks thus sell securities, interest on which represents to them an income for nothing?

There are two reasons. The first is a mechanical one. The additional bank deposits which arise from bank action are not accompanied by any increase in the supply of notes and coin, a certain percentage of which a bank must always hold against its deposits in order to cash cheques. Hence, whenever deposits which arise from banks' purchasing of national securities or from their granting of overdrafts to private persons exceed the safety limit, bankers must destroy part of the deposits either by selling securities or by calling up overdrafts. Both of these processes are in operation at present, heading us for a still further dose of depression.

The second reason, which may dictate the policy, is bankers' greed. If you have a debtor who owes you money, and if you insist upon him giving you collateral security for that debt—such as the deeds of a farm, a house or a factory—and if you can destroy the money which would enable your debtor to repay you, then it becomes rather obvious that you will gain possession of the farm, the house or the factory. We saw this in full operation in the years succeeding 1929, when the banks, simply because of their monopoly over our money soppy, either themselves possessed or controlled, or else put their friends into possession or control of innumerable properties and business all over Australia. It seems we are to see a further extension during the coming year.

And we shall never free ourselves until we insist that the community resumes control over its own money supply and regulates it to suit its real wealth.

"What a Ghastly, Grim and Scathing Commentary!"

After announcing that the Victorian Government is at present subsidising slum rents to the amount of £32,000 a year, General R. E. Williams, in the first of a series of special articles pleading for slum abolition, writes in the Melbourne *Herald* of December 2:

"Thirty-two thousand pounds a year would pay interest on over £1 million loan money—money that could be utilised to replace a very considerable number of slum structures with good, comfortable homes."

We have nothing but honour for the motives and sincerity of General Williams, but when he speaks of abolishing slums—which he rightly regards as the result of poverty—by means of fresh loans, and therefore by increased taxation upon the poor, we can only use the words with which he himself refers to the Government's slum rent subsidy:

"What a ghastly, grim and scathing commentary upon the powers of Parliament, the intelligence of men in high places, the ineptitude of bureaucracy, our business sense and our common humanity!"

Why *borrow*, why put the nation further into pawn to the money monopolists, upon whom lies the real responsibility for our slums, in order that what is so easily possible physically may be made possible financially? When will it occur to General Williams, and to others like him, that the creation of new, saleable assets like people's homes require also the creation of new, additional money in order that the people may be able to pay for their homes? Supposing that the nation were to issue, interest free, new money against the security of the new assets, what would be the position? As the homes were paid for, the money would be returned to the issuer for cancellation—in just the same way as money is cancelled by the repayment of any bank overdraft today. Why, then, talk about taxing the people to the tune of £32,000 a year in interest simply to allow a private money monopoly to usurp the nation's prerogative of issuing its own money against its own assets?

"—And for Other Purposes"

"Proceeds of the Loan," says the press advertisement for the latest Commonwealth loan, "will be used for public works of the Commonwealth and States, and for other purposes."

We understand, although we have not been favoured with any such notice, that a communication has recently been sent from the Commonwealth Bank Board to those responsible for another section of the press. If our information is correct this communication sets out that, in view of rumours that portion of the loan is to be used for the purpose of retiring Treasury bills (and therefore simultaneously bringing about further deflation while increasing our interest and taxation obligations) the Bank Board wishes to deny that it if *insisting upon* any Treasury bills being retired from the proceeds of the loan.

If the Bank Board has sent out this notice, why write privately to a section of the press about it? Why not make a public statement? Or is it that, while the Board has not *insisted* upon the deflationary process, Messrs. Lyons, Casey and Co. have agreed to it without the Banks' insistence? And, if this be not the case, what are the "other purposes" mentioned in the Treasurer's advertisement?

We should be glad to see the matter cleared up, and in particular to see the Bank Board—supposed to be representative of the people—either admit or deny that it is in secret communication with such press organs as it may select for private messages.

BANK OF ENGLAND INTELLIGENCE OFFICER FOR MELBOURNE UNIVERSITY.

Readers will have noted with interest the daily press reports concerning the appointment of Mr. W. B. Reddaway to the new research fellowship in economics at Melbourne University.

It appears that the negotiations have been carried on by Professor Giblin, of the Commonwealth Bank Board, while the strong recommendation came from Professor Copland, of the Premiers' Plan.

Mr. Reddaway's latest (and greatest?) qualification as an authority on economics lies in his present position IN THE INTELLIGENCE DEPARTMENT OF THE BANK OF ENGLAND.

One can well imagine his economic beliefs.

GHOSTS CAN BE RENTED IN PHILADELPHIA

The fact that the British taxpayer is still paying off the debt on the Battle of Waterloo (says "Farming First") is often quoted to illustrate the extent to which usury has permeated the economic system. But we have come across a more exquisite example of this sort of thing. It is symbolical of the plight of the Western world.

It seems that in Philadelphia, in 1874, some 4200 horses were sent to the glue factory. But their value is still listed in property valuations of the Philadelphia Rapid Transit Company. The taxpayers pay out, in interest charges, 77,500 dollars for the upkeep of these dead horses. Naturally, the horses being dead, the money must go somewhere, and so it goes to the live owner of the dead horses' ghosts, at the annual rate of just a shade more than eighteen dollars per ghost. It is the expectation of the owners of the bonds that they will draw interest forever.

Douglas Credit Movement
XMAS REUNION,
SOCIAL EVENING
at
Nicholas Building Ballroom,
On
Thursday, December 12
At 8 p.m.
Tickets 1/7 obtainable from Branch Secretaries or from Headquarters, The Block, Melbourne

PUBLIC SERVANTS AND THE MONEY QUESTION

The biennial conference of the Commonwealth Public Service Clerical Association, consisting of two delegates from each of the six States and the Federal Capital, was held in Melbourne from Monday to Saturday of last week. Strong resentment was expressed at the action of the Federal Government in continuing to impose unduly on a small section of its employees, and close consideration was given to the circumstances, which brought about the Premiers' Plan. The following motion was carried unanimously:

"That in view of the great importance of the subject of MONEY and its controlling influence on the whole of the nation's activities, both individually and collectively, Conference earnestly and unanimously appeals to all Public Servants to make a close personal study of the matter, and to lend their active assistance in all bona fide efforts to increase the knowledge of the general community regarding the actual CAUSES of the so-called depression and the reasons for the continuance of such unsatisfactory conditions."

SHOULD THE CLERGY STUDY ECONOMICS?

Outspoken Article by Australian Priest.

In the current issue of "Manly " there appears a candid and courageous article, "Am I My Brother's Keeper?" by the Rev. Fr. T. P. Considine, M.A., of Melbourne.

In the course of his article, which is an urgent plea to the clergy that their spiritual vocation calls upon them to make a study of present-day economics—"many people do not realise that the social organisation of today is more different from that of, say, 1800 than that of 1800 was from that of the time of Our Lord"—Fr. Considine says: —

"To those priests who deny that a knowledge of social and economic principles is necessary for the right discharge of the priestly office, we can justly reply that reason and Papal pronouncements are against them; while to those who admit the advantage but declare they have not the time, we may urge a simple argument. If such knowledge is useful, it may be that the reason why we do not make a greater impression on the world is that we have not that knowledge. It is likely a priori; for a little acquaintance with the average Catholic's daily life reveals how closely associated in his mind are the economic and the moral issues. Again, priests spend much time in organising fetes and bazaars—as if paying off debts were the great sacerdotal work; possibly a sound economic education would enable all these efforts to produce more fruit, perhaps the best fruit being a small debt to begin with . . .. Economic problems loom so large in the life of the average man that knowledge of them would bring a priest to grips with actual life. The salt of the earth will not give savour if it remains in the cellar; it must come into close contact with what it has to savour."

More Impudence from the Banks

E. S. & A. Chairman Repeats Demand for Overseas Privilege

Following recent local efforts by Mr. P. C. Holmes Hunt, of the London - Collins House Colonial Gas Association, to have overseas shareholders given taxation remissions at the expense of Australian shareholders to which reference was made in our issue of October 11 - a similar brazen attempt is now reported from London. Presiding over the annual meeting of the E.S. & A. Bank held there last week, the Chairman of directors, Mr. Andrew Williamson, delivered the usual banker's address, nicely compounded of platitude, arrogance and humbug. After deploring the unsatisfactory price of Australia's exports last year (as though prices were something quite independent of bank control), and informing us that "although Treasury bill finance constitutes a form of inflation, it is mild, controllable and innocuous so long as it is kept within reasonable" (i.e., private bank-directed) "limits", Mr. Williamson, with his tongue in his cheek, went on to give shareholders the tip that they had nothing to fear from Mr. Lyons's precious monetary commission by stating that "the banks would give the Royal Commission all assistance" and that "if the commissioners are able to suggest any real improvement in Australian banking policy and practice none will welcome it more than the banks themselves." This geniality on the part of our bankers towards the openly anti - Social - Credit Professor Mills and his co-commissioners should be quite sufficient to reassure such people as may have feared that the Commission would be likely to recommend anything which might deprive the banks of their monopolistic powers.

The point of Mr. Williamson's address, however, to which we desire to draw immediate attention is contained in this statement: "Australia should seriously reconsider the taxation of absentee shareholders and debenture-holders, which more than anything else deters people in England from investing in Australian enterprise, when the Commonwealth more than ever needs the assistance of private capital. The harmful effect of deterring the flow of private money to Australia more than offsets any financial benefits from the tax involved."

This attitude on the part of Mr. Williamson is not new, as will be noted from the following description of him in "Who's Who": "Mr. Williamson has made repeated visits to America to carry out important investigations on behalf of English companies. In most matters of friendly controversy"—note that delightful phrase - "that have arisen during the last thirty years in which Anglo-Australian commercial and financial interests have been involved he has taken a prominent part. He is also an active member of the Society to protest against the payment of double income tax within the Empire."

THE SOLE SHORTAGE

The implication of Mr. Williamson's statement is clear. He makes no shadow of a suggestion that Australian enterprise or development is held up because we are short of men or of materials. He does not even hint that we need any longer import the skilled services of brilliant gas engineers like Mr. P. C. Holmes Hunt or brilliant financiers like himself. All we need from abroad, it seems, is money, and private money at that.

It follows for this, in the first place, that Mr. Williamson, the banker in England, accepts—what the bank spokesmen in Australia will not—the Social Credit contention that the only real shortage in this country is one of money, and that the making up of this deficiency is what "the Commonwealth more than ever needs."

But what is this money, which Mr. Williamson says we must import, and which is to give us such a notable fillip that its possessors shall get all the profits without sharing any of our burdens?

It is not even tangible legal currency. There is no proposal that we bring out a shipload of Bank of England notes or English two-shilling pieces or pennies. We have here quite good printing presses for notes, quite good stamping plants for coins. What Mr. Williamson wants us to import, what he says taxation on the overseas shareholders will deter, is simply a number of entries in bank ledgers - - as he truly says, private money. (We can also make ledgers in Australia.)

WHO BENEFITS?

If you were to ask Banker Williamson to whom this private money, to whom these book entries belong which enable Australia to be developed by surrendering to overseas people the ownership of many of our best assets, he would doubtless give you the usual pathetic story about widows, orphans and retired clergymen. Perhaps he would be right. But we have never noticed that these estimable people have taken tangible shape. On the other hand, we have observed, as a concrete example, that the same Banker Andrew Williamson, who so eloquently pleads the case for private "capital" from overseas, appears himself to have had substantial rewards from the system. For Mr. Andrew Williamson, besides being chairman of the E.S. & A. Bank, is also

Chairman and managing director of Australian Estates and Mortgage Co. Ltd., with over £3 millions in bank-created capital and debenture stock and great pastoral and sugar properties in New South Wales and Queensland.

Deputy chairman of Australian Pastoral Co. Ltd., another million pound (bank-created) concern.

Director of Australian Sheep Farms Ltd., a mere £400.000 (bank-created) enterprise.

Director of the Midland Railway Company of Western Australia (bank - created capital and debenture stock, £1.300,000) which, in return for building 277 miles of railway in Western Australia, got 12,000 acres as a subsidy for each mile of its line, or a total grant of 3,320,000 acres.

Director of Sulphide Corporation Ltd., another million pound (bank-created) company, which owns the Central mine at Broken Hill and the sulphuric acid, superphosphate and cement works at Cockle Creek, in New South Wales.

All of these enterprises, like the E.S. & A. Bank, are overseas companies, having their head offices alongside it in that part of London, which bears the postal address "E.C." On all their boards appear names, often repeated, from the same little group of financiers.

Mr. Williamson is also the chairman of the London board of directors of the Mount Lyell Co., that hugh £3 million (bank created) concern whose headquarters are in Collins House Melbourne, and of which, incidentally, that other pleader of the cause of overseas private money, Mr. P. C. Holmes Hunt, is likewise a director.

Thoughtful Australians are asked to turn over in their minds just what this enormous alienation to overseas banking interests of so many of our best assets signifies. They are asked to remember that the instances just enumerated are only those in which Mr. Banker Williamson is directly and openly concerned, and that the list might be multiplied many, many times by the inclusion of a few other overseas bankers who are at all times ready to echo Mr. Williamson's sentiments.

THE RECORD OF THE E.S. & A.

Since Mr. Williamson, as a banker, chooses to raise this question of private money, it may not be out of place here to turn back a page or two in the history of his own bank and its dealings with the private money entrusted to it for safe keeping by depositors. Four years ago, at the annual meeting of the bank, Mr. Williamson said: "The first duty of the banks is to their depositors." What is the history of the E.S. & A. Bank's dealings with its depositors?

At the time of the bank smash in 1893, caused by depositors requesting the banks to pay them the money to which they had a legal title—that is, their deposits —the E.S. & A. was one of the first banks to default. In fixed deposits and in current accounts of over £50, this bank was responsible to its depositors for about £4,000,000. Of this amount the bank made restitution, over a number of years, of about a quarter, with interest added at 4½ per cent. Of the remainder, in its reconstruction scheme, a million was converted into 4 per cent, debentures, and two millions into 4½ per cent, inscribed stock. Depositors accepting these certificates had no right ever to demand repayment of their principal, though the bank, at its option, could redeem the certificates. Those who protested against such an arrangement were told: "If you do not accept the scheme presented to you there is nothing but liquidation." Perforce they consented. There are still about £1,800,000 of these certificates unredeemed.

REPUDIATION ADDED TO REPUDIATION

But this is not the worst. In 1896 the directors of the E.S. & A. Bank felt that they had been too generous towards the depositors whom they had defrauded of their money, and, being an English company, they secured the passing of a special Act of the English Parliament, under which the interest on the £2 millions of inscribed stock (depositors' funds) was reduced from 4½ per cent, per annum to 3 per cent. And at 3 per cent, it has remained to this day, although the E.S. & A. Bank has made such a wonderful "recovery" that for the nine years preceding 1931 it paid no less than a 12½ per cent, dividend annually to its shareholders, not to mention the rich fees to directors, in both of which, naturally, Mr. Williamson participates (as also, amongst others, does Mr. C. L. Baillieu, a Collins House director of the bank).

On top of this legalised but heartlessly dishonorable treatment of its local depositors, we now find Mr. Williamson adopting a policy which is hard to distinguish from blackmail towards the Government (so-called) of the Commonwealth, and threatening that if he and his fellow shareholders overseas be riot relieved of taxation on their rich dividends they will stop the "flow of capital" from England to Australia.

To those who are familiar with the speeches and the attitude of Mr. Williamson and his associates there is nothing surprising in this attempted dictation. Interfering in our affairs has long been their hobby. Thus, in another of his annual orations, Mr. Williamson said of Australian wages in 1931 (our wage-slashing year): "The fixation of wages ought in future to have some relation to the actual value the recipient can give in return, totally regardless of individual merit. Probably the only way out of the morass into which these" (wage-fixing) "tribunals have led all branches of industry will be to abolish them altogether."

WHAT WOULD HAPPEN?

Supposing that the threats of Mr. Williamson and his associates were carried out, supposing that the flow to Australia of private money (or any other sort of money) were stopped completely, what would be the effect on this country and its people? The answer is very easy. The Williamsons provide us with nothing material. Any goods, such as machinery, which we may need from abroad, are readily obtainable in exchange for some of our genuine excess production, such as our surplus of wool. Makers of real things all over the world, whether in England or elsewhere, are only too anxious to deal with us on this basis, which is the only mutually satisfactory basis of trade (as even Sir Henry Gullett is beginning to find out). All that gentlemen of Mr. Williamson's type furnish us with is book entries which they call bank credits —in other words, interest-bearing debts. And it is solely because this community has not so far had the brains to resume control of its own ledgers and to make its own entries, it is solely because it has allowed the financial monopolists overseas to erect an artificial barrier to restrain it, that the people of Australia are daily watching more and more of their possessions filched from them while their own status is being rapidly lowered to something far worse than feudal serfdom.

But the day of the Williamsons draws to its inglorious close.

Sound Finance (?)

"I have seen a stack of oranges a mile long and ten feet high allowed to rot in California, in an attempt to restore payable prices, while in other parts of the U.S.A. thousands of children were suffering from malnutrition due to insufficient fruit."—Walter Nash, M.P., speaking at Te Kowhai (N.Z.) in September.

QUEENSLAND ABOLITION OF POVERTY CAMPAIGN

A large audience attended the inaugural meeting of the Campaign, held in the Builders' Exchange, Wharf-street, Brisbane, on the night of November 2.5.

Mr. R. F. Gillespie, Acting Campaign Director, was in the chair, and he opened the meeting shortly after 8 p.m. After preliminary remarks, the chairman invited Mr. A. G. Horsfall to address the meeting.

Mr. Horsfall traced the origin and development of the plan of action, and explained briefly how it was to be put into effect.

A free discussion followed the address, out of which there arose the following motion by Mr. G W. Morris, seconded by Mr. Burdeu, secretary of the Church of Christ Social Service Section, and which was carried without a dissentient voice:

"That this meeting does constitute itself a general committee to carry out the abolition of poverty campaign."

Several other prominent new economists spoke, including Rev. Stuart Roach and Mrs. Chapman, who moved that "An advisory committee of ten be appointed to invite applications for campaign director and to make the appointment." This was seconded by Mr. Morris and carried unanimously.

The following were appointed to the committee: —Messrs. G. W. Morris, R. F. Gillespie, F. B. Heffernan, A. R. McDonald, V. L. Fairley, A. B. Smith, A. G. Horsfall; Mesdames W. S. Argaet, Chapman and Helbach

A telegram was received at the meeting from Rev. C. D. Brock, convener of the Abolition of Poverty Campaign in South Australia, extending congratulations and best wishes for a successful inauguration in Queensland, and stating that the South Australian inaugural meeting was being held on the same evening.

All inquiries for information regarding this campaign should be addressed to: —Campaign Director, Room 14, 2nd Floor, 142 Adelaide-street, Brisbane, Q.

THE BLIGHT OF OUR EMPIRE

(iii)

By BRUCE H BROWN

(By arrangement with the "Castlemaine Mail.")

In the light of the admission of Lord Milner that "Just as productive industry welcomes rising prices, the moneyed interests must always be in favour of falling prices, because they render its own wares—money—more valuable," we are beginning to see the real significance of the happenings in 1929. All about the same time, government loans were stopped overseas, prices for the goods we exported fell alarmingly, and all banks in Australia acted in concert to call in overdrafts. What is known as "The City" in London was responsible for the first, which meant curtailment of circulation of money by our Governments. The action of the Bank of England and its subsidiaries in contracting credit was responsible for the second, which meant curtailment of circulation of money by our primary industries; and the action of the banks in Australia, in harmony with the wishes of the Bank of England, caused financial embarrassment to our business men and meant curtailment of circulation by our secondary industries. These three together constituted the "Financial Emergency," on whose account we all had to make substantial "sacrifices" from 1930 onwards.

We have seen how Montague Norman, the American-trained Governor of the Bank of England, was the chosen agent through whom the policy of curtailment was to be executed throughout the British Empire, and how the Bank of England is largely in the hands of foreign interests having direct representation on its inner council. These facts, combined with the events of recent years, clearly suggest that the welfare and progress of the Empire have been made to take second place to the consolidation throughout the world of the power and privilege of high finance.

EMISSARIES FROM THE BANK

This same Bank of England is responsible for the continuance of low prices and diminishing incomes. It sent Sir Ernest Harvey here in 1927 to indicate the "exact steps" to be taken by the Commonwealth Bank, and in 1930 its special emissary, Sir Otto Niemeyer, supported by Professor Guggenheim (Gregory) came as a financial mission to tell us where we stood and what we had to do. If we did not do what we were told then we could "stew in our own juice." Actually our own juice would have been much better.

Other countries were visited by the same "experts," and in every case a serious contraction of money occurred immediately afterwards. We are now informed that Sir Otto is to go to India on another special financial mission for the Bank of England, the object being to consolidate the bank's position there and to bring the Government of India more completely under its control.

Almost concurrently with Sir Otto's visit to India, another representative of the Bank of England, in the person of Sir Frederick Leith-Ross, has been performing a similar mission in China. The press of October 4 informed us of the wonderful financial achievemerits which had been completed there. They always are wonderful according to press Reports, which reminds us that Mr. Montagu Norman is one of the committee which controls "The Times," and his brother, Ronald, has been appointed chairman of the British Broadcasting Corporation! Referring to the doings in China, the "Financial Times" of London wrote as follows: —

"That she (China) lately received advice from a British expert does not alter the significance of the adoption of a new financial system which will conform broadly to that which is serving this country so well . . .. The Chinese Government undertakes to balance the Budget within 18 months and pledges itself against inflation."

The same old story, you see—Balancing the Budget and Sound Finance! To whom would the Chinese Government give the "undertaking"? We are never told anything about that aspect of the business.

THE GROWTH OF DEBT

And what is this system, which is said to be serving Britain so well? It is a system whose only products are debt, distress, and ultimate disaster. Everyone should make a permanent note of these alarming figures:

In the 17th century, the world's debt to the banks increased by 47 per cent.; in the 18th century, it increased by 466 per cent.; in the 19th century, by 12,000 per cent.; and in this present century, at such a rate that we can hardly keep track with it!

The simple truth is that the Bank of England has become part of the "Central Bank" scheme of Paul Warburg, and, by extending its control and direction over all banks in the British Empire, is assisting the international financiers to place the whole world further and further in pawn to the private controllers of money. Henry Ford was right when he said that "whatever else is national . . . finance is international."

Even here in Australia our debt has increased 25 times faster than the population—i.e., our population today is four times what it was in 1860 but our debt is 100 times greater! Never a word do we hear of the credit side of the business. Imagine what the position will be in another 70 years, unless we insist on a drastic change of this terrible system, which is supposed to be "serving us so well." Notwithstanding the alarming nature of the position set out, thousands of us are going on from day to day in the most casual fashion while the Batik of England and its agents are forging the financial chain further and further around us.

CENTRAL BANKS AS FORTS

We must force home to the realisation of the people that the whole world is at present run and ruled by a co-ordinated World-wide banking policy, and that the chief object of this policy is to prevent the elected Governments from establishing a money system which would operate in the true interests of humanity. Central Banks are the forts of the private money power, and on the advice of an "expert" agent of the Bank of England one of these "forts" has now been established in China: Is it merely a coincidence, do you think, that many of the "directors" of Chinese and Hong Kong banks are English Lords and Knights? For a long time past the banks in China have been moulding the minds of the Chinese in readiness for this "off the silver coinage" ramp. During this period of preparation the silver coins have been called "little money" and the notes "big money." With the silver coins you could purchase less goods or secure less copper cash than you would obtain with notes of the same denomination. This meant that the people were gradually educated to prefer the notes. The rearrangement has been described as "a new financial system," but it is nothing of the kind. It is simply a consolidation of what were independent banks issuing their own notes, etc. Some of the banks were already well under the control of the international money monopoly, but some were not so well under its power. Thus this scattered independence will now be unified under the power of the Central Bank, which the eastern section of the international money monopoly can control. This has been done with the connivance and even the direct assistance of the Bank of England, and means that high finance has succeeded in establishing another "fort" for itself. The good old "Mother Bank" of the Empire!

RESULT OF RETURN TO GOLD STANDARD

Montagu Norman, the unknown banker from the U.S.A., who, as Wall Street's deflation agent, became Governor of the Bank of England in 1920, succeeded in May, 1925, in getting Britain back to the gold standard. None of the promised benefits eventuated, but, according to the Macmillan Report, "the actual situation which was disclosed in the years following the return to gold marks that step as the beginning of a new series of difficulties for our trade and industry." Winston Churchill has since admitted that he committed a serious error of judgment when he introduced the Bill to revert to gold.

Now before this colossal blunder was made by the British Parliament, on the advice of its financial "experts," of course there was plenty of evidence that it was all a scheme to benefit America. On January 10, 1925, "The Spectator" published an article, which included the following: -

"Obviously it was of the first importance to the United States to induce England to resume the gold standard as early as possible. . . An American-controlled gold standard must inevitably result in the United States becoming the world's supreme financial power, with England their tributary and satellite, and New York the world's financial centre."

And so it proved, as we shall see later. In March, 1925, the National City Bank of New York circulated the following; —

"We want the other countries back on the gold basis: . . . We have been on an island of gold-surrounded by a world of paper currencies, and there has been some question whether the other countries might not establish closer relations with each other than with the United States."

Further than this, Sir Josiah Stamp wrote in "The Times" of March 3, 1925, as follows: —

"The interdependence of the money policies of the United States and Great Britain, or ... the dependence of the latter upon the former has just been dramatically demonstrated. We are informed that the bank rate must certainly be raised from 4 to 5 per cent next Thursday. There is nothing in the present position of British industry, which would in itself call for an increase in the rate. . . The incident seems to show clearly who it is that cracks the whip and who obeys the signal."

Last week, you will recall, we pointed out how "the Federal Reserve Board of America has not ignored Mr. Norman's desires in shaping bank rate policy."

A few months later, Mr. J. F. Darling, a director of the Midland Bank, in the course of an address to the Manchester Association of Importers and Exporters, said this: —

"Our monetary policy, which has placed us on what is called the gold standard, is regarded by some as having led to a big step forward towards the economic unity of the Empire. This, however, is a superficial view, for it has at the same time placed us under the financial domination of the United States of America, which economically and financially is the greatest world power at the present time."

SURRENDER TO INTERNATIONAL FINANCE

It is, therefore, clear that our return to gold served American interests more than British interests, and that our Empire was made completely subservient to the international financiers. This subordinate position of Britain was confirmed *by* "The Commercial and Financial Chronicle" of October 22, 1927, in the following terms,:—

"An announcement of the appointment of W. W. Stewart, vice-president of Case, Pomeroy and Co., New York, as economic advisor to the Bank of England, has given rise to persistent reports that a British financier was to be selected to work with the Federal Reserve Board. It may be said authoritatively that no such reciprocal arrangement is contemplated by the Federal Reserve System. It is recognised that Mr. Stewart can be of great value in London as an interpreter of conditions and trends in the money market of the United States. But so far as the Federal Reserve Bank is concerned, the belief here is that the officials of that institution are entirely capable of correctly interpreting the situation in the British money market at any time, so that the advice of any British expert imported for that purpose would be unnecessary."

So it is only in Australia, New Zealand, Argentine, India, China arid the like that the advice of an imported "British expert" is so valuable! Soon after his appointment as American advisor, Mr. Stewart actually represented the Bank of England at a meeting of super-bankers, which was held in Paris.

The great "Mother Bank" of a great Empire!

(To be concluded.)

EASY FOR HIM TO SAY IT THERE

One of the real sins of today is anxiety and worry, and this is because people do not remember that they are the children of God, and surely they should cast their care upon Him. —Archbishop Head at St. John's, Toorak.

Would Archbishop Head go on the dole for six months, and then say it at Collingwood?

ABOLITION OF POVERTY CAMPAIGN IN W.A.

(NOTES BY THE ODD JOB MAN.)

The Abolition of Poverty Campaign becomes more intense each week in W.A. The applications for literature and for enlightenment regarding the Campaign continue to come from all quarters. The president and State Director of the Campaign, Mr. Richard Rushton, and Mr. R. J. C. Butler are finding it impossible to accept all the invitations to address meetings, which are being held here. Mr. Butler has just returned from a very intensive campaign in the far south-west, and reports are to hand of the enthusiasm in the districts he has visited. At present he is campaigning in the Pembertort–Bridgetown district, and record meetings are being held.

Last week big and enthusiastic meetings were held at Fremantle and at Northam, and further meetings are arranged for Yarloop, Pinjarra, Albany, and a tour later in December is being prepared for the Yealering district. On his return from the Denmark district Mr. Butler stated that everywhere he went he discovered a remarkable unanimity of opinion that the policy of the Campaign offered the weapon, which for so long electors have been wanting. "I have returned and make a frank admission that the enthusiasm of our country people somewhat terrifies me." Mr. Butler added: "In the districts where I have been, the conditions are such that there can be no question, if this Campaign does not succeed, and if the objective we aim at is not reached, we are going to be faced with troubles which I predict will be without precedent in this country. It is no exaggeration to say that in all districts primary producers are reaching the end of their patience and endurance, and if those upon whom the responsibility of conducting this Campaign has fallen fail to accept the whole obligations, which the responsibility involves, the result will be unthinkable. Personally I am of the opinion that at long last the wisdom of C. H. Douglas has offered us a forward pathway which is destined to lead us to economic emancipation."

Activity in the suburbs of Perth continues unabated. The Beaconsfield branch is already organising a great Douglas carnival for Christmas Eve, to be held in the King's Hall, Fremantle. Members of all suburban branches, it is hoped, will rally to this function.

The Butler-Ferguson debate, which will be held in the Perth Town Hall on Monday, December 9, is rousing widespread interest, and Perth is anticipating a big night.

SOCIAL CREDIT THE ONLY WAY OUT

MR G. S. CARRUTHERS, M.H.A., ON "IMPROVEMENT" TALK.

Mr. G. S. Carruthers, M.H.A., in the course of the Budget debate in the Tasmanian House of Assembly on November 21, said he had listened to a great amount of talk about the improvement in the position of Tasmania. A view of such improvement must be relative. If the powers of production of the State had increased by 5 per cent, and during the same period consumption had increased only 1 per cent, it meant they were 4 per cent, worse off than they ought to be. It was no proper improvement if consumption lagged behind production, and if debt was increasing there was no true prosperity except for the bankers and those who held shares in banks. The general welfare of the community required the ability to spend without having to pay taxes for greater debts, which had been incurred.

The Leader of the Opposition (Sir Walter Lee) had spoken of the favourable conditions of the money market in England as an indication of improvement and restoration of confidence, but another viewpoint was that favourable conditions for government borrowing denoted a lack of public confidence in industry. People were glad to get three or four per cent, rather than run the risk of investment in industry at higher rates. A great deal of the so-called prosperity in Australia was undoubtedly the result of expenditure of borrowed money on munitions and buildings.

It was impossible to start industry going unless somebody was spending money. Like the members of the Opposition, the Australian Women's National League criticised the Government for spending, but the chairman of the Associated Banks (Mr. A. E. Watson) had commended the present Tasmanian Government for its spending policy.

The Premiers' Plan was surely a monetary plan, and yet they were often told that the present crisis was not a monetary problem in spite of the fact that a monetary cure was being applied. But consistency could not be expected from those *who* tried to support the present financial system.

A BANKER'S REMEDY

The leaders of the present financial system were astute men who had some of the world's ablest economists at their command. Was it likely that these men, knowing they were under suspicion and being attacked on all sides, would sit quiet without doing their level best to find some plan to meet the present crisis? Their defence of the banking system would be what they considered the best they could put up. The Select Committee appointed by the House to inquire into the present monetary system had the representatives of the banks before them some months ago, and again within the last few weeks. As chairman of that Committee he had asked if they would, in the interval, prepare some constructive plan which in their view would best get the country out of its present economic trouble. Mr. Watson, who was quite as able an economist as could be found in the State, had replied:

"Since we were here before I have given quite a lot of time to this subject, and I have read as much as I could. From what I have read, it would appear that if the fear of war was banished, and a feeling of security acquired in Europe for, say, thirty years, the intense economic nationalism that has been clogging our trade for so long would be mitigated to a very great extent."

In the last year or two, continued Mr. Carruthers, parents in distress had come to him to find jobs for their sons, and unemployed men seeking work for themselves. It was an unpleasant position for him. But now he could reply in the words of Mr. Watson: "If there is no fear of war for thirty years, come back and bring your son, and perhaps I can get you a job."

SHORTER HOURS

A circular issued by the Bank of New South Wales in June last had referred to the fact that it was necessary to face a hard core of unemployment greater than in previous years, and realised that machinery has thrown, and must throw, men out of work quicker than they could be put back to work. Shorter hours of work could not be a solution, because, if it were possible to get everybody available at work for four hours a day at the full present basic wage, some fellow would come along with a machine which would throw out a thousand men. If you refused the machine you would be trying to refuse progress. It would take months to absorb these thousand men into industry by shortening the working hours another few minutes, and before you could get them settled down another man would come along with another labour-saving machine.

An ever-growing volume of unemployed could not be got back to work. The whole object of scientists and engineers was to reduce labour and produce more goods with a smaller amount of labour, and this was a most excellent thing. Surely the object of industry was to create a higher standard of living, and leisure to develop the higher attributes of human nature, while the whole object of the financial system was to degrade human beings and try to keep their noses to the grindstone for as many hours as possible.

ORTHODOX ECONOMICS OUT OF DATE

The only shortage was of this stuff called money. Governor Marriner S. Eccles, of the United States Federal Reserve Bank, had recently stated that orthodox economics were out of date because they were meant for a situation in which famine and scarcity were normal conditions. As the Prince of Wales had pointed out, there was an abundance of production, and we had to find some means of distributing it.

Major Douglas had first analysed the position during the boom caused by the Great War. He realised there was plenty of money during wars, but not enough during peace.

All money came into existence as loans by banks to producers, and during any one cycle of production the prices must be greater than the purchasing power distributed. "If there is no gap," said Mr. Carruthers, "there could be a recovery in our financial system. But if there, is a gap, then as things are going at present, that gap can be filled up only by creating more debt."

"NOT A FAIR QUESTION."

During the recent Inquiry he had put the following question to Professor Hytten, an orthodox economist:

"We have a thousand unemployed men. Can we go to the bank for a loan and put the men to work making those things they want and which are necessary for a comfortable life? According to you there is no gap between purchasing power and prices, and these men will be able to purchase what they want out of the money paid them as wages, and we can pay the loan to the bank and be left with a profit."

Professor Hytten said: "It is not a fair question. You forget people have to pay for the part of the factory in the prices."

They had always got to pay for that part, and that alone was enough to bring the present financial system to a crash.

Members had over and over again said that money should not be spent on public works, but to put people back to work. As the gap existed, the more people you had producing the faster the gap increased. The present financial system worked during boom times, and there was purchasing power to help to buy the consumable goods. The world was at a stage where there were very few countries being developed. Italy was trying to get hold of Abyssinia to develop it.

NEED FOR NATIONAL DIVIDENDS

Mr. Carruthers then quoted from a written judgment of the Full Court of the Commonwealth Conciliation and Arbitration delivered by Judges Dethridge, Beeby and Drake-Brockman, to the effect that there was a considerable body of opinion that the handling of the currency and credit systems of the world was largely responsible for the present world crisis.

"Some people," Judge Dethridge continued, "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 those who advocated a system similar to that enunciated during the last ten years by Major Douglas and his followers."

The insufficiency of purchasing power had been realised by such eminent men as Mr. Churchill, Sir Herbert Gepp, Mr. S. M. Bruce and Professor Cole.

The gap could only be bridged by money, which did not pass through industry. In his recent book, "The Principles of Economic Planning," Professor Cole said: "It seems to me we have got to distribute new money as a Social Dividend."

The change in thought had been very great in the last few months, and many more people were talking about the Douglas objective of allowing industry to function in distributing to everybody its results as suggested by the Prince of Wales.

The social dividend would enable everybody to have some share in the greatly increased wealth. Douglas advocated three broad general principles: First of all, community control of credit; secondly, that surplus production passes to the people in the form of a national dividend; and thirdly, the provision of a "Just Price Rebate" in order to prevent inflation.

In regard to what was happening in Alberta they had seen reports of failure. The Alberta Government had explained why it must be 18 months before there could be any results. It could be compared to a government undertaking an afforestation scheme and trying to cut the timber next year before it had time to grow. Yet the press was trying to make out the Alberta Government had failed to produce results.

Mr. Carruthers asked members to remember what was said at the time of the creation of the Commonwealth Bank, of which they now thought so highly. Jeers about "Fisher's Flimsies" appeared in the Melbourne "Argus," which referred to the crime of using public money to compete with the private banking interests. The Melbourne "Argus" had said the "whole scheme was conceived in idiocy, and would soon crash down in ignominy."

In conclusion, Mr. Carruthers said he had full confidence that members of the House would soon think as highly of Social Credit as they now did of the Commonwealth Bank.

"Boys — they were from Cumberland - - made their first acquaintance with eggs as food and did not how to eat them." This passage from a "Times" article on transfer work from the depressed areas is surely the most startling illustration of economic disparities that has emerged for a long time.—The London "Observer", October 13.

THE BLOODY TRAFFIC

Great is the joy in Hades over the achievements of International Murderers Limited. A prominent poison-gas manufacturer, after defending his particular line of murder, explains that war is now a more suitable occupation for middle-aged men than hitherto, because the trenches are now dug by powerful machines instead of by hand. He recommends putting men over 40 in the front-line trenches, making them the first to mobilise. To comfort them at the idea of being killed by the newer methods he says that if engineers give their minds to it the unnecessary physical discomforts of war can be still further alleviated. His hope in sending the middle-aged to the trenches is that the young and virile can be left behind to breed more soldiers for further mass murders in the years to come. —The "Golden Age Magazine."

THE NATION OF PAUPERS

(Reprinted from "American Progress," Louisiana, April, 1935.)

The last report from Washington says that 22,375,000 American people are now existing solely on the pittances doled out to them by the Emergency Relief Administration.

It is hard to imagine how many people 22,375,000 are. So we've been doing a little arithmetic.

If this American Breadline could stand in line, joining hands, the line would reach completely around the world, at the equator, and extend 248 miles beyond.

If the people in this American Breadline could all be assembled in Washington to demand a redistribution of wealth, and if they marched 10 abreast, the column would march past the Halls of Congress day and night for 32 days.

This "nation within a nation", this brotherhood of pauperism, ranks among the greatest nations on earth. Only 12 nations in all the world have more people within their borders.

It is a "nation" larger than Mexico, which has only 16,552,000 people; larger than Turkey, which has but 17,500,000; larger than Roumania, which has but 18,000,000; larger than Czechoslovakia, which has but 14,800,000.

It is a "nation" twice as large as Belgium, which has but 8,000,000; twice as large as Canada, which has but 10,376,000; six times as big as Cuba; twice as big as Argentina; seven times as big as Denmark; twenty times as big as Ecuador.

That is the size of the "nation" which is demanding action by Congress. If it were a foreign nation we would jump to heed its requests. Can they be ignored because they are Americans?

The Tasmanian Monetary Inquiry

Full Report of Parliamentary Select Committee

Editor's Note. —*The earlier parts of this important document, which is being reprinted in full in our columns, appeared in our last three issues*

(Continued from last week.)

HOW INDUSTRY IS FINANCED.

Regarding industry from its financial side, it is supposed to work on the following lines: —Money, or credit, is lent by the banks to producers, who pay it out in the form of wages, salaries, and dividends or profits. Practically all the money in the pockets of the general public gets there in this way. With this money, or a portion of it, the general public buy the goods they require, and, with the money the producer receives (that which is passed back through retailers and wholesalers), he recoups himself for his expenses of production, wages, salaries, interest, raw materials, etc.

All costs of production must go into prices, but the general public have only the money paid to them as wages, etc., wherewith to meet prices.

It is assumed by economists that the incomes of the people are equal to prices, but it is not so when applied to power production. The tendency of modern industry is to restrict production and raise prices, and even under these conditions the continuous growth of debt shows that costs of industry are by no means fully recovered.

There are in general two forms of production: —

(1) Production of goods required for every-day consumption,
(2) Public works and capital goods, that is, factories and machines, etc.

The money distributed as wages for both of these has been used in the past to buy consumable goods, and to some degree capital goods also, but there was a sufficient margin to prevent the deficiency of purchasing power from bringing about an acute crisis.

For example, when Tasmania was in its early stages of development there was comparatively little production of consumable goods and much development. Therefore, there was plenty of money in these times to pay high prices for the consumable goods produced. As development continued, the amount of consumable goods increased as compared with capital production, until at present production of consumable goods comes first and capital production second. It is a matter of common observation that business is brisk and the community is relatively prosperous when a big capital undertaking, or considerable expenditure of loan money by Governments, is in progress.

The amount of wages from capital development available to make up the shortage of purchasing power to buy consumable goods has decreased in recent years, and the smaller distribution of wages in proportion to goods produced is still further intensified by the use of labour-saving machinery. This has been worldwide, and in addition there is also a worldwide slowing down of exports to all advanced industrial countries, which have passed their earlier stages of development.

In general, it may be said that money sufficient to distribute consumable goods freely has, in the past, only been available when large amounts of new or loan money were being expended on development or on war. No suggestion has been forthcoming from the financiers of the existing system or from the economists to show how to distribute production in any other way. Public works financed by loan money, even at a very low rate of interest, would have to be paid for in the end, and the number of such works required would, even at one per cent, interest, be so great that the interest bill would rapidly absorb all revenue. The State is at present approaching this condition.

Foreign markets and increased exports are becoming better understood. Nations try to send away their real wealth and get credit in return for the amount exported, over and above what is required to pay for imports and interest on external debts.

Exporters receive credits if they are fortunate. It happens that sometimes fruit growers and others receive debits. It is useless to seek for fresh external markets as a means of increasing home consumption.

PUBLIC WORKS.

There has been a conviction among some economists that public works should be financed out of savings. Suppose it were possible to set men to work and to accumulate a surplus of necessaries for consumption, and then retire part of the men from the production of consumable goods and set them doing public work for as long as the accumulated stores would maintain them. In a sense, this would be providing for public works out of savings, but it is obvious that these savings could only be made if the nation's workers were able to produce in any one period more than the nation required for consumption in that period. It might be possible also to find, by trial or otherwise, how many men were required to produce the necessary consumable goods by working continuously, the remaining men being kept permanently employed on public works and being paid by receiving a share of the production. This simply means that a section of the workers would be paid or rewarded by the surplus production of the others. It will be obvious that the fewer men required—owing to increased efficiency, etc.—to produce consumable goods for all, the more men would be set free to produce luxuries and public works for all.

The real credit of a country has been defined as the rate at which it can deliver goods and services as, when, and where required.

The above is an illustration of how real credit might be used to finance public works, and it is clearly evident that, if no disturbing factors intervene, the public works and luxuries, and the standard of living of everybody, would be increased in direct proportion to the real credit. It is obvious that this does not take place, so the problem has been investigated further.

Though in a small primitive community there would be no great difficulty in making direct allotments of goods to those performing services, in dealing with a more complex community, some form of money, that is an easily portable and recognisable representation of the value of the goods, would be necessary.

On general principles, the public worker, that is, one working for the community, now receives a token or claim which enables him to draw his share of the community's consumable goods in return for the services he has performed. (Money is actually a claim on the goods of the community, which issues or recognises it.)

MONEY.

The report has previously mentioned that the root idea of the present financial system is that each contributes to a central pool and receives a token or acknowledgment, which he can exchange again for goods. A ready exchangeability of this token or money depends on confidence, that is, on the acceptor knowing that the claim of the money will be recognised.

Dealing with people at a distance, or in another community, it was obviously an advantage to have some easily portable and recognisable token which was of value anywhere apart from the claim it offered to its possessor on goods, etc., held by the issuer. It was for this reason that gold became a satisfactory form of money.

The root idea of the introduction of money was to facilitate the interchange of goods and services between actual owners or workers. The value of gold coin really rested on the goods it could procure.

Suppose now that all the community except one are at work producing goods and services and improving the community's wealth and happiness, etc., and that this one—not perhaps a satisfactory worker or a useful citizen—went out and found a large quantity of gold. By using this gold discreetly he would be enabled to obtain great control over the possessions of the community.

Gold has not been found in quantities sufficient to upset the ownership of modern real wealth, but another discovery has taken its place. With the development of the banking system gold was kept in the vaults of the banks instead of circulating freely, and a cheque system, based originally on the backing of gold, was developed.

Those holding the gold in charge discovered that only a fraction of the total holding was required to be withdrawn at any particular time. From this there arose the cheque system, through which bankers found that they could lend more than they possessed with little risk of being caught short by all depositors requiring their gold at one and the same time.

There were times when depositors demanded their gold and could not get it, but gradually the banks found the limits of reasonable safety, and developed a credit system which put them in control and possession of the community's wealth just as effectively as the hypothetical non-worker who discovered large quantities of gold.

They learned to deal with money —gold and credit—as a commodity; to lend it and to withdraw it, so as to obtain the greatest claim over the community's goods; and therein lies the cause of the community being unable to interchange freely its own goods and services. It is not a matter requiring any lengthy argument. The facts are, simply, that various members of the community are able and willing to perform various services, and to exchange part of the resulting surplus of their work for part of the surplus of the work of others. Yet this is not taking place, for millions are in a state of destitution, and the leading so-called experts and financiers do not appear to know how to relieve the situation.

Instead of getting back to first principles and allowing each citizen to have full value of what he is able to do by himself, and of the still greater work he is able to do in association with others, with the aid of available power and machinery, "expert" advisers are trying in all ways to find some means of carrying on the present system of control by the monopoly of credit.

The tokens, which are all that are required to bring about the exchange of goods and services—which need have no intrinsic value and which should be issued by the community—are now being issued by the credit monopoly as though they were of great value and in short supply. Moreover, they are only issued to the community as a loan bearing interest or in return for securities. There is no justification for this; there is no need that it should continue. Its removal would also remove the root causes, which are preventing full production and consumption.

McLEOD ON BANKING

With regard to the working of the modern money system, the questions may be asked: "Where does the money come from? Whose is it, and what is it?"

H. D. McLeod, M.A., a barrister who had been selected previously by a Royal Commission for the Digest of Law to prepare a Digest on the Law of Bills of Exchange, Notes, etc., published a book of over 1400 pages before 1897—"The Theory of Credit." This is still quoted as one of the highest authorities on the subject. On page 607 we find the following: "Contrast between the Common Notions about Banking and the Reality."—"Having now given an exposition of the actual facts and mechanism of banking, it will be as well to contrast the common notions respecting it and the reality.

"I. It is commonly supposed that bankers are dealers in money only; that they borrow money from one set of persons and lend it to another set of persons.

"The fact is that bankers are not dealers in money; they never lend money. The sole function of a banker is to create and issue credit; and to buy money and debts by creating and issuing other debts in exchange for them.

"II. It is commonly supposed that bankers act only as agents or intermediaries between persons who want to lend and those who want to borrow.

"Bankers never act as agents between persons who want to lend and those who want to borrow. Bankers buy money from some persons and rights of action from others exclusively with their own credit, or by creating and issuing rights of action against themselves.

"III. It is commonly supposed that a banker's profit consists in the difference between the interest he pays for the money he borrows and the interest he charges for the money he lends.

"The fact is that a banker's profit consists exclusively in the profit he can make by creating and issuing credit in excess of the specie he holds in reserve.

"No bank which issues credit only in exchange for money ever did, or by any possibility could, make profit. It only begins to make profit when it creates and issues credit in excess of the credit it creates in exchange for money; when it begins to buy debts payable at a future time, for which it charges a discount; which, according to Mill, as we shall presently see, is robbery!

"And the whole of a banker's profit consists in the quantity of debts he can purchase with his own credit."

(To be continued.)

MUSSOLINI AFRAID OF TRUTH

"In three months," says the "Golden Age Magazine," "Mussolini expelled four foreign correspondents from Italy because they pointed out his weak financial position and the fact that the Italian people are not enthusiastic about his grandiose scheme of conquest. That shows he is afraid of the truth. Every dictator is the same; none of them can bear the blazing light of publicity on their acts and motives."