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MELBOURNE, FRIDAY, DECEMBER 13, 1935.

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## What Your Parliament Did in 1935

### You Got What You Deserved

Another year, so far as our Federal legislators are concerned, has gone into oblivion. With that year, if the legislators met their deserts, most of them should go into oblivion likewise.

The year opened with three major problems. Two of these were national; the third was political.

The national problems were:

1. How to provide food, etc., for the vast numbers of our people who were in want.

2. How to dispose of our surplus food, etc.

These two problems, which to the untutored person who knows nothing of politics or banker's finance would seem more or less to cancel each other out, have been tackled so successfully that we find the national problems awaiting solution in 1936 to be:

1. How to provide food, etc., for the vast numbers of our people who are in want.

2. How to dispose of our surplus food, etc.

Since, in the ordinary course of events, the same Federal Ministry will be in office until the latter part of 1937, it seems likely that the same two problems will also be in the fore ground the year after next, for they are problems which are now impossible of a permanent or satisfactory solution along the "orthodox" financial lines of borrowing our way out of debt.

#### THE POLITICIANS' PROBLEM

The political problem of 1935 was how the politicians of the Federal Ministry could manage to do nothing successfully without making it too obvious, so soon after an election that they had not the faintest intention of carrying out the vote-catching promises, which they had liberally broadcast in August and September 1934. Here again the wisdom of the British peoples in preserving the forms of Royalty was displayed, and the King's gracious majesty got his lieges out of an awkward hole. For Jubilee Joe went to London to see the King—and took with him a delegation of such size as reminded the astonished Londoners of the Queen of Sheba visiting Solomon. While abroad Mr. Lyons collected sufficient experiences to enable him to extend himself a hearty welcome home over the national broadcasting service when he returned some months later.

The Federal Attorney-General, Mr. R. G. Menzies, the Brilliant Young Man of Politics, fresh from riding tandem the Victorian Attorney-Generalship and the post of private advocate for an oil company in a government inquiry, successfully evaded for the whole year any parliamentary consideration of the petrol

commission's report which now came within his purview as Federal Attorney-General. Mr. Menzies also successfully absented himself from his paid post as a public servant for quite a while in order to plead before the Privy Council a private case dealing with paper bags, or something of the sort. And he successfully fought his way out of the paper bag, bringing fresh laurels to his brilliant young brow.

While in London, and elsewhere during their peregrinations, both Mr. Lyons and Mr. Menzies made contacts, conducted preliminary conversations, and otherwise did excellent spade work (see their speeches) in paving the way for our Federal Minister in Charge of Trade Treaties, Sir Henry Gullett.

Following their introductions, Sir Henry (No-Treaty) Gullett gave a colourable imitation of Jules Verne's hero of "Round the World in Eighty Days"—the major difference being that Sir Henry, though he ran helter skelter up and down Europe at such a pace as to get out of touch with the Prime Minister, took more than eighty days—considerably more—for his jaunt. But he triumphantly answered in the negative the Jingo apostle's question: "Is civilisation a failure, or is the Caucasian played out?" For Sir Henry, unlike those filibusterers of old who justified knightly marauding trips upon foreigners to plunder their wealth, played rather the part of a troubadour in Europe, seeking to give its peoples some of our real wealth and to take nothing tangible in exchange. And the Caucasians of Europe showed what a high standard of civilisa-

tion they also have attained by refusing point blank to accept such generosity, and by insisting that, much as they wanted the wealth we produce, they could not think of accepting it unless we took an equivalent amount of their real wealth from them by way of exchange. As this was quite outside Sir Harry's instructions, he was reluctantly compelled to confess his mission a failure, and to return more or less under a cloud. But Sir Henry in one way was more suc-

#### "LET US BE GAY."

Let us be gay. Certainly there is a war in Africa and a shipping strike somewhat nearer home—but the balance is well weighted against woe . . . Prosperity is no longer shyly shrinking round the corner. Prosperity is standing on the "welcome" on the mat . . . The natural inference is that there will be no tightly drawn belts this Christmas.  
—Editorial in Melbourne "Star," December 11.

A large number of those who come to us are outpatients at one or other of the public hospitals, and the toll taken by malnutrition and the mental strain of long-continued unemployment is all too evident.

Both physical and mental deterioration are on the increase.  
—Report of Wesley Central Mission, Melbourne, December 10.

cessful than either the Prime Minister or the Attorney-General, for he did not return from his abortive mission until practically the end of the parliamentary year, thus postponing until 1936 quite a lot of awkward questions.

#### A LIST OF PERFORMANCES

It must not be thought from such recitals as these, however, that the members of our Ministry did nothing useful during 1935

There were shining exceptions. Mr. Menzies was able to advise the London bankers, under cover of an after dinner speech at a banquet, that it was imperative for them to give us a good deal more education in sane finance. The wisdom of this advice has since been amply demonstrated by untoward happenings in places where it would seem that the bankers have been lax in their educational syllabus—Alberta and New Zealand, for instance.

Mr. Lyons distributed the annual prizes at the St. Kilda Yacht Club, opened several country shows, gave the Pope some useful advice, and taught the Commercial Travellers a few points in commercial morality by letting them into the secret of window-dressing a Federal surplus in order to distract the money lender from State deficits.

A number of the Ministers kept their essential contact with the Australian Women's National League, in accordance with the principles laid down by that shrewd business woman, Nellie Melba, in her famous "Give 'em muck." The pernicious idea of an Australian-born Governor-General was prevented from developing into a tradition. The beginnings of the awkward Monetary Inquiry were shelved into 1936, and a diplomatic victory was scored by the naming of a personnel which included a publicly avowed enemy of Social Credit, and which was under the chairmanship of a gentleman who, if our memory is correct, was formerly a partner of the insurance - company - directing Postmaster-General. The Commonwealth Bank was made still safer by the (non-political) ap-

pointment to its board of another Premier's Plan school master from Melbourne University. A useful amendment to the crimes Act was put in train to keep us from abusing our excessive liberties. An old feud with the Auditor-General was happily terminated by his retirement, and steps were taken to see that the Department was at last regimented to Canberra. Another twenty millions was added to the public debt, and the rate of interest was raised without too great an outcry from the public. In the management of the party's internal affairs the true spirit of democracy was preserved by applying the Crimes Act to William Morris Hughes, and expelling him from the Ministry. There is no sympathy coming to W. M. H. over the affair, for a long political career should have taught him that a "sane" politician must never by any chance tell the truth in public!

The party management was consolidated at the end of the year by a concerted press attack upon Archdale Parkhill, ensuring for R. G. Menzies (the Brilliant Young Etcetera) the shoes, which everybody says are now pinching the Prime Minister—except the Prime Minister himself. By making only Ministers eligible for the heir-apparency those in charge of the election provided a further object lesson in true democracy to the caucus-ridden Labor party.

Casting one's mind back over the year, one thinks of little else to report. There being no elections in the immediate offing, it is not on record that any babies were kissed.

AND SO THE ELECTORS OF AUSTRALIA, WHO PUT THESE MEN IN OFFICE AND WHO GAVE THEM NO DEFINITE MANDATE TO PRODUCE ANY DEFINITE RESULTS, HAVE GOT PRECISELY WHAT THEY DESERVED.

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The Hon. R. G. Menzies, K.C.,  
Federal Attorney-General.  
Dear Sir,

In a statement dealing with the seamen's strike issued by you some days ago, you said: "The dispute being one between the seamen and an award of the Court, the Government is not directly concerned with the merits. What is a proper award to make in relation to any dispute is solely a matter for the Court to determine." Those words savour of impartiality, and from the Federal Attorney-General, if from anyone, all citizens, whether strikers or ship-owners, are surely entitled to expect the strictest impartiality.

Nevertheless, Mr. Menzies, almost immediately after expressing this detached attitude, you went on to say: "The award against which this strike has been instituted is one under which most, if not all members of the Seamen's Union obtain actual pecuniary benefits—a circumstance which renders their present action, taken in the teeth of the advice of their responsible leaders, all the more disastrous and inexplicable." Such a statement to us, and we think to most people, seems to indicate that your detachment is a mere pretence, and that you are definitely a partisan where your clear duty is merely to administer the law. Being in a position where, unlike other public servants, you are permitted to play the part of a private barrister for a fee today and to resume your role of Attorney General tomorrow (being paid as Attorney General all the time) we can understand that you must on occasions find it difficult to remember whether you are Dr. Jekyll or Mr. Hyde. On this occasion did you try to be both at

once?

On a question of fact, is it true that "most, if not all members of the Seamen's Union obtain actual pecuniary benefits"? From what we have heard, we incline to think that most, if not all members of the union would deny your statement in terms indicative of seafaring endearment; hence, as a matter of public interest on an issue, which now concerns the public very closely, we should like to see you amplify your remarks and bring along your authorities.

On the subject of "action taken in the teeth of the advice of their responsible leaders", to whom do you refer? Surely not to the seamen's secretary, Mr. Jacob Johnson, whose anti-strike advice has been given pride of place in the daily newspapers? In passing, we may note how time has mellowed the views of Mr. Jacob Johnson since the days when, as Mr. Jacob Johanssen, he was under sentence of deportation along with Mr. Tom Walsh—but then, time has worked wonders with the views of leaders much nearer to you than either of these gentlemen.

If you do regard a paid secretary as a responsible leader, instead of as a mere recorder, we can only assume that your mind has been confused by still another of your activities. As a "hands-off-the-banks" spokesman, you apparently think it perfectly in order that these financial recorders should be the real rulers of our country. Is Mr. Johnson to be promoted to a similar category? Can we expect to hear you soon crying: "Hands off Jacob?"

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## SOME LIGHT ON "MAKING MONEY"

Only the State Can Do That, in the Usual Sense, But the System of Bank Credit, Supported by Public Confidence, Makes Available Vaster Resources Which Hold Greater Potential Benefits

By MARY BURT MESSER, in the *Christian Science Monitor* (U.S.A.)

An economist of the new school has recently pointed out with some whimsicality that no one really "makes money" unless he stamps coin, prints bills, or slips into the bank unnoticed and credits something to his own account. We may lay claim to money and acquire it, but we do not "make" it—unless we turn counterfeiter.

The prerogative of "making money" belongs to such national representative bodies (in liberal societies) as parliament or congress. In the United States, this power is formally vested in Congress by the Constitution, which gives it exclusive right to issue and control the currency. The actual issuing, here as in England, is accomplished largely through the agency of semi-official banks, so far as bank notes are concerned; "national banks" and the Federal Reserve System in the United States. So much is common knowledge.

But there is another mode of making money which has grown up under cover of its informality and which requires us to educate ourselves afresh in economics unless we are to drop into a supine relation to our own affairs. It is especially to the point at the present hour that we acquaint ourselves with this somewhat obscure procedure because of the striking money changes introduced by the Administration, and in view of further transformations in the federal bank bill.

The second system, this system-within-a-system of which we incline to be unconscious, is the bank credit system, which releases about 10 times as much currency as that minted, printed or vouched for by the Treasury of the United States. This is interesting and important. We must divert our attention just here from silver and nickel and copper coin, with their familiar symbols—the figure or head of Liberty, the eagle, the Indian, the buffalo; from the engraved bank bills with their array of Presidents—to turn more contemplatively to the little leather-covered cheque book, with its pale green, pink, or blue scenes much nearer home.

Here is the "deposit currency" which has arisen with our industrial civilisation, acquiring a legal if not an official status, and presenting dangers and opportunities as marked as the general industrial advance of which it is a part. Deeply implicated in the collapse of 1929, with its subsequent dislocations and problems, which continue to defy solution, it presents in the same breath stimulating possibilities when once understood. For this impromptu money has many of the characteristics most sought after in currency, among them its intimate relation to industrial need and its ability to respond at short notice.

To trace this "money-making"

process from the standpoint of the individual, let us begin with the moment when the citizen deposits several hundred dollars in the bank. One of the motives of the citizen in this procedure is to put his savings in a safer spot than the bureau drawer. Another is to place the amount where it will grow a little "interest" in that peculiar way that money has. There is an understanding between himself and the bank that this several hundred will be available to him on demand—and we will say in gold (to set forth a typical period before the New Deal). He expects the bank to invest his money, but, at the same time, under these average conditions, to give it back to him when he wants it, and in legal tender, or real money.

In normal times, these simple desires on the part of the depositor are fully satisfied. He will get his conservative interest, reduced to its fairly low point to allow for the bank's reimbursement for its services. And nothing is likely to jar the sense that the money is in safekeeping. The depositor sleeps well at night. When he wants his money, in normal times, he gets it, just as if it had been placidly reposing in a bank safe. Nearly always, however, he will be satisfied to draw out his main sum in cheques, with little thought of "legal tender." This tendency on his part has a world of meaning in the banking universe.

So much for the depositor. To turn to the other side of the equation: What has the deposit in question meant to the bank—this sum in cash left in its custody? The popular fallacy is that it is simply a fund to be invested—which is indeed the case in special banks like savings or investment banks. But in the commercial bank, the general bank with which we commonly have to do, something very much more exhilarating and elusive takes place.

The cash deposit—that part of it which can be kept in hand—is eagerly embraced by the bank as a "reserve." That is, it is utilised by the bank as a base for the issuance of a body of money, which did not exist before. In short, we are about to enter the realm of the supernatural—that is, the realm of bank credit. We step just here from the normal, the reasonable, into the thrilling, the fantastic. Although this may not be at first apparent, there exists for the bank in relation to this deposit an advantage which takes us entirely off solid ground into considerations which soar and spin and which precipitate probably the most important single issue in our current economic and political life.

The remarkable new thing, which the deposit has done for the bank, is to provide it with a cash reserve which opens up to it the legal privilege of lending or spending about 10 times the amount of this reserve. That is, for every 50 dollars held as a cash reserve, the bank is allowed to lend something like 500 dollars and thus to create this amount of currency which did not exist before. In loaning—and in the same breath creating—this new money rising up from the original depositor's cash, the bank simply makes a pen-and-ink entry on its books to the account of the borrower.

For example, 500 dollars is entered to the account of Samuel Jones. Mr. Jones has borrowed herewith 500 dollars, which has no tangible existence. But this will not embarrass him under ordinary conditions. He will be able to make out cheques which prove to be just as substantial, when he comes to pay his bills, as "legal tender"—as engraved bills, or silver dollars or, in ordinary times, a gold piece,

although the bank has issued this cheque money or "deposit money" on its "own."

But this enormous unofficial currency, about 90 per cent, of all the currency with which business is done, flows on in both English-speaking nations, and elsewhere, performing its immensely important function, and eluding control in spite of formal efforts. Meanwhile, the borrower of the credit money, Mr. Jones (this money now appearing to his account as a deposit), makes out his cheques without anxiety, enjoying his loan as if it were very substance instead of a bookkeeping entry.

This easy position of Mr. Jones is due to a fact which he does not take time to consider—in ordinary periods—the fact that those depositors who have a right to demand the payment to them of "real" money rarely care to do so, and at least not many of them at any one given time. In fact, through many years of experience, it is possible for the banker to make a calculation on the likelihood of withdrawal of money by depositors, and to gamble on it. The bank can always supply a proportion of real money, and the book entry or credit currency is so unlikely to be asked for in embarrassing amounts in the form of legal tender, that the entire business can be carried on for extended periods in this manner without disaster; without inspiring that "run on the bank" which spells ruin.

Mr. Jones thus borrows the pen-and-ink entry, paying interest on it to the bank exactly as if it were real money and, at the end of the term of borrowing, paying back the sum. At this moment the 500 dollars ceases to be 500 dollars, for it was only a book entry, and upon Mr. Jones' repayment to the bank of 500 dollars, the obligation of the bank to him and his to the bank cancel each other, and that 500 dollars is no longer a part of the currency of the United States. In short, the bank has issued and retired currency.

It immediately becomes apparent at this point that the private banks have power in the direction of inflation or deflation. Through the issuance of credit money they expand the stream of currency; and they contract this stream every time they call in a loan. With something like 90 per cent, of the currency of the United States here involved, it is obvious that the bulk of money cannot be brought under control through the agency of a "managed dollar."

As a matter of fact, the control of this elusive credit currency is the most important of objectives in the field of money. It has long been the objective of big business for its own reasons. It was largely the occasion of the organisation of the semi-official Federal Reserve System in 1914. It is one of the indirect but emphatic objectives of the Administration in its "money tinkering." And it is undoubtedly the chief objective of the federal bank bill.

It is certainly evident, past all evasion, that there is a collective problem in the field of money, and that it cannot be solved simply by the exercise of those private virtues which stood the American in good stead as a pioneer. The economy and industry and thrift commended to us from the time of Proverbs to the days of Poor Richard's Almanac are still virtues. But their very exercise leads in our economic order to the bank window. There is no escape. From this point on, the fruits of industry and initiative, of saving and adventuring, are pooled for collective handling. Credit is, in fact, the finest essence of collective life—with a mission yet to be unfolded. To borrow the phrase with which Major Douglas has quickened his readers and followers to important aspects of the issue, it is "social credit." We must press on to an adequate understanding of this great resource, especially in relation to productive life. We must sound its spiritual depths. Essentially "of and by" the people, it must be "for the people."

## SOME DEFINITIONS

**Sound Finance.** —The business of making all money interest bearing.

**Balancing the Budget.** —Restricting expenditure to that amount of money, which the credit-monopolists will allow to be used from time to time.

**Confidence.** —The undisturbed serenity of the credit-monopolists and moneylenders, attainable only when they hold the whole community in abject pawn and every wish and whim of theirs has become law. On the least sign of restlessness on the part of the community, they "lose confidence"—i.e., they wreck the community.

**Sanctity of Contract.** —The holiness of usury. (N.B.—For many centuries usury was a crime comparable only with murder. In the reign of Henry VIII it was made "legal." Now it is made "holy.")

**The Law of Diminishing Returns.** —The law that the poor shall live on less and less.

**Frozen Assets.** —The property, which the moneylenders will not accept as security for a loan.

**Finance.** —Third standard arithmetic consisting of multiplying by 5 or 6 or something, and dividing by 100.

**Financiers.** —Persons who tangle up the affairs of the world by using third standard arithmetic.

**Wealth.** —The figures obtained by their standard arithmetic.

**Invisible Imports and Exports.** —D d nonsense.

**Sterling Balance.** —This is not true. It never balances.

**Inflation.** —Using money that does not provide interest for usurers.

**Deflation.** —Raising the value of the monetary unit and lowering the price of everything else. (N.B. This is

done by keeping the world short of money and credit.)

**Exchange Rate.** —A device for hampering exchange of goods.

**Financier.** —Usurer and arithmetician. (Third Standard.)

**Banker.** —Usurer and credit-withholder.

**Pawnbroker.** —Small usurer.

**"Money Lender."** —Small usurer.

**Central Banks.** —The Redoubts of the High International Money-Jugglers.

**Managers of Reserve Banks.** —Receivers appointed by the High Money-Jugglers.

**Keeping the Credit Good Overseas.** —Keeping up our reputation for paying away every spare penny (and many pennies which we cannot spare) to London financiers for the privilege of using our own credit.

**Borrowing to Pay Interest.** —Bankruptcy.

**Stock Exchanges.** —Respectable and legalised gambling schools.

**A Democracy.** —A community in which the people sit by and allow the Money Jugglers to rule per medium of Party Government.

**Governments.** —Interest collectors for the Money Jugglers.

**Taxes.** —Mostly money collected by Governments for Money Jugglers.

**Loan Conversion.** —Reduction of interest when it is found that the community is practically stone broke and can no longer pay the higher rate.

**Economist.** —A supporter of usury.

**Interest Payers.** —99¼ per cent of the community.

**The Real Cause of Depression.** —Usury.

**Usury.** —Getting something for nothing.

**National Recovery.** —Abolition of usury. (N.B. This will not eventuate so long as people prefer to pay interest for what they can get free of charge.)

**Electors.** —Fatheads.

**Social Credit.** —Common sense. —"Farming First" (N.Z.).

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## THE BLIGHT OF OUR EMPIRE

(IV)

By BRUCE H BROWN

By arrangement with the *Castlemaine Mail*.)

We have seen how "it was of the first importance to the United States to induce England to return to the Gold Standard as early as possible" with the object of making the United States "the world's Supreme financial power, with England their tributary and satellite and New York the world's financial centre" and how, a few months later, Mr. J. F. Darling, a British bank director, declared definitely that the return to the Gold Standard "placed England under the domination of the United States." This suggests what a faithful servant the Governor of the Bank of England has been of the international financiers operating from New York with Paul Warburg and the Money Trust in command.

We have also seen how America's "supervision" of the financial doings of England was strengthened by the appointment in 1927 of a special "economic adviser." There was no reciprocal British adviser to the Federal Reserve Board in New York, but perhaps that was intentional so that Montagu Norman could himself visit New York and thus maintain personal contact with his friend Paul. Since 1920, you will recall, he has spent a great deal of his time in these consultative visits to America, and in 1929 he told the Macmillan Commission that "the whole of the international machinery is bound together and necessarily works as a whole." That is precisely how Paul Warburg and the Money Trust wanted it, and gives point to the establishment of Central Banks in no less than 28 countries since the war. These banks, which control the worldwide money swindle, have their headquarters at Basle in Switzerland, and next week we hope to comment on this aspect.

In the meantime, however, it is necessary to bear in mind that the policy of deflation was decided upon by an international conference of private bankers; that it was put into practice by the Bank of England in 1920, the year in which Montagu Norman came from U.S.A. as "Wall Street's deflation agent," that during the following decade bankruptcies increased in England by roughly 600 per cent, per annum, and suicides by nearly 100 per cent, per annum; that Australia escaped in the early stages because it did not have a "central bank" and because the Governor of the Commonwealth Bank set his face against the deflationists; and that it was not until after the betrayal of Australia by the Bruce-Page Government in 1924 that we became so directly under the influence of "Wall Street's deflation agent" and eventually a definite link in the money swindle chain.

By 1929 the "central bank" idea of Paul Warburg had extended sufficiently throughout the world

to stage another "depression," by which the Money Monopolists would increase their *ownership* of the wealth of the world; Particulars have been given showing how our own Australian banking system is directly linked with the British banking system, and how the British system is connected with and forms part of the American system. This makes it desirable that we should know something about the American system.

### FOUNDING THE FEDERAL RESERVE SYSTEM

Paul Warburg went from Germany to the United States, and in 1913 succeeded in establishing the Federal Reserve System there. His entry into American finance was through the firm of Kuhn, Loeb Co., which had been founded by Jacob Schiff, recognised as the leader of the Jews, and closely identified with many American financial crises. Some idea of how completely Britain became the "tributary and satellite" of America through the agency of Montagu Norman may be gathered from the following facts. (In considering these facts, please keep at the back of your mind that Dr. Carl Melchior, of Warburg's Bank at Hamburg, succeeded Sir Otto Niemeyer, of the Bank of England, as chairman of the Finance Council of the League of Nations).

Soon after Woodrow Wilson became President of the United States in 1912, Congress set up a commission to inquire whether or not there was a money trust in the United States. This commission was known as the Pujo Commission, and in March 1913, it reported that there was a Money Trust and that the following were the inner ring and directing force:

J. Pierpont Morgan and Co. (the people Mr. Parkhill conferred with last year);

The National City Bank of New York;

Lee, Higginson and Co.;

Kidder, Peabody and Co.;

Kuhn, Loeb and Co.

Through interlocking directorates these five banking houses controlled 112 banks and financial institutions with resources exceeding *four thousand million pounds!* Pierpont Morgan and Co. were the recognised leaders, and we ask you to note very specially the following extract from the report:

"The powerful grip of these gentlemen is on the throttle that controls the wheels of credit, and on their signal those wheels will turn or stop. The acts of this inner group . . . have been more destructive of competition than anything accomplished by the trusts, for they strike at the very vitals of potential competition in every industry that is under their protection . . . The gentlemen constituting this inner circle, however, violated no law in what they have done so far as we can discover, but that is rather because . . . *the law has not yet properly safeguarded the community against this form of control.*"

From the portion I have emphasised it will be seen that even in those days the position was so bad as to call for special legislation to *safeguard the community* from the supposedly "best" people.

### WILSON WAS TRICKED.

While thinking that he was taking steps to curb the activities and unbridled power of these men, President Wilson actually handed over the control of America to the selfsame financiers, for six months after the publication of the Pujo report the Democratic Party brought in a bill to establish the Federal Reserve system. The House of Representatives passed it by 287 votes to 85, and as passed by that body it contained provision for the discount rate to be made

so as to "promote stability in the price level." For some unexplained reason, this provision was not in the bill when it reached the Senate, and all efforts to have it incorporated by amendment have so far proved wholly unsuccessful. Can you believe that this bill was actually framed by the very men who had been officially denounced only a few short months previously as the controllers of the Money Trust? Well it was, and it gave them power to increase or decrease the circulating medium of the country at will.

Have you read "The Intimate Papers of Colonel House"? They confirm what we are telling you. Paul Warburg worked through Colonel House, who was adviser-in-chief to Woodrow Wilson, and the Secretary of the Treasury at the time (Mr. McAdoo) was actually a former partner with Warburg. This is the same McAdoo who has been mentioned as coming here on a goodwill mission! It is also on public record that Paul Warburg and Jacob Schiff combined to make use of the president of the Y.M.C.A. in the prosecution of their schemes. President Wilson and Colonel House were mere putty in the hands of these astute financiers, and in the belief that they were freeing America from an octopus they actually fastened its tentacles more firmly than ever on the people of the United States, and created an organisation which has enabled the Money Trust to dominate not only America, but the commerce and industry of the entire globe.

### THE CONQUERING OF BRITAIN

In the war period, as most of you know, Britain was obliged to go to America for loans. According to the letters of the late Sir Cecil Spring-Rice, British Ambassador at Washington from 1913 to 1917, the Jewish bankers were supreme, and they had forced on the Secretary of the Treasury the appointment of Mr. Warburg to the Federal Reserve Board, which he immediately dominated. "One by one," wrote Sir Cecil, "the Jews are capturing the principal newspapers . . . and the banking house of *Kuhn, Loeb and Co.* is active in everything of interest to Germany" (Earlier this year Montagu Norman spent a holiday with Dr. Schacht, another American banker who is now the economic dictator of Germany!)

Mr. Wm. Jennings Bryan, one of America's most ardent fighters for monetary reform, supported the establishment of the Federal Reserve Board, but before he died he said that that was the one action in his political career that he regretted. In 1923 he wrote:—

"The Federal Reserve Bank, that should have been the farmers' greatest protection, has become his greatest foe. The deflation of the farmer was a crime deliberately committed, not out of enmity to the farmer, but out of indifference to him. Inflation of prices had encouraged him to buy, and then deflation delivered him into the hands of the moneylender. The Federal Reserve Bank can be a blessing or a curse according to its management. If the Wall Street speculators are in control of it, they can drain the agricultural districts and keep up a fictitious prosperity among the members of the plunderbund."

### "WELFARE OF THE WORLD IN THEIR HANDS."

In 1926 Sir Josiah Stamp told us "never in the history of the world had so much power been vested in a small body of men as, in the Federal Reserve Board. These men had the welfare of the world in their hands, and they could upset the rest of us either deliberately or by some unconscious action." Mr. Ludwell Denny, in his book entitled "America Conquers Britain," says this:— "Nations may laugh at our State Department, but they must tremble before our Federal Reserve Board. High money rates in the United States in 1929 forced an increase in the official discount rates almost

at once in England, in ten European countries, in two Latin-American countries, and in two in the Far East. In almost every case that action restricted business and brought suffering to millions of foreign workers. . . . As a result, the British Board of Trade index soon showed a decline in commodity prices, which the British correctly attributed to the rise in European money rates owing to the necessity which devolves upon central banks to withstand the pull of high money rates in America."

These high rates in America were neither accidental nor natural. They were deliberately and callously engineered. The chairman of the Midland Bank told his shareholders "the American price level is controlled by the policy of the Reserve Banks in expanding or contracting credit." The accuracy of this was confirmed by Professor Cassel, described in the *Encyclopedia Britannica* as one of the world's foremost authorities on foreign exchange, when he said:—

"The Federal Reserve authorities control not only the general level of prices in the United States, but also the price level of all other gold standard countries in the world . . . consequently the world price level is actually regulated by the leaders of the United States' bank policy. Practically absolute power over the welfare of the world has been placed in the hands of the Federal Reserve Board, and one is appalled to see the apparently haphazard manner in which the Board uses this power."

The fall in world prices was preceded by what the newspapers described as "an orgy of speculation on the New York Stock Exchange." This orgy of speculation was started by the Federal Reserve Board when it lowered the re-discount rate, and it was stopped by the same Board when it put its discount rate up and ushered in the depression. The effects of this were immediately made apparent through the Bank of England, an institution that can fairly be described as "The Blight of Our Empire."

### SPEEDING UP THE POPLAR CROP

After eighteen years of research in cross-breeding poplars to find a new source of wood for paper-making, Dr. Ralph H. McKee, of Columbia University, and his associates, have announced hybrids that can profitably be cut at the end of eight or ten years and that grow 10 to 14 times as fast as the wild poplars now used in large quantities.

Experimental groves of the new hybrids are flourishing in Maine, New York, Florida, Wisconsin and North Carolina, though stocks are not yet available for commercial distribution.

"Our calculations," Dr. McKee says, "make it reasonably certain that more dollars per acre-year of wood can be grown than can be realised per acre-year in wheat or other farm crops."

In a country where the per capita consumption of paper is close to 225 pounds annually, paper mills have stripped nearby sources of pulpwood, and dependence on foreign sources is growing at a disquieting rate.

The McKee poplars may be planted on unpromising or wasteland, and in areas where they will greatly help to arrest soil erosion. —R. G. Skerrett in "The Scientific American."

The fourteenth annual report of the Mines Department states that the output of the British coal mining industry in 1934 was higher than in any year since 1930. The output of 220,750,000 tons was approximately 13,660,000 tons greater than in 1933. About 47 per cent, of the coal mined was cut by machines. The production of about 40 million gallons of refined motor benzol is noted, and also about 14½ million gallons of motor spirit and naphtha by the Scottish shale oil industry, making a total of 54½ million gallons of home produced motor spirit.

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## MORE ABOUT DR. SPANGENBERG

On an English farm, new crops of maize and barley are being grown and harvested every ten days in chemically treated trays. No earth is used. The process was discovered in Germany by Dr. Spangenberg, who analysed the most fertile soil he could find and duplicated its nutrient content in chemical solution.

Seeds thus germinated are said to produce five times their normal volume, and yield crops, which keep cattle and hogs in better condition than outdoor fodder.

The crop trays are kept in an unlighted cabinet through which almost no air circulates.

As each crop is harvested more seed is put in the trays for another crop.

Besides maize and barley, wheat, oats, soya and cotton may be grown in the cabinets. The purpose is not to supplant the usual forage crops, but to provide a fodder valuable in winter, periods of drought, and in arid regions. —New York "Times."

### RICH UNCLES WHO ARE NOT SO RICH

Fijian gold stocks have shed some of their bloom on the Stock Exchange. Selling in the last few days has been heavy, and prices have contracted considerably. Further sharp falls occurred yesterday. Paper losses in the market over the past three months approximate £3,000,000. —Melbourne "Sun," December 7.

And the falls have continued during this week.

## To New Readers of the "New Times"

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

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

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## "The Views of the Commonwealth Government"

In our issue of November 29 we made some comment upon a memorandum on Social Credit attributed by the Melbourne "Star" to the Commonwealth Government. The "Star", in its issue of November 26, under the three column heading, "Douglas Credit Scheme Condemned", announced: "The example set by the citizens of Alberta (Canada) in returning a Douglas Credit Government is not likely to be followed in Australia, in spite of the votes which supporters of the scheme obtained at the last Federal election, but the views of the Commonwealth Government on the plan are interesting. A memorandum prepared on behalf of the Ministry condemns Major Douglas's proposals as a 'scheme of crazy credits', and states as the considered view of the Government that the doctrine is 'fallacious and pernicious, and its general acceptance would be a public calamity.' There is no mincing of words in this forthright criticism." The "Star" then proceeded to quote liberally from the memorandum, from which one is entitled to presume either that it had a copy of the document or that it had access to it.

That was on Tuesday, November 26, the eve of the New Zealand elections, and the day on which the "Star," making the momentous announcement of its choice of "Miss Victoria", probably had the biggest circulation of any issue it has yet produced.

On Friday, November 29, "The New Times" sent this letter to the Secretary to the Prime Minister: "We understand from the daily press that a memorandum has just been issued by the Ministry regarding the Douglas Credit Proposals. We should be grateful if you would be so kind as to let us have a copy of this

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if it is available. We are a registered newspaper."

On Tuesday, December 3, we received the following reply: "I desire to acknowledge the receipt of your letter of 29th November, 1935, in regard to the Douglas Social Credit Proposals, and to inform you that a further communication will be addressed to you at as early a date as possible."

Up to the time of going to press we have not received this "further communication."

We do not think the matter requires any additional comment at this stage. We invite our readers to consider the facts as we have set them out, and to form their own conclusions on "the considered view" of a Government, which allows portion of a memorandum to be used for propaganda purposes while withholding the full contents from criticism or rebuttal on the part of those attacked.

## Mr. Aberhart's Joke - And a Little Story About the Jews

Mr. Aberhart, it seems, was only joking after all. When he spoke about giving the people National Dividends, he didn't really mean National Dividends. He meant—but, if you still read any of the daily newspapers you must have seen the story over last weekend. Just what Mr. Aberhart did say will probably be known in due course when the Canadian newspapers of the day following his remarks arrive in Australia. Our readers will hardly need to be told that a volume of Australian Associated Press cables would be a poor substitute for the Bible at a swearing-in ceremony.

We are reminded of another instance of the "reliability" of our cable services. In our issue of November 1 we drew attention to a report that had appeared some days earlier, stating that a new German edict had ordered the erasing of all Jewish names from the Great War honour boards all over the country. One of our evening papers waxed so indignant as to write an editorial about the "cruel meanness in the order of the German Ministry of Propaganda that the names of Jews must be removed from rolls of honour compiled after the Great War." Simultaneously there appeared a statement from the German Consul in Melbourne that cabled inquiries on his part had established "that expunging the names of Jews from these monuments has neither been ordered nor contemplated."

We suggested at the time that the newspaper thus rendered

ridiculous by its indignation over its own discredited cable might look a little further into the matter, especially as it has often been said that most of the world's great news-gathering and news-sending services are under Jewish control, to whom such a message would doubtless appear as good "sympathy" propaganda.

Looking over our English mails, we now find the following report in the "Manchester Guardian Weekly" of November 1: "Mr. Leonard Montefiore, in presenting the report of the Joint Foreign Committee to the Jewish Board of Deputies at Woburn House on Sunday, said the German Propaganda Ministry had issued a decree that no Jewish names were to appear on war memorials in future. There would be little doubt that Jewish names would also be removed from existing war memorials. It would seem that to the spectacle of the notice boards all over Germany with the words 'Jews not wanted here,' there would be added that of mutilated war memorials."

You will observe that none of the latter part of this report purports to be a statement of fact for the Jewish Board. It is nothing more than an *ex parte* surmise by a Jew, and obviously made for propaganda purposes. (We are not here discussing the rights or wrongs of the Jews in Germany.)

Mr. Montefiore's statement was made to a body of Jews in London. London is so close to Berlin, and false newspaper reports can be corrected so quickly, that apparently Mr. Montefiore felt it unsafe to do more than insinuate. But it was not so with our cables. The Melbourne "Herald"—and also, we presume, the rest of the "Herald"-controlled chain of newspapers throughout the Commonwealth -- went further and stated. This is what the "Herald" said: "Died For Germany. Dishonoured Now. 'Herald' Cable Service. Berlin, Tuesday. The names of Jews who fought for Germany in the war and were killed are to be expunged from rolls of honour throughout the country. This is the latest order of the Ministry of Propaganda, which is controlled by Dr. Goebbels. The Ministry's branch offices have been instructed to see that the order is carried out."

The "Herald" statement appeared on October 23; Mr. Montefiore's report was presented four days later, on October 27. Did the "Herald" cable really come from Berlin, or was it concocted in some quarter much nearer to the London Jewish Board? Without prying into the incident any further, we might point out that the really influential Jews of the world are immeasurably more concerned over upholding high finance, which is their own particular spawn, than they are over the sufferings of the lesser folk of their race. In this, to be sure, the influential Jew is no different, probably, from his brother Christian—and we don't have to go abroad for proof. But, remembering the influence of the Jew over the so-called news services, can one be surprised if he pays particular attention to the distortion or suppression of such acts as threaten the very existence of the high financial game upon which he has so long battered? Can we look for truth in cables concerning the money monopoly?

## "The People Must Control Finance or Perish"

### Ex-Minister in South Australia Seeks Re-election on Policy of Monetary Reform

Though it is nearly twenty years since he retired from active politics, many of our readers, especially in South Australia, will remember Mr. Clarence Goode.

He was elected to the South Australian House of Assembly as a Labor member in 1905, representing Stanley until 1915. On the rearrangement of electoral boundaries he contested the District of Victoria and was elected in March 1915. He defeated the sitting Premier, the Honourable A. H. Peake, the first Premier in Australia to lose his seat. He was Minister for Lands, Agriculture, Irrigation, Local Governing Bodies, Roads and Bridges, and Minister controlling the War Finances Wheat Scheme in the Crawford-Vaughan Labor Government during the War period. He retired from politics and resigned from all political offices at the end of 1917, and has not been associated with any political organisation since. He has been approached on several occasions (including the last month) to stand for the Labor Party again, but Mr. Goode has consistently refused to ally himself with any political party, and says that unless he can re-enter Parliament as an independent candidate he will not re-enter it at all.

Mr. Goode is now contesting the Legislative Council vacancy in Central District No. 2, for which polling takes place on Saturday, next, December 14. His election manifesto, from which we have culled some extracts, speaks for itself.

Questions of the gravest concern, says the manifesto, confront us on every side: Poverty and unemployment and glutted markets constitute a problem in every country; people starve while wealth is destroyed and production deliberately curtailed. War clouds loom over Europe. Plans for war on a colossal and more frightful scale are everywhere in progress, and the cries for disarmament and world's peace are lost in the din of preparations for another ghastly conflict; and this while the world still staggers under the burden of debt contracted during the last war. The interest on the National Debt in Great Britain amounts to approximately £1,000,000 per day.

The public debt of Australia represents the appalling sum of £1,390 millions, equal (in terms of Australian money) to £206 per head for every man, woman and child in the Commonwealth. But that is not all.

In addition to the public debt, there is the crushing burden of private indebtedness. It is estimated that the producers of Australia alone owe £500,000,000; add to this mortgages on city, suburban, and township properties and houses; add to this all the short-term loans to commerce and industry; add to this the loans on insurance policies and hire agreements, etc. Then to this add loans to Local Governing Bodies and semi-public undertakings, and the grand total must be far greater than the strictly public debt; and the interest on this private debt is at much higher rates. It is safe to say £10 per head per annum in interest is paid by the people of Australia on the private debt.

A conservative estimate puts the combined Public and Private Interest Bill for Australia at nothing less than £2,000,000 per week.

Even that is not all Federal and State Taxation represents an annual charge on the population equal to £14.3 per head (£8 of which goes in interest on the public debt.) And on top of this the Federal Treasurer has authorised the issue of £7½ millions more debt.

Debt on debt! More interest to pay! More taxation to pay more interest!

It would seem that "orthodox finance" has discovered the secret of perpetual motion, and of getting something out of nothing. There can be but one end to this policy, if policy it can be called—financial chaos and ruin for everybody.

Size it up! £1,000,000 per week in interest on the private debt. £14.3 per head per annum in taxation, and only about 6½ million people to carry the burden. And we wonder what is wrong! Do we need to look any further?

Here you have the explanation why businessmen everywhere are going bankrupt! Why our farmers and squatters are mortgaged up to the hilt! Why unemployed in thousands seek in vain for an opportunity to live! Why poverty and misery are at our very doors! Why our railways do not pay! (Half the revenue from them goes, to pay interest on cost!) Why motor taxation has become highway robbery in an attempt to force traffic on to the railways! Why taxation generally has become so oppressive and has paralysed private enterprise, demoralised industry, and created unemployment and business stagnation everywhere!

Science has solved the problem of production; wealth can be produced in super-abundance. Our problem now is how to dispose of the surplus. Wealth is deliberately destroyed and production deliberately curtailed, and this while people are hungry and in want.

Money is the medium by which wealth—goods and services—is exchanged and distributed. Man lives by consuming wealth; as Ruskin puts it, "Wealth is Life." It therefore follows that those who can control "money" can and do control the destiny and lives of the people.

This control is now in the hands of "that power which in every country, be its political forms what they may, writes laws and moulds thought, the power of a vast and dominant pecuniary interest."

On your behalf, concludes the manifesto, I challenge that power. The people must control finance; in other words, they must control their own lives and destiny—or perish. The ballot box is still the people's "Magna Carta" against despotism in every form.

The despotism of the money power can only be broken by the power of enlightened public opinion, and that is why this election may signify much. By myself I am as nothing against the powers arrayed against me. But my weakness can become your strength. With your support my return becomes a challenge, which cannot be ignored. It becomes your challenge, not only to the whole "rotten system," but to the State and Federal Governments, which support that system.

That which Central District, No. 2, can do can be done by any constituency in Australia, and politicians will sit up and take notice. Will you, the electors, please give them that notice?

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## THE CHURCH AND THE DEPRESSION

By REV. R. J. C. BUTLER (Western Australian Secretary, Abolition of Poverty Campaign.)

The question of your creed is something I have no right to discuss, and, other than saying that I respect the beliefs of all Christians and would not attempt to impose my particular beliefs upon you, I leave it there.

But there are fundamental principles, which must form the very basis of all Christian belief—principles about which all Christians agree. The sacredness of human life is a principle of the Christian religion. There are certain Christian commands, which are unchallenged by all Christians. "Love thy neighbour" is one of these.

During the many years I have served the Church as a Minister it has been my plea that this command, "Love thy neighbour," is a command binding on the Church in all her branches. The implications of this command are clear, simple, and cannot be misunderstood. Backed by the evidence of the life of the Founder of Christianity this command carries the responsibility of a deep and continued interest in the material welfare of mankind. Personally, I plead guilty to being impatient when I'm told that the Church must not concern herself with things of the earth. The life of the Founder of Christianity surely gives the lie to such ideas.

### CHRIST AND MATERIAL THINGS.

It is common Christian history that during His brief public life He was the honoured guest at a wedding feast—indeed, He supplied the best wine of the evening. He dined with His friends so that His enemies said: "He is the friend of publicans and sinners"—a great recommendation.

When I glance over the list of His friends there is much justification for thinking that He found greater pleasure in the friendship of interesting sinners than of stale saints. Lots of us have found the same.

He fed the hungry—a very material thing—healed the sick, and on one occasion when He saw the money changers in the Temple robbing the poor He strode in and drove them out of the Temple. And during the whole time of His crowded three years He was always interested in the material things.

So when I've heard certain churchmen tell me that it is not the business of the Church to interfere in matters of the earth, I always wish I could transport them back to that Temple in Jerusalem and let them see the young Nazarene dealing with those money changers. Of course, the chances are, if I could, my friends would not survive the shock to their respectability.

After all, it was not a very respectable thing to do, was it? Today we should form a Cleanse-the-Temple League—pass a lot of silly resolutions, and the moneychangers would probably subscribe to the funds of the League. Often I wish we could infuse a bit of the spirit, which cleansed the Temple into our Churches.

### WHAT WOULD CHRIST DO TODAY?

Now, then, here we have an organisation, which claims to accept

the undisputed leadership of the Carpenter. I wonder what He would do in face of the facts of the poverty of today?

My mind has no doubts on the subject, and if I have read and studied His life aright He would—as He always did—cut clean through all the pious humbug and humming and ha-ing of so many Church leaders, and He would say this; "These people are my neighbours. They are human beings, and as such have a right to life and all that means." Don't forget, He is never reported as picking and choosing those whom He helped. Everybody at the wedding feast enjoyed the wine He provided. Thousands enjoyed the food He provided. All shared equally. He didn't pick out the good from the bad and bestow His gifts on the good alone.

So I am sure today He would say: "Can this nation provide enough of what is necessary for the well-being of all its people? If it can, then I demand that all its people shall be made free to enjoy the real wealth which can be produced."

### THE MONEY CHANGERS TODAY

Do you imagine for a moment He would remain silent while men, women and children are ruthlessly sacrificed to the god money—can you think so after you have seen Him dealing with the money changers of His own day—and don't forget the money changers of His day have developed into the controllers of credit of today.

My plea now is the plea I've made to Church conferences and to meetings of Ministers—that it is the clear duty of the Christian Church to make a real and effective challenge to the powers that be and to demand that justice be done to the people.

Often in history the Church has stood as the defender of privilege against the people. I have a right to speak thus. I am a child of the Church; I was trained within her fold. I have served her—perhaps not as faithfully as might have been, but always according to my own vision of truth—and I sincerely believe that life would be immeasurably poorer should her influence be lost to us. But honour demands that we do not blind our eyes to her failings. And none dare deny that in the economic crisis she has not accepted the opportunity for leadership and guidance, which has been offered to her.

### THE MORAL ISSUE

The fact that thousands of Australians are suffering poverty in a land of abundance creates a moral issue. It is an immoral thing that such a state of affairs exists, and if such a state of affairs is seen through Christian eyes and with a mind influenced by the teaching of the Nazarene, then it will be admitted that no greater act of blasphemy can be permitted by any nation than that it should permit human beings to suffer want amidst plenty.

In the face of the depression, during all these years the Church has done no more than pass a few resolutions. What should she do—what would she be justified in doing?

Every Church leader should at once say to every Australian Government: "Politics are not our business. Government is not our business. But we have a big responsibility to make it our business to protect the unprotected against bad government. Today in Australia it is clear that you, as the Government, are failing in your duty. We therefore demand that you exercise the powers of Government to effect the abolition of the false poverty, which afflicts our people. It is our belief that righteousness should be the basis of all government, but you have

violated every principle of righteousness in imposing upon this nation a policy dictated solely by financial considerations and without regard to the suffering thus caused to human beings. We, therefore, demand that you change this policy, and if you will not we will make every church in Australia a live organised centre which shall challenge the right of your Government to live. As an organisation, which accepts the leadership of the Carpenter Who demanded for humankind life abundant, we in His name demand for the people of Australia a life as abundant and as secure as the physical wealth of our country makes possible. We demand for Australians their God-given right to be freed from the bond slavery of financial considerations. And if you dare ignore this demand we will use our vote—accepting it as a sacred obligation—to end the life of your Government and elect a Government that is prepared to lay an economic foundation for our nation which shall conform to Christian principles."

That is what I have advocated within my Church—a very lone voice crying in the wilderness. I advocate it now to a wider world. Don't tell me the Church must not touch politics. Let any Government tax church collections and I'll guarantee you a united Church opinion waiting for the polling booths to open to send any such Government to political perdition.

### BUILD UP PUBLIC OPINION.

Archbishop Le Fanu has appealed for the building of a public opinion to influence action by our Governments to abolish poverty. I appeal to you to accept the lead given by the Primate. In your own sphere influence your own Church leaders, even if you are told, as I have been—oh, heavens, so often—that we must not be rash, but must carefully weigh and consider every aspect, and so on, *ad lib.* All of which does not alter the fact that women and children are living in conditions in Sustenance Camps in W.A. which would disgrace a heathen country, and which cry aloud to High Heaven for redress in a so-called Christian land. These people, though they may not be Church members, are the neighbours of the Church; they are the people whom the Master commanded should be loved. Well, I don't know what your ideas of the fruits of love are, but if I saw a person being molested, and said to that person: "Of course, you must find it very unpleasant being molested by that ugly fellow—you know I love you very much and I'll say a little prayer for you, and I hope you will suffer bravely and cling to the hope that by and by in the sky you will be very happy don't forget I love you"—if I said this, I should expect nothing but contempt from such an attitude.

And so, as one who only desires the best for the Church, one who holds tenaciously to the belief that life is for far more than meat and drink, I plead for an awakened Christian conscience.

Sometimes I am afraid we have allowed our minds to be drugged into a state of insensibility towards the big facts of the economic struggle for existence. Surely it is unreasonable to expect people who are harassed and hounded by debts and by a real haunting fear of the future to be able to give the attention they should to the building of their spiritual natures.

It is impossible to separate the spiritual and material parts of life and to lock each up in its own department.

### THE DUTY.

Today we are faced with an economic system, which rests on wrong principles. Its mechanism is failing to meet the demands made upon it, and no amount of talk about changing hearts will avail anything. The economic breakdown is due, not to the heart of man, but to the working of rotten principles.

The duty of the Church, as I see it, is to demand that the principles be changed, and my opinion is that if the Church did

this, if she would courageously fling down the challenge of Christian morality and, without counting the cost, do as the young Nazarene did so splendidly—become the defender of the defenceless, the voice of the voiceless, and bring to bear on the economic political life of our nation the tremendous impact of an organised Christian public Opinion which would stand Unitedly for the abolition of poverty—I believe by doing this the whole Church would begin again to take her rightful place in the life of our nation.

### SOUND FINANCIAL TERMS

"Rolling in money" originated in Hawthorne's tale, "The Great Carbuncle," which states that Ichabod Pignort, a wealthy merchant, possessed a quantity of pine tree shillings in which he rolled twice a day so as to enjoy his wealth to the full.

What would he have thought of our banker friends who dip in the inkpots?

What is the explanation of "flight of capital," or "liquid funds"? An enquirer would like to know if the former has any connection with the feather coins of South Sea Islanders, and whether the bottles of gin coins of Central Africa account for the latter term?

The "Daily Express" of March 23 reported that coconuts are money in the Nicobar Islands in the Bay of Bengal. We have all heard how the natives send monkeys up the palms and throw things at them. The monkey retaliates by throwing coconuts at his tormentors. This "monkeying with currency" is not likely to be repeated by our bankers, even though they are up the pole, unless we use our votes unsystematically.

"Social Credit", Nov. 1.

### DR. TESLA'S MARVELS

Dr. Nikola Tesla, the noted American scientist in electricity, who holds 700 basic patents, celebrated his 79th birthday the other day with astounding announcements.

In his customary fashion, he revealed the seemingly incredible advances, which he is making in the field of electro-physics.

He described two electrical inventions, one being an "apparatus by which mechanical energy can be transmitted to any part of the terrestrial globe."

He said it had many practical applications as providing a new and unending means of communication and a safe means of guiding ships at sea.

Another invention, which "will be considered absolutely impossible by competent electrical engineers," he described as a new method and apparatus for producing direct current without a commutator, by which aeroplanes and even lorries and railways can be operated by electric power from a disconnected station. — "Prosperity."

## ECONOMICS ILLUSTRATED

"Friday," said Robinson Crusoe., "I'm sorry. I fear I must put you off."

"What do you mean, Master?" "Why, you know there's a big surplus of last year's crop. I don't need you to plant another this year. I've got enough goatskin clothes to last me a lifetime. My house needs no repairs. I can gather turtle-eggs myself. There's an over-production. When I need you I'll send for you. You needn't wait around here."

"That's all right, Master. I'll plant my own crop, build my own hut and gather all the eggs and nuts I want myself. I'll get along fine."

"Where will you do all this, Friday?"

"Here on this island." "This island belongs to me, you know. I can't allow you to do that when you can't pay me anything I need. I might as well not own it."

"Then I'll build a canoe and fish in the ocean. You don't own that."

"That's all right, provided you don't use any of my trees for your canoe, or build it on my land) of use my beach for a landing place, and do your fishing far enough away so as not to interfere with my riparian rights."

"I never thought of that, Master. I can do without a boat, though. I'll swim over to that rock and fish there and gather sea-gulls' eggs."

"No, you won't, Friday. The rock is mine. I own it by riparian rights."

"Then what shall I do, Master?"

"That's your problem, Friday. You're a free man, and you know about the rugged individualism maintained here."

"I guess I'll starve, Master. May I stay here until I do, or shall I swim beyond your riparian rights and drown there?"

"I've thought of something, Friday. I don't like to carry my garbage down to the shore each day. You may stay and do that. Then whatever is left of it after my dog and cat have been fed, you may eat. You're in luck."

"Thank you, Master. That is true charity."

"One thing more, Friday. This island is over-populated. Fifty percent, of the people are unemployed. We are undergoing a severe depression, and there is no way that I can see to end it. No one but a charlatan would say that he could. So keep a look out and let no one land here to settle, and if any ship comes don't let them land any goods of any kind. You must be protected against foreign labour. Conditions are fundamentally sound, though, and prosperity is just round the corner."

—Exchange.

The world production of coffee has doubled since 1925, yet consumption has increased by only 5 per cent. Colombia is setting up a Coffee Department to control its sale and distribution to "ensure monetary stability."—From "Industrial and Labour Information" (League of Nations), October 14, 1935.

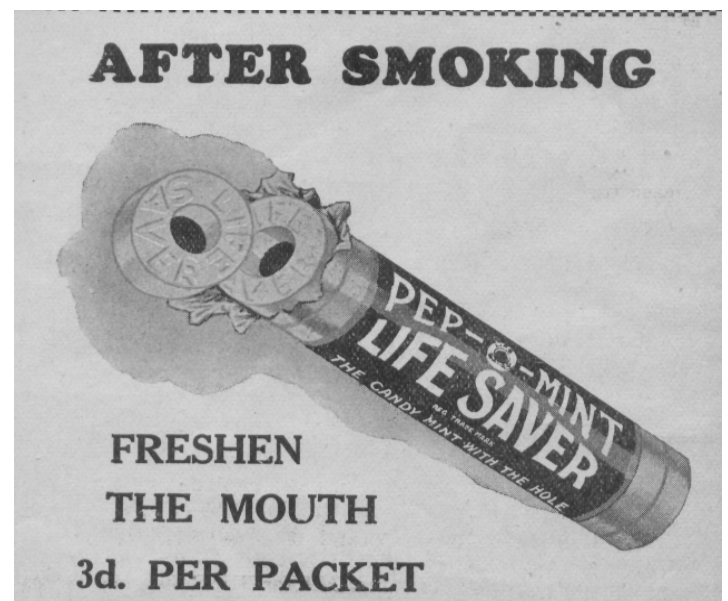
## TASMANIA

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## IS CIVILISATION WORTH SAVING?

By J. C. FOLEY, B.Sc., Commonwealth Divisional Meteorologist, Hobart.

This question assumes that civilisation is in danger. Some go so far as to say that civilisation is doomed. One writer has said that the civilisation and culture in which mankind is living will perish through the very miracle of production which it has helped to create. Harry Carr, editorial writer of the Los Angeles Times, says the curtain is going down; we have boasted of being a business people and we have so little business brains that we are starving because there is too much food and going in rags because there are too many clothes; we richly deserve what is coming.

Whether you believe this or not there can be no doubt that the problems and dangers which confront humanity at the present time are much more serious than anything that the race has had to face in past historical times. While there are on the one hand all the elements for the making of a higher and nobler civilisation, there are at the same time certain alarming movements beneath the surface of things, which might at any moment, break out in disorder and chaos or in a war on a worldwide scale. This statement is no exaggeration. Alan has made great advances in science and has unleashed tremendous forces, which may be used, either in his service or for his destruction. But in spite of the great advances which have been made in the material realm—in science and engineering—there has been very little advance in the understanding of those fundamental principles upon which the community life and social conditions of mankind should be based. Man has not learned to live intelligently or even decently as a member of a community. He is guided by brute instinct rather than by fundamental principle. I refer, of course, to the actual motives, which actuate the great majority of people in the modern world, and not to the ideals, which civilised people, pretend to honour.

This may seem to be a cynical view of life, but is it not a fact? It is true that the spirit of man is not wholly selfish. There is plenty of evidence of disinterested service and of generosity even to the point of willingness to make sacrifices. On the other hand, we live under an economic system, which is run mainly from, the motive of greed and selfish desire for domination. Man, as a consequence, is being demoralised—both literally and in the sense that he is being cribbed, cabined and confined by poverty and economic insecurity, and

prevented from developing the life which he is capable of developing.

### DENUNCIATION BY SPIRITUAL LEADERS

The immorality of the present economic and financial system is generally recognised. The General Conference of the Methodist Church of Australia recognised it in a resolution it passed last year condemning it. The Pope in his Encyclical, *Quadragesimo Anno*, said: "Unbridled ambition for domination has succeeded the desire for gain; the whole economic system has become hard, cruel and relentless in a ghastly measure."

This feature is one of the outstanding characteristics, of our civilisation. Some writers have expressed the opinion that it is the tendency of a machine civilisation to make profit-seeking an end in itself that will destroy it. This tendency produces individuals who are incapable of saving it from disaster. Others say civilisation is moving rapidly towards a disaster, which is the inevitable penalty for the pursuit of a low ideal. The Anglican Bishop of Bathurst recently, said that the modern world is literally gathering chaos and approaching a precipice at a steadily increasing rate. He added: "Shall we be more amazed at the world's growing mood of madness or the Christian Church's awful silence?" It would appear, however, that the Church shares the chaos of thought on these problems and in the main seeks to disclaim any responsibility for urging that applied Christianity be put into practice.

### MONEY THE DOMINATING FACTOR.

If we were asked, what is the most dominant factor in civilisation at the present time—What is it that more than anything else influences our conduct as members of a community, I think we should be obliged to say that that factor is money. A person is appraised on the basis of his money income. It is his control over money that determines whether and how he may live, whether he may enjoy culture and a measure of refinement or whether he is doomed to a degrading existence in poverty and squalor. Those who control money control the production of the material necessities of life and thus control the very existence of the masses of the people. It would be correct to say that ours is a money civilisation. The golden calf is the god of our civilisation, and the sacrifices, which it demands, are human sacrifices—sacrifices of hundreds of millions of lives, starved and demoralised by poverty or slaughtered and maimed by machine guns and poison gas. Do you think that this is an overstatement? Listen to what the Pope

had to say about it in the Encyclical which I quoted just now: "It is patent," he says, "that in these days not only is wealth accumulated, but immense power and despotic domination is concentrated in the hands of a few. . . . This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the life blood to the entire economic body, and grasping, as it were, in their hands the very soul of production. So that no one dare breathe against their will..."

"This concentration of power has led to a threefold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggles; FINALLY, THE CLASH BETWEEN STATES THEMSELVES."

In the judgment of the Pope the clash between States, or, in other words, war, is the final and inevitable outcome, of the struggle for economic domination. This domination by powerful money, interests threaten the existence of what we call Democracy today. In the opinion of Major Douglas the next few years will decide the issue between the Credit Power and Democracy. Either civilisation will pass through a series of crises and emerge in complete subjection to the money power, or democracy will retain its freedom and develop a new era of prosperity and happiness.

### SHORTAGE OF CONSUMERS' INCOMES

But, while there is in the concentration of economic power a menace to civilisation both in the threat of war and in the inroads which are being made on the freedom of democracy, there is another even more serious disruptive factor to be considered, and a factor which is being used by those who are assuming world domination. This factor is to be found in the money system itself. The great contribution, which Major Douglas has made to the study of our economic difficulties, has been the attention, which he has focussed on the fact that industry does not distribute sufficient purchasing power to buy its product and at the same time finance itself without debt. There are a number of causes of this deficiency, but they are too involved to discuss here. What we are concerned about is the FACT of such a deficiency and, in spite of the very intense criticism to which the Douglas Theory has been subjected, this fact is being recognised more and more by public men.

As an example, the London *Spectator*, one of England's most conservative journals, recently observed "Major Douglas was right when he said that there was a problem of purchasing power transcending the problems of particular industries. Moreover, he has probably done more than all the economists put together to persuade the mass of the people that this is so."

Mr. Winston Churchill, about 12 months ago, said that the triple key of the future was to be found in monetary reform, shortening of hours of labour as science will permit, and enlarging of the consuming power of the people.

Sir Herbert Gepp recently suggested that the way out of the world's troubles was to be found in greater purchasing power for the masses.

Sir Frederick Stewart put it that it has been a feature of Australian national policy in recent years to maintain the purchasing power of the rural communities by giving bounties and subsidies and government assistance in finding markets for primary products. He was in favour of something of the kind being applied to secondary industries. The point acknowledged here is that it has been necessary to increase the purchasing power, which the people derived through industry. This is being done by

subsidies and bounties, as a result of which the national debt is being increased.

### SUBSIDIES ESSENTIAL.

This shortage of purchasing power is being recognised as the main cause of poverty amidst plenty, and is thus one of the most important disintegrating agencies at work in Our civilisation. The recognition of this fact is one of the most hopeful signs of the times. A very striking leading article, published in the *Economist* (one of England's leading financial papers) of September 28; and reprinted in the *New Times* of November 8, discusses Mr. Bruce's motion at Geneva, which aims at eradicating Malnutrition on the one hand and the depression in agriculture on the other by

INCREASING CONSUMPTION OF FOODSTUFFS. The article commences with these words: "It has taken a long time for the world's producers to realise that, if only consumers were given the chance to achieve the nutritional standards established by experts (in other words to obtain, sufficient food of the right kind), both a burdensome plenty and a crushing poverty might disappear. Mr. Bruce urged that the millions now being spent on bonuses, subsidies and other forms of assistance to agriculture—only to keep prices at a level that retard consumption—might be better spent in bringing about a greater consumption of agricultural products. . . . Lord De La Warr, Parliamentary Secretary to the Ministry of Agriculture confessed to grave scepticism about those Government measures which set out to solve the problem of poverty amidst plenty BY ABOLISHING PLENTY. It was not sufficient, however, merely to resist a policy of restriction. Something more positive was needed. IT MIGHT BE DELIBERATE ACTION TO INCREASE CONSUMPTION."

The article then referred to the experiment at Bishop Auckland, where the unemployed were allowed to buy potatoes at 4d instead of 7d a stone. This resulted in an increase of consumption for the whole district by 69 per cent. The *Economist* continued: "In the end, if the present surplus foodstuffs are to be conveyed to those who need them, SUBSIDIES TO CONSUMERS MAY BE NECESSARY, and it would be ridiculous to propose that the subsidies should be paid for by taxes levied on those very foodstuffs. Even when restriction is abandoned and marketing improved Governments will have to face the issue."

### THE SOCIAL CREDIT VIEW

The Douglas view of the problem is that subsidies to consumers are inevitable, and that the sooner we make up our minds for them the better. Such subsidies may take the form of a National Dividend, or of a Just Price Discount, or they may take the form of new money issued by Governments for public works or developmental purposes. There is no technical difficulty involved in finding such money, nor in issuing it in such a manner as will avoid undue inflation of the currency. The facts are that there is a shortage of purchasing power, that that shortage must be made good and the money so issued MUST GO TO CONSUMERS. That sentence is a summary of Douglas Social Credit.

To return to my original question "Is Civilisation Worth Saving?"—it depends on what we mean by "civilisation." Ancient civilisations have gone. Mediaeval civilisation has been changed into what we call Western civilisation today. Just as many intolerable features of the civilisation of the middle ages have gone, so it is to be hoped some of the abominations of present day civilisation will disappear. Whether we return to a feudalism of the money monopoly depends on how citizens of democratic countries exercise their voting power, and what attitude they adopt to reform.

## THIS FREEDOM

On Thursday of last week, December 5, Mr. H. F. Allsop, a member of the Douglas Social Credit Movement, was prosecuted at Box Hill Court on a charge of having distributed newspapers on Sunday, October 27, and thereby having traded or dealt in them.

The charge arose out of Mr. Allsop's action on the Sunday in question in stationing himself at the side of the roadway in Whitehorse-road, Box Hill, with a placard bearing the words, "Free Copy", and offering back numbers, of "The New Times", to passing motorists and cyclists, and to an occasional pedestrian. A number of copies were thus distributed to such passing motorists, etc., as cared to pause and take one.

In a statement which was read in Court, Mr. Allsop gave as the reason for his action that he believed in the Social Credit proposals as advocated in "The New Times", and he further stated that he had been quite unaware that he was committing any offence. He pleaded not guilty.

For the defence, Mr. H. L. Gordon, of Slater & Gordon, pointed out that the copies of "The New Times" were not sold for any consideration to the passers-by, and that Mr. Allsop (who has no commercial connection whatever with "The New Times") received no reward or remuneration for what he did.

The prosecution admitted that no obstruction of traffic or inconvenience to the public had been caused, and Mr. Allsop did not call out to attract attention to what he offered.

It was submitted by the defence that the prosecution had failed to bring forward proof of "The New Times" being a newspaper within the meaning of the Newspapers Act; and further, that copies about three months old could not be said to contain current news, and therefore should not be deemed newspapers at the time of distribution. It was also pointed out by the defence that many Churches had for years been doing what the defendant did, by distributing Church papers, etc., on Sundays, but, as yet, no proceedings had been launched against these established institutions.

Counsel for the defence drew attention to the fact that Social Credit was now rapidly becoming an established and accepted institution by reason of the great growth of the Movement, the election of a Social Credit Government in Alberta, Canada, and the election of a Labor Government of similar complexion in New Zealand. He said he supposed we would have Social Credit here in Australia before long, and his client, if convicted and penalised, would then be regarded as a martyr.

The magistrate, in summing-up, said it was apparent that the defendant had proceeded, from the best motives and in a quiet and inoffensive way, to bring before the public a reform which he believed was urgent and just. He did not regard the defendant as one who would knowingly flout the law.

The Bench found that the prosecution was technically sustained, but in view of the trivial nature of the offence, they would use their powers under the Justices Act and dismiss the case.

Delay or opposition to reform is dangerous. The task is urgent.

It is within the power of all of us to prepare the way for a better civilisation in which the fundamental principles of community life will be understood and observed, in which service will replace self interest, order and goodwill replace chaos and enmity, and plenty for all will replace poverty and demoralisation for most.

Is not this worth working for?

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## NO LOANS FOR ARMAMENTS

### Will There Be Another Raid on the Nation's Purse?

By FR. F. H. DRINKWATER.

The name of Fr. F. H. Drinkwater is the most notable of those members of the Catholic clergy in England who have joined in the fight for Social Credit. Fr. Drinkwater is known as an eloquent speaker, as well as for his writings demanding monetary reform. As recently as September 25 he is reported to have addressed a crowded meeting in the Cathedral Hall at Nottingham on the theme, "We Can Abolish Poverty Now," in association with an appeal for workers in the Electoral Campaign to Abolish Poverty. The meeting was presided over by Rt. Rev. Monsignor Byland, in the unavoidable absence of Bishop McNulty. It was Bishop McNulty who took the chair at a meeting in the largest hall in Nottingham in November of last year, when Dr. Hewlett Johnson, Dean of Canterbury, made one of his stirring addresses.

Fr. Drinkwater's article below is reprinted from the English *Catholic Times*.

Today, when usury sits enthroned, supreme and unquestioned, no longer troubling to conceal its power—today "Usury," the word, has rather gone out of fashion.

Most Catholics have never heard of it and those who may have seen the word in print are often shy of using it because they are not even sure how to pronounce it. It is pronounced "Youzhoury," and is net a word that should be forgotten by anybody who still believes in the Ten Commandments.

Pope Benedict XIV ordered the pastors of the Church to "preach the sinfulness of usury, and the manifold shapes it assumes to ensnare souls."

True, Benedict XIV lived 200 years ago. But in our own lifetime Pope Leo XIII repeated the warning and said "rapacious usury is still practised by covetous and grasping men under a different guise."

Pope Pius XI only the other day was pointing to the usurer once more when he complained that money and credit, the very life blood of the entire economic body, are controlled and issued by the hands of a few financiers who consequently "wield such power that no one dare breathe against their will."

#### THE PRACTICAL USURER

Anyone who tells you that usury is not a grave evil nowadays, or that the money-system is a matter of minor importance in Catholic social teaching, or that credit-reform is a fad of cranks and Communists—anyone who tells you such things is a liar, through wickedness or ignorance as the case may be; and why anybody except the usurers and their paid servants should wish to utter such lies is a matter beyond all understanding.

The moralists hold endless argument as to wherein precisely the sin of usury consists, but such theoretical discussions have no interest for you and me now. Broadly speaking the usurer is, and always has been, the man who converts accumulated wealth, real or pretended, into power for himself; who employs his surplus income, not for the general good, but to breed more money for himself; who lives without work himself by compelling other men to work for him, because he can sell them up.

#### THE ARMAMENT LOAN

The favourite device of the usurer in our own time is the armament loan, and everybody ought to try and understand why. The reasons are simple enough.

First, armaments grow out of the deepest human passions of fear and self-preservation. Anyone who controls the press and the other sources of public opinions can easily play upon men's fears and hatreds until every nation is feverishly arming.

Secondly, because there is literally no limit to armament making. In a war, the armaments are consumed on the grandest scale, but in peacetime, too, they grow obsolete as soon as they are made.

Thirdly, because armament selling conduces to international lending; the small countries have to borrow to buy guns and cruisers.

#### AN INNOCENT QUESTION

Fourthly, because armament making does not mean any increase of real wealth to the community. It keeps men working hard, but it also keeps them poor; which is what every usurer wants. If men's work made them really better off, they would be getting out of the moneylender's clutches. That is the answer to Mr. de Valera's rather innocent question at Geneva: "Why is it that yesterday there were no finances to provide the workless with the opportunity of earning their bread, while tomorrow unlimited money will be found to provide for the manufacture of instruments of destruction?"

That "tomorrow" has quickly come for England. The Government is appealing to the country, and it is said that the central point of their programme will be a vast rearmament loan.

All their opponents can think of, apparently, is to deny the necessity for rearming. Blind and deaf, blind and deaf and dumb! What Government dare fail to arm, when it looks at the desperate Caesar with war-lust in his eyes and 2000 warplanes under his hand?

No, but whatever rearming may be necessary, let the usurer keep his hands off it. In God's name, let there be no more war loans!

#### WAR LOANS.

The four war loans of the Great War were the most colossal swindle that the usurers ever put across. In four short years they produced, out of nothing, two thousand million pounds, which they were allowed to call their own and lend to the nation at five per cent. We are still paying about £100,000,000 a year interest on it, much of it doubtless to the very profiteers who took the first slices of the agonised nation's pound of flesh; and that is why there is no money for the distressed areas or for anything else worth spending money on. "Unlike the soldier, the investor runs no risks," as a War Loan advertisement issued by the Bank of England said during the War.

#### TREASONABLE.

The usurers of the City of London are getting ready for another great raid on the nation's purse, but this time we must see they are sent empty away. No loan for rearmament! If money is needed let it be the King's own money, issued for the purpose. He will get some of it back by having to pay fewer unemployed, and he could get much of the rest back by higher death-duties on the numerous multi-millionaires who still in this country leave behind far more money than any one man ought to have.

Even the orthodox economists say that armaments, being non-productive, ought not to be paid

for by borrowing. But if it is convenient to keep the outward forms of a loan in raising the money, then let it be called a loan from the Bank of England, but free of interest, by Ways and Means Advances.

After everything we have learned by sad experience since the War, there is no possible excuse for giving another opening to the usurers. If Mr. Baldwin or any one else commits this nation to a Rearmament Loan, he will deserve to be put on trial for treason against the welfare of this realm.

## Council for Civil Liberties

A well-attended meeting of people interested in the protection of civil liberties was held at the rooms of the Henry George League on Tuesday, December 3. The meeting had been called in response to a demand for a non-party organisation through which people of liberty-loving views could express themselves.

Mr. Geoffrey Leeper (Melbourne University) took the chair, and in his opening speech remarked on the need for a body such as the English National Council for Civil Liberties, which includes among its office-bearers Mr. E. M. Forster, Professor H. J. Laski, Messrs. A. P. Herbert, H. G. Wells, and many other leading Englishmen. It was decided that the new organisation should provisionally take the title of the Council for Civil Liberties and that it should communicate with the English Council. In the meantime the following constitution was adopted as expressing broadly the aims of the movement:—

"The Council for Civil Liberties is an association of men and women who believe that the rights of freedom of the press and of free speech, thought and assembly constitute civil liberties essential to a democratic community.

"The Council views with concern the infringement of such liberties, and pledges itself to do its utmost in their defence.

"Particularly the aims of the Council are:—

1. To oppose such legislation, either existing or projected, as constitutes a threat to the civil or political liberty of the people (e.g. Part 2A of the Commonwealth Crimes Act).
2. To oppose or resist
  - (a.) Interference with meetings, processions or propaganda.
  - (b.) Attacks on the rights of Trade Unions.
  - (c.) Such censorship as interferes with civil liberties.
  - (d.) Unwarranted deportation.
  - (e.) Victimisation for racial, political or religious reasons."

From among those present a committee was elected, the members of which are Mr. F. Allsop (who represented the Douglas Social Credit Movement), Mr. J. A. Atkinson (the Henry George League), Mr. J. V. Barry, Miss M. Bayne, Miss D. Davies, Mr. J. Dwyer, Mr. Brian Fitzpatrick, Mr. Eugene Gorman, K.C.; Mr. Fred Howard, Mr. Geoffrey Leeper, Miss T. Lucas, Mr. Max Meldrum. Power was given to this committee to add to its numbers, if necessary, and to elect office-bearers.

When the subject was thrown open for discussion several speakers drew attention to the fact that Australia had lost a good deal of liberty in recent years, and was in danger of losing more. In a striking speech Mr. Eugene Gorman commended the objects of the Council for Civil Liberties. He

emphasised that there was a very real need for an organisation of the kind which would carry on its propaganda "without the frills which sometimes disfigure such bodies." He referred to the dangerous principle involved in "averment clauses" such as are to be found in the Commonwealth Crimes Act and other Commonwealth legislation. He also drew attention to the misuse of municipal by-laws to prosecute the distributors of unorthodox or unpopular literature.

Among others present who supported the new organisation were Professor A. Boyce Gibson and Mr. F. Wood of Melbourne University, Mrs. E. G. Coppel, Mr. E. J. Hayes, Mr. J. Ferguson, Mr. T. Jones, Mr. H. Thomas, Mrs. F. Hamden, Dr. and Mrs. A. B. Edwards.

After some discussion the minimum membership fee was fixed at 1/- per annum in order that all classes might be represented. The committee was instructed to call a general meeting early in the New Year. Those interested in the project are requested to communicate with the hon. sec., Miss T. Lucas, 13 a'Beckett Street, Armadale, S.1. (Telephone, Windsor 2925.)

## Parkville and Brunswick Branch, Social Credit Movement

At a first meeting of this new branch Mr. Norman G. Bradley was appointed hon. secretary. Weekly meetings were arranged, for the purposes of general discussion, study circles and lectures. A Women's Auxiliary is to be formed. Plans were made for co-operation in the activities of the Electoral Campaign.

Those desirous of joining the branch are asked to address their inquiries to Mr. Norman Bradley, 140 Park St., Parkville (phone, F 1560), or to Mr. T. Smith, 98 Park St. W., Brunswick (phone, FX 2047).

## An Unanswered Letter

The following letter, addressed to the Prime Minister on September 26 last by Mr. G. S. Carruthers, Member of the Tasmanian House of Assembly and chairman of the Parliamentary Select Committee appointed to inquire into banking and finance, has not yet been favoured with a reply by Mr. Lyons:—

"The enclosed extract from one of the best known authorities on banking and credit shows that bankers and financiers are not necessarily acquainted with the real inner workings of finance. Economists are often 'authorities on what banking is supposed to be' rather than what it actually is. During my election campaign I found that the creation and effects of credit were generally outside the scope of bank officials and politicians, I therefore offer my services as a member of the Commission you are establishing. The experience I am gaining as a member of the Tasmanian Inquiry cannot fail to be useful, and I will offer evidence if not a member of the Commission. 'Theory of Credit,' 2nd Edition, by D. H. Macleod, M.A., 1897; extract page 60: 'As this error regarding the meaning of the word "deposit" is almost universal among writers and speakers on banking, we may cite one conspicuous example of it. Mr. James Toor, a Liverpool merchant, was questioned by Mr. Wilson before the Committee of the House of Commons on the monetary panic in 1858. Mr. Cardwell, Chairman, and Mr. Wilson were considered to be among the ablest financiers of the day, and yet neither of them had the least knowledge of the true nature and effects of banking.'"

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

## AUSTRALIAN WOMEN ARE GOOD COOKS SAY MANY VISITORS FROM OVERSEAS



—and some are better than others, of course. You will find that most of the best cooks give credit for their success to the ingredients they use. If you could take a peep into thousands of kitchens whilst cakes were being made or dinners being prepared, you would find PINK PACKETS on the majority of tables—the sign of good cooks. In those PINK PACKETS is Australia's choicest Maize product—KREAM Brand CORNFLOUR. That is the open secret of success in making many soups, stews, sauces, cakes, puddings and blanc-manges so delicious. MAIZE PRODUCTS PTY. LTD. Hawthorn Street, Footscray, Victoria

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# The Tasmanian Monetary Inquiry

## Full Report of Parliamentary Select Committee

(Continued From Last Week.)

### MCLEOD ON SPENDING DEPOSITS.

Attention has been called previously to the fact that the economics of our present money system are not as well known as might be expected among bankers and others.

Mr. McLeod shows that this has been a feature of the administration in banking in times past. On page 600 of "The Theory of Credit," he states:—

"Mr. John Torr, a Liverpool merchant, was questioned by Mr. Wilson before the Committee of the House of Commons on the monetary panic in 1858.

"Mr. Cardwell and Mr. Wilson were considered to be among the ablest financiers of their day, and yet neither of them had the least knowledge of the true nature and effects of banking. Mr. Torr had a perception of the real nature of it: for he says that the banks had increased their liabilities by their advances. But he held his knowledge so loosely that he was easily shaken out of his ideas, and gave in to Mr. Cardwell and Mr. Wilson. Neither of these gentlemen had the least idea of the true nature of banking; because banks make all their advances by creating and increasing their liabilities. This, however, seemed a paradox to Mr. Cardwell, who sneeringly asked the witness to explain how banks increased their own liabilities by making advances to others. Mr. Wilson asked him if the banks made imprudent advances out of their capital and deposits. Now banks have no deposits in the juridical meaning of the term; what they have are *mutua*: but they make all advances by creating deposits, i.e., credits, in their books; and thus all banks make advances by increasing their liabilities, which was so sore a puzzle to Mr. Cardwell.

"This misconception of the meaning of the word deposit leads to a somewhat amusing error which is usually seen in the newspapers every half-year, after the joint-stock banks publish their accounts. Many papers give summaries of the accounts of the banks, which show that they have about £800,000,000 of deposits; and those innocent writers evidently consider that these are deposits of cash, and hold up their hands in astonishment at the vast quantity of cash the banks hold. Now, as no one supposes that there is more than £90,000,000 in gold coin in the country, it would somewhat puzzle these ingenious gentlemen to explain how there can be £800,000,000 in

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

cash in the banks. But anyone conversant with banking would tell them that these £800,000,000 are not deposits of cash, but are merely creations of credit, and are nothing more than bank notes in disguise." [Note.—This refers to Great Britain before the end of last century.]

### STARTING A BANK WITHOUT CAPITAL.

In this connection it will be of interest to note the remark of Mr. Beaumont Pease, Chairman of Lloyds Bank, who said in Melbourne on November 13, 1934, as shown in the National Bank Monthly Summary for December, 1934, that no capital is necessary to start a bank.

The *Sydney Morning Herald* of April 5, 1935, published the following:—

"The hearing of the protest by Mr. Andrew Mellon, the former Secretary of the Treasury, against the Federal Government's assessment of 3,000,000 dollars on his 1931 income, was continued today. He told how, without consulting him, the stockbrokers of the Union Trust Company had made him President and kept him in office without any duties, in spite of his protest. Then when the bank's affairs did not prosper, the stockbrokers intimated that they would gladly sell to him their holding. He bought 100,000 shares at 100 dollars each, and then got after business. The same shares were sold later for as high as 15,200 dollars each. Mr. Mellon then harked back to last century when he was partner with his father in a private bank which never had any capital, the depositors simply bringing their money there for safe keeping. He and his father divided the profits and drew them out. His father's capital was goodwill and name. His other brothers, who attempted to found a bank by similar methods in North Dakota, failed."

The Commonwealth Bank Act, 1911, authorised that "the Treasurer may, out of the Consolidated Revenue Fund, which is hereby appropriated accordingly, make advances to the Bank for the purpose of enabling it to defray any of the expenses incidental to the establishment of the Bank, the opening of offices thereof for business, and the raising of sufficient capital for

carrying on business. . . . Any moneys advanced in pursuance of this action shall be repaid to the Treasurer by the Bank, together with interest at the rate of 3½ per centum per annum."

The Governor of the Bank used this provision to the extent of £10,000 (p. 64, "Australia's Government Bank," L. C. Jauncey).

"On July 15, 1912, with no subscribed capital and with assets of only £10,000 in the form of a loan from the Commonwealth Government, the Bank opened its doors for business" (p. 72 of same). On July 7, 1921, a deputation of unemployed waited on Sir Denison Miller, then Governor of the Bank.

"Mr. Scott (member of the deputation).—In your address in London, Sir Denison, you stated that to meet the necessities of war certain things had to be done by you, which before the war would not have been dreamed of. You financed Australia for £350,000,000 for war purposes, and, had the war continued, you could have financed another £350,000,000. Are you now prepared to finance Australia £350,000,000 for productive purposes?"

"Sir Denison Miller. —Yes, I shall do my best.

"Governor Miller died before he could make good his promise" (p. 275 of same).

### CREATION OF CREDIT

Returning to the question of creation of credit, Mr. McKenna, Chairman of the Midland Bank, in an address to shareholders on January 25, 1924, said:—

"I am afraid the ordinary citizen will not like to be told that the banks can and do create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing the deposits and bank purchases. Every loan, overdraft, or bank purchase, creates a deposit, and every repayment of a loan, overdraft, or bank sale destroys a deposit."

Later in the same address he said: "And those who control the credit of a nation direct the policy of governments and hold in their hands the destiny of the people." The Macmillan report states that banks can carry on a process of lending and purchasing investments until such time as the credits created or investments purchased represent nine times the amount of the original deposit of £1000 in cash (par. 74).

Mr. R. G. Hawtrey, Assistant Secretary to the British Treasury, says: "When a bank lends, it creates money out of nothing."

William Patterson, first Governor of the Bank of England (about 1694), said: "Whereas before the money was only the running cash of the nation, now the credit founded upon this money is as much a running cash as the money itself. The running cash of the nation will be much increased answerable to the credit issued out, let it be what it will. It will be great. The Bank hath benefit of the interest of whatever credit it issues out of nothing."

The Report of the Monetary Committee, New Zealand, 1934 (par. 83), stated that the banking system was "operated by external boards of directors whose integrity is not questioned, but whose main aim was quite properly, for competitive profit making institutions, maximum of dividends for share holders. There is no question that the banks in New Zealand have acted deliberately in a manner which they considered would prejudicially affect the interest of

New Zealand. It may also be added that in the long run the prosperity of New Zealand means the prosperity of the banks, but the fact that the banks are prospering does not mean that New Zealand is prosperous."

Many references have been made by the Prime Minister and others in the last year or two to Australia's "wonderful recovery" during the last three years.

During 1932-35 the debts of Australia (Federal and State) have increased by £54,286,958.

The census figures show 439,788 unemployed or 20.5 per cent, of the breadwinners.

The industries receiving or requiring subsidies, excluding sugar, are shown in the following list:

	ASSISTANCE TO INDUSTRIES (COMMONWEALTH GOVERNMENT)	
	1931-32.	1934-35.
	£	£
Wheatgrowers . . .	3,296,465	4,041,050
Special Flour Tax) ...		31,806
Bounties—		
Cotton Industries	158,601	118,481
Gold .....	80,904	
Flax and linseed ....	1,561	599
Iron and Steel		
Products . . . . .	7,392	16,836
Sulphur . . . . .	30,962	50,831
Wine Export . . . . .	201,268	184,330
Cattle Tick Control	44,450	59,100
Fruit growers . . . . .		125,000
Citrus Industry . . . . .		7,402
Mandarin growers' Relief		10,000
Banana Industry		1,500
Tobacco Investigation		15,000
Berry-growers . . . . .		5,000
Pearl Shell Industry		4,000
Artificial Manure Subsidy		250,000
Metalliferous		
Mining . . . . .		75,000
Forestry . . . . .		64,000
Apple growers' Organisation		8,274
Egg Producers' Organisation	6,291	
Total .....	£3,821,603	£5,074,500

The total amount paid in subsidies, excluding sugar, 1931-34, £3,821,603; 1934-35, £5,074,500.

Expenditure of loan money has caused certain industries to be more active, and some increase in employment has been due, in general, to shortage of housing and other services and commodities, resulting from the stagnation of industry during the depression.

It may be noted that during the lean times there were no bank failures and the banks' assets were not diminished, but on the contrary were increased from four hundred and five million pounds in 1930 to four hundred and thirty-seven million pounds in 1935.

There should be no real difficulty in establishing prosperity for all. It has already been shown that, with the immense resources of power and technique available, there is no physical difficulty. With all the real wealth which "lies at our doorstep" (to use a phrase of President Roosevelt), it is ridiculous to remain in poverty because of finance.

There are other indications that financiers are afraid of losing their power of domination, and the propaganda of fear and misrepresentation are well enough known to need no further comment. It is significant that the press as a rule gives very little attention to ways and means of dealing with these problems, which are of such vital importance and the failure to find a solution of which is fraught with such tragic

consequences for millions of people.

### INTEREST.

Coming back to Mr. McKenna's statement that the amount of money in existence varies with the action of the banks in increasing or decreasing deposits, let us assume that 100 units is the total money in circulation and that it has been loaned at an average rate of 5 per cent, interest. At the end of 12 months five units will be due back at the bank for interest. Where is this interest to come from? Industry cannot earn it or produce it—industry can produce goods. Or people may be able to earn money from one another. It is popularly believed that the money to pay interest is in existence "somewhere." From Mr. McKenna's statement, however, only the banks can bring this extra money into being, and it follows that interest can only be paid by borrowing more from the financial system and pledging further security to the bankers. This means in the last analysis that loans to industry in general continue forever, and grow continuously, due to interest. One industrialist repays his loan and interest with money that someone else has borrowed. The only relief gained is that afforded by repudiation of debts in bankruptcies, etc.

Some economists state that the turnover of money will produce the means of paying interest. It is assumed that a payment of interest results in an amount of money being circulated by the banks in payments of wages and dividends, which are then spent at the shops, and paid back as interest by industrialists, etc., and so on through a number of cycles. Money spent at the shops has a function to perform in defraying costs of production of the articles bought. These costs are at least equal to the money, which is put into circulation by bank loans, because every loan is issued for purposes of production and every payment made out of it becomes a cost to be recovered. Interest is an additional cost. This money might be made to circulate indefinitely in the circuit assumed above, provided the interest did not increase and the sum required to pay the original interest was found from some source outside of bank loans. It is doubtful whether there is any adequate source for payments of interest at the present time, and the fact that interest payments of all countries resulting from private debts being transferred directly or indirectly to governments are rapidly increasing, is sufficient proof that no such source exists, and that it is a mistake to assume that turnover or velocity of circulation provides a means of payment. It follows that provision should be made for additional money to be circulated in some way other than through repayable loans to industry or governments.

(To be continued.)

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