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MELBOURNE, FRIDAY, JANUARY 24, 1936.

Every Friday, 3d

The Banks and the Pastoral Companies

Acting as spokesman for the great pastoral finance companies, Mr. Ronald McPherson, chairman of the Melbourne Woolbrokers' Association, told the Monetary and Banking Commission last Friday that the relations between the companies he represented and the banks were amicable. There were times, he said, when somebody's toes were hurt, but the matter was always settled.

Mr. McPherson told the Commission a number of other things. One of them was this:

Twenty Australian pastoral companies, on their last balance sheets, showed outstanding loans of £26 millions, a figure that would be considerably exceeded at the peak period of the year.

We suggest that the second statement serves both to explain and to stress the importance of the first.

IMPORTANCE OF AMICABLE RELATIONS

The pastoral companies are a group, which include in their staffs great numbers of men having the technical qualifications and the practical experience of primary production, which bankers as a class have not. Such companies, if able to attract from shareholders millions of pounds of thrift savings, could constitute quite a serious threat to the bankers' stranglehold over the community. For it must be remembered that, although the banker actually manufactures nearly everything, which passes as money in the community, he cannot always automatically control it. Huge paper sums drawn from the bankers' ink-and-ledger mints by borrowers are passed on to persons who are not indebted to banks. Should those persons amalgamate their savings cooperatively they could give the banks a nasty jar for quite a considerable time. Pooling their resources in pastoral companies, they might enable farmers, at least for a season or two, to tell bankers what they really thought of them. Or in insurance companies they might, by tending their funds to straitened governments, enable these to make some show of resistance for a time to such monstrosities as so-called Premiers' Plans. And so on.

Hence it is vitally important that the relations between the bankers and the pastoral finance companies, amongst others, should be as amicable as possible. In particular it is essential that the policy of the banks should be administered by these other institutions.

THE UN-ASKED QUESTION
Mr. McPherson, in answer to a question, told the Commission

Royal Commission is Told of Their Amicable Relations

BUT NO ONE ASKED WHY

WOOL AND FINANCE.—Sir Frederick Tout was telling Lord Bamby how representative was a gathering that he had just addressed in Sydney. "It was thoroughly representative of the growers and the selling brokers," Sir Frederick stated. Sir Norman Kater interjected: "Also the financial houses." Sir Frederick: "I am glad Sir Norman reminded me that representatives of the financial houses are here because so many of us are their servants!"
—Sydney "Daily Telegraph," December 11

that the Woolbrokers' Association, as such, had no settled harmony between the bank directorates and the pastoral directorates.

Just look at this pretty little picture:—
Of the £26 millions lent according to Mr. McPherson's list, over £22 millions were on the books of six great companies. These companies are Australian Estates and Mortgage Co.; Australian Mercantile, Land and

Viewed by and large, Mr. McPherson's evidence, as reported in the daily press, sounded quite dull and satisfactory. But, amongst the several questions put to him by various members of this Commission, which is so earnestly delving into our monetary problems, one question was significantly absent. Not one single query was put to him as to who are the gentlemen who direct the affairs of the great pastoral companies. Any question of this nature, if asked, would probably have elicited some such reply as the classic answer two days previously of Sir Claude Reading, of the Commonwealth Bank, that it was "a big and delicate matter"; but at least it would have indicated that the Commission of Inquiry really meant to inquire.

THE SECRET OF HARMONY

A casual glance over the Boards of these companies will

serve to explain this wonderful harmony between the bank directorates and the pastoral directorates.

Just look at this pretty little picture:—

Of the £26 millions lent according to Mr. McPherson's list, over £22 millions were on the books of six great companies. These companies are Australian Estates and Mortgage Co.; Australian Mercantile, Land and

IS G. D. HEALY, CHAIRMAN OF THE ASSOCIATED BANKS OF VICTORIA, JUST A PLAIN FOOL, OR IS HE A KNAVE?

See page 4.

Finance Co.; Dalgety and Co.; Goldsbrough, Mort and Co.; New Zealand Loan and Mercantile Agency Co.; and Elder Smith and Co.

Now for the harmonisers and the choir conductors.
On the directorate of Australia

lian Estates (an English company) you will find that the chairman is Andrew Williamson and the vice-chairman Sir F. W. Young. On the board of the E.S. & A. Bank you will find that Andrew Williamson is the chairman, with Sir F. W. Young a fellow director.

The Australian Mercantile, Land and Finance Co. (another English concern) set itself out to have a trio of harmony. John Sanderson, its chairman, is also a director of the Bank of Australasia; Lord Luke of Pavenham figures likewise on the Board of the National Bank while Lord Forster, whose regrettable decease has just been reported, combined the joint offices of guiding the destinies of the A.M.L. & F. and the E.S. & A. Bank—thus linking up also with Australian Estates and Mortgage. We are not concerned here to look for less obvious affiliations, which abound right through these institutions. Did we care to pursue this line of investigation, we might remark, for instance, on the probability of the Hon. M. F. P. Lubbock, of the A.M.L. & F., having more than a little in common with Cecil Lubbock, a director of the Bank of England.

Dalgety and Co. (still another English enterprise) helps on the

harmony by having the Hon. E. W. Parker, director of the Union Bank, as its chairman. (And we might be permitted to digress and remark that General Sir Herbert Lawrence, of the Vickers armament racket, is also on Dalgety's—presumably to keep the peace by preparedness).

The fourth company, Goldsbrough, Mort and Co., is distinguished by two titled bankers in the persons of Sir James Elder and Sir Frank Clarke, chairman and vice-chairman respectively of the National Bank.

New Zealand Loan (also an English company) is not to be outdone, having the invaluable services of Mr. C. L. Baillieu, of the E.S. & A. Bank, and Sir George Elliot, of the Bank of New Zealand.

Only Elder, Smith, the South Australian company, seems to be lagging behind in the effort for harmony. But what it lacks in quantity it fully makes up in quality, for it has on its Board Sir Lennon Raws, intimate member of the Collins House group of Melbourne, and so in the inmost councils of the Anglo-Australian bankers.

"NO SETTLED CREDIT POLICY"

Does not this recital conjure up for you a pretty picture? Can you wonder that relations are so amicable, that nothing worse ever happens than an occasional treading on corns? And don't you want to laugh when you read Mr. McPherson's evidence that the great pastoral finance companies "had no settled credit policy during the depression—that was left entirely for each individual company." Of course it was. But what likelihood was there, or is there, of any of these companies following a course that would be at cross-purposes with the course of their banker directors?

Poor unfortunate Australian farmers! Turned down by the bankers, can you not see them finding refuge with the kindly pastoral companies, getting their £25 or £30 millions of liens and mortgages from the very same bankers—at one half per cent, extra.

Poor, deluded farmers and public! Some of them still actually look with hope to the deliberations of a Royal Commission that won't hear witnesses until it has first read in secret what evidence they propose to give, and that then, if it chooses to call them, either carefully or stupidly avoids asking any questions that might even savour of a probe.

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*The Plan. R. G. Casey,
Treasurer of The Commonwealth*

Dear Mr. Casey,

A nigger is a man with woolly hair, but a man with woolly hair may not be a nigger—he may be a Siamese. Speaking of the dismal failure of our London conversion loan in contrast with the over subscription of that for Siam, your efforts to prove that success would signify confidence, while failure would show no lack of it, sound suspiciously like the Siamese anthem which we used to sing as children. Do you remember it? It began: "Oh, War Tan As Siam."

But there is really no need to discuss Siam. Quite a large internal loan operation took place in England last month. An issue of £100 millions in Treasury bonds at one per cent, was offered at £98, redeemable in four to six years; and an issue of £200 millions, bearing interest at 2½ per cent, and redeemable any time between 1956 and 1961, was offered at £96½. Of this total £194 millions represented the conversion to lower rates of old debts, while the balance is new debt. Both these loans were oversubscribed on the day of issue.

On the other hand, our little loan of £21 millions, consisting entirely of a conversion operation, was issued at £95½ bearing interest at 3 per cent. Thus the English long term loan shows an effective interest rate of £2/13/10, while ours returns £3/6/- per cent. Yet most of ours was left on the underwriters' hands, and quotations on the first day closed at a discount of £1/3/9, against par for the £200 millions.

To be sure, you are not alone in your claim that this is no reflection on our London credit or our economic position. There is a whole chorus of Siamese anthemers to join in with you. Even the London "Times" says that the non-success of our loan "is merely due to the changed investment conditions under which the price asked was too high." Admittedly it is a left-handed compliment to Australia to suggest that £95/10/- is too high a price for our 3 per cent, when £96/10/- was not too much to pay for an English 2½ per cent. But why worry? So long as you all chant together, no matter how different the words you use, the net result of your din must inspire us with further confidence—or at least those of us who are not yet awake to the shameless racket of the whole loan, credit and confidence swindle.

On occasions like these, however, it would be well for you and your fellows to remember that you may not always be in office. Just imagine a Labor Ministry meeting with a similar rebuff and then using your own words in evidence against you.

THE NEW TIMES

WHAT IS YOUR GREATEST WORRY?

By JAMES DOUGLAS in the London "Sunday Express."

"But the worry of worries in this symposium is insecurity. If we could poll all the workers, the dominating dread in their life would be the loss of their job. Can we banish that spectre from the hearts and hearths and homes of the people?"

What are the chief worries of the ordinary man and the ordinary woman?

In order to answer this question the "Sunday Express" asked twenty men and twenty women to send me in sealed envelopes their own views.

I opened the envelopes myself and nobody else has read the replies. I do not know the names of the writers.

They are all absolutely anonymous. The letters will not be kept. I will destroy them after I have analysed them.

HAUNTED BY INSECURITY.

This is a way of achieving candour. I think the writers are frank. They knew I would not know who they are.

They are a cross-section of workers whose ages range from sixteen to forty, and whose salaries and wages mount as high as several thousands of pounds a year and drop as low as a few pounds a week.

Some are married, some are single, some are widowers or widows, and some have been divorced.

The conclusion I have come to is that for men as well as women the chief worry is insecurity.

These young men, these middle-aged men, these young women and these middle-aged women are haunted by one fear above all other fears—the fear of losing their job.

* * *

Let me take the married men first.

"My age is twenty-three," writes one. "We live in a flat and keep a dog. I worry about

the possibility of getting the sack."

Another man of twenty-three confesses that he worries "about the next job of work."

Another man worries about security. Just that.

A professional man, aged forty-one, earning £800 a year, says: "My greatest worry is the uncertainty of one's employment continuing. This haunts a man in my position morning, noon and night."

A man of forty says: "My chief worry is the unsettled outlook for the future in regard to business."

A man of thirty-five writes: "My chief fear is that I should leave my family unprovided for in the event of my death. My second is that I should lose my independence through loss of my mental and physical abilities."

A man of thirty-six with a young family writes: "My greatest worry is as to the future."

A man of forty says: "My chief anxiety is to retain my fitness for my job."

FROM COMFORT TO PENURY

Another man of forty writes: "Insecurity of job. The feeling that there can never be relief from the eternal struggle for bread and butter."

"The feeling that one can be plunged in a moment from comfort to penury through no real fault of your own, but through the personal whim of some one else. The feeling that life at the best is a cruel kind of slavery."

A man of twenty-six worries about his work. "Am I in the

job I can do best, and am I doing it as well as I am able?"

A man of thirty-five says: "Always present is the anxiety to secure permanent provision for the mother and the children."

* * *

Now for the women. A professional woman of thirty-five says: "Fading looks and a diminution of energy bring fears for the safety of my job."

A woman of twenty-five who is "heart free" worries "about finance and the future."

A widow of thirty says: "My chief worry in life is the bringing up of my small boy—the best way to train and educate him, and to keep my job to be able to do this."

A single woman of twenty-eight worries about "the probable loss of my job."

PROBLEM OF A SPINSTER

Here is "the major worry" of a woman of thirty: "Not every woman feels she is cut out for marriage, and she is faced with the problem of maintaining existence for the rest of her life."

"How is she to do this with any assurance that she will not

THE OPEN LETTER TO THE BUSINESS MEN OF AUSTRALIA,

which was published in "The New Times" of January 10, has, in response to many requests, been reprinted as a leaflet.

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be thrown off after the first bloom of activity is passed?

"If a wife becomes slower with the advance of years, there are usually sons or daughters to give a helping hand, or at any rate the pace of life in her household is slackened."

"But a woman earning her livelihood in the business world must be on the top of her job the whole time."

"As soon as any signs of slowing down show, the boss begins to think of replacing her with some bright youngster."

"By the time she is thirty it is not so easy to make a fresh start." A girl of twenty-one longs to "earn enough so that she may not be a burden to other people."

A married woman of twenty-two says: "My fear is not so much my husband or myself losing our jobs but of being unable to get other ones. This will last only until we have a little money to fall back on. We spent all we had on getting married a year ago."

A woman in her thirties writes: "My chief worry is my boss, who won't give me a better job, although I know I deserve it."

* * *

There is another side of the picture. There are some folk who refuse to worry.

A married man of twenty-six says: "I have no fears. I am a student of Christian Science. My only fear is that my faith may not continue in strength throughout my adventure in this life."

A boy of sixteen says: "My only worry is to improve my present position."

FAITH IN PRAYER

A married man of twenty-three says: "I worried far more as a bachelor and wouldn't be single again for all the worries in the world."

Another married man writes: "I am never depressed for long, owing to my faith in the power of prayer."

A boy of nineteen says: "I haven't got one."

And a bachelor of twenty-three writes: "Life has been very good to

me, and worry has not spoil the pleasant outlook. Work is not a worry."

Boys and bachelors, it seems, have no worries. But some married men are optimists.

"I see the futility of worry," says one. "There was a time when I worried deeply."

"While in the Army I feared death until I had my lesson. A narrow escape, a chum's startled exclamation a week after. Then I saw that as a boy of nineteen I looked like a man of forty. From that day I could see what worry did."

A veteran gallantly cries: "Worries? Why, I haven't any! A barrage of all the contents of Pandora's box would not whiten a strand of my rapidly thinning hair."

"At the Day of Judgment I shall be trying to persuade the defendants at the Bar not to get the wind up."

* * *

A married man of thirty-five says: "Life wouldn't be so good without problems. So much of the fun comes from tackling difficulties."

A married man of twenty-nine has more hopes than fears. "I am becoming happier as I grow older. Since my marriage I have been happier than ever."

"I used to worry about my country. I know now that Britain always muddles through, and that the world is getting better."

A spinster of twenty-two says: "My chief worry is war." The fear of war worries the women more than the men.

Another spinster of twenty-nine says she has "no really big worries of any kind."

Nearly all the single women dread a lonely old age.

Many of these men and women worry about the health and happiness of those they love.

"I worry," says one man "lest I should fail to bring increasing happiness to my wife."

I worry over her welfare, her health, and her material future. Although in my twenties, I earn more than £1000 a year, and I have reasonable hopes of rising further."

FRETS ABOUT DEBTS

A man of forty worries over his debts. One of his wishes is to keep the love of his wife and the joys of his home.

Many men worry about money and income tax.

One man has three worries: —
(1) £.
(2) S.
(3) D.

A man of forty worries over his investments and war scares. And a man of forty-one frets about his debts to the bank, to the income-tax authorities, and to tradesmen.

One man worries about the amount he drinks and smokes and about his indolence. Cause and effect? Also he loathes his job!

* * *

Others worry over the sorrows of their relatives and friends. Worry about ill health is in many replies.

Some women worry about being self-conscious. Others are harassed by an inferiority complex.

But the worry of worries in this symposium is insecurity. If we could poll all the workers, the dominating dread in their life would be the loss of their job.

Can we banish that spectre from the hearts and hearths and homes of the people?

* * *

(The answer to that is easy. The people have one great fear—the loss of income. No one fears the loss of our ability to produce goods; only the loss of ability to gain access to them. The solution lies in giving incomes to all citizens, whether their services are required in the industry or not. And the first step to that is for the community to take back into its own hands control over the financial credit which is based upon and which should be made to reflect the real credit of the nation.)

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Jews in German Banking

From the "Manchester Guardian's" Berlin correspondent. December 13:—

"The National Statistical Office here publishes figures regarding the extent of Jewish participation in German banking which have aroused lively comment in the press.

"It appears that 1722 orthodox Jews are engaged in brokerage and financial commission work, and 4085 in actual banking.

"The Nazi evening paper 'Angriff' claims to have expert ground for believing that 60 per cent, of private banking firms in Germany are still in Jewish hands and that 25 per cent, of their aggregate capital is owned by Jews."

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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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QUESTIONS FOR PROFESSOR

R. C. MILLS

By Bruce H Brown

(By arrangement with the "Castlemaine Mail.")

On the very day on which the Monetary and Banking Commission commenced its public sittings, an interview with one of its members, Professor R. C. Mills, was given prominence by the Melbourne "Herald." Apart from the impropriety of a member of the Commission expressing dogmatic views on a matter which should properly come within the scope of the Commission's work, it should be placed on record that this Professor Mills is the man who publicly attempted to ridicule those who are seeking monetary reform, and that he endeavoured to do so at a time when the community had had little opportunity to hear, much less to understand, the solid reasons which impel the money reformers in what they are seeking to accomplish for the lasting benefit of everyone.

Many of us were almost seriously misled by this particular professor, as even governments have been misled by him. Despite this, however, and the fact that he belongs to the school of "experts" on whose advice the people of Australia were made to suffer so unnecessarily and so acutely in the years immediately following the financial outrage of 1929, he is still persistently put forward by the National Union press and the Commonwealth Government as an authority on how to eliminate the national ills which are largely the direct result of the application of his own ideas. His advice to date has been futile and must inevitably continue to be futile so long as his mental approach to the subject remains unaltered. Economic security for the people is not possible along the lines he advocates, but on the contrary his current views are dangerous to the future welfare of Australia. In support of this statement we point to the fact that he is deeply committed to the idea of increasing public indebtedness to private interests (a course which means the absolute surrender of the sovereignty of the people to the small group of private individuals controlling finance), and that he still harps on our dependence on foreign markets for financial income.

That he possesses such views is itself bad enough in all conscience, but when he publicly reiterates them concurrently with the commencement of the Commission's investigations, we can only describe such conduct as unseemly. It naturally strengthens our already increasing fears that the work of the Commission will not be as impartial as the Prime Minister asked us to believe, and that instead it will be made the agency for whitewashing the swindling system which now oppresses us.

WHAT PROFESSOR MILLS SAID.

In the interview referred to, Professor Mills said this:— "Two outstanding factors of the past five years in Australia have been the restoration of confidence, due largely to the co-operative effort of governments and people, and the absence of bad seasons. Looking ahead, Australia is still to a considerable extent dependent on markets abroad, and, so far at least, there seems no sign of any development in international trade. That being so, our policy will naturally have to be carried out with this in mind... While savings outstrip investments there must be unemployment and dullness of trade.... The function of government expenditure is to provide a means, which otherwise would not exist, for investing savings."

CONFIDENCE.

Now, what do these assertions mean? In the first place he says in effect that the robbery of the farmer through falling prices, the robbery of the worker through cuts in wages, and the robbery of the community in general through insane "economy," all of which we experienced after 1929 on the recommendation of Professor Mills and other so-called experts, brought about the "restoration of confidence." What, precisely, is this confidence, and in what way does it affect Australia's real prosperity? Does it make the soil more fertile? Does it increase our natural resources? Can an Australian citizen use it to secure the necessities of life from the storekeeper? Or is it merely a catch-cri, used with the deliberate intention of turning the thoughts of people from embarrassing inquiries about the fraudulence of the money system by which they are made slaves and literally robbed of their rightful heritage? Is it not true to say that the only section actually benefiting from this supposed "confidence" is the financial section, the people described by Professor Soddy as "counterfeiters and pretenders"? As one Australian to another, I therefore put these questions publicly to Professor Mills: What precisely do you mean when you speak of the restoration of confidence? What precisely were the circumstances, which brought about the alleged loss of confidence? Who precisely were the people who lost the confidence and have now regained it? Is it not a fact, confirmed by the Commonwealth Statistician that in 1932, when government spending was practically nil, bankruptcies and unemployment reached their absolute peak, and that when governments resumed spending these figures immediately began to fall and we saw signs of what newspapers and paid economists called "returning confidence"? Is it not a fact that confidence follows the circulation of money and never precedes it? And if confidence has returned, why was the recent overseas conversion such a failure?

MARKETS ABROAD.

In the second place, Professor Mill's statement also means that Australia is still dependent on markets abroad. In what way precisely are we dependent on these other countries? What precisely do we get for the exports we send away in excess of the imports we receive? Actually we have sent goods to the money figure of more than £200,000,000 in excess of the money figure of the goods we have received, and yet we are supposed to be in debt to the tune of no less than £564,000,000 to the people to whom we have sent this enormous quantity of excess real wealth. In the face of this, would it be true to say that what we get for our excess exports is additional debt? And what would happen if, overnight, every other country in the world faded into the sea? Seeing that our supposed "support" had thus fallen away and left us without even a prop, would we find it impossible to grow food here, to build homes here, to carry on production here, to make use of the power of the sun here, and in fact, to do anything here? Would our bricks immediately turn into sand? Would the rain cease to fall and the sun to shine? And would we be unable to eat and use the food, clothes, and shelter produced in Australia? Again, therefore, as one

Australian to another, I publicly ask Professor Mills to say precisely what he means by the statement that Australia is dependent on markets abroad? Would it not be more accurate to say that the overseas financiers are dependent on our believing that we are dependent in the manner he suggests, and that some of the economists are dependent for their jobs on our believing it?

SAVINGS AND INVESTMENT

In the third place, this special interview means that his own earlier advice regarding economy, thrift and sacrifice was wholly bad, and that by accepting it the people themselves have brought about the dullness of trade and the extensive unemployment about which he spoke. Evidently he had not seen that clever illustration of the "investment of savings" fallacy as given by the committee which recently conducted the monetary inquiry on behalf of the Tasmanian Parliament. We therefore repeat it, as follows:

"Economists say that the money would be re-invested. If so, you produce more goods—two lots of goods from one lot of money. Consider the diagram below:—

A-----E-----B
C-----F-----D
-----G-----H

A-B represents the total money distributed during a cycle of production. C-D equals the total prices of goods for sale—assuming that prices are equal to purchasing power distributed. If E-B is saved, the goods F-D

HOW PENS AND INK DEFEAT DROUGHT

With banks operating through their own branches over a wide area, the adverse effect of bad seasons in some parts of the continent was usually counterbalanced.
—G. D. Healy, chairman of the Associated Banks, to Royal Commission, Jan. 16.

must be left unsold. But we are told that E-B would be re-invested in industry. If so, it will produce G-H goods. In other words, there will be two lots of goods, F-D and G-H, for one lot of money, E-B."

Here again, as one Australian to another, I publicly ask Professor Mills to show how, under his ideas of finance, the public can purchase production, which comes from the re-investment of savings? Would such goods be purchased with "confidence"?

THE PURPOSE OF PUBLIC WORKS

And fourthly, the interview means that public works are not intended to improve the conditions of living or to facilitate the conduct of our general relations as a community. That is quite a mistaken idea. Public works are only undertaken to provide an avenue for the investment of savings. That is to say, to provide special benefits for those who have been receiving more money than they have actually needed to obtain the means of life, and particularly for the benefit of those who have usurped the power to create and cancel money at will. If the professor was sincere in what he said, we are obliged to ask him to explain how, if the sovereign government can only obtain money, which has been saved by private citizens, the money saved by the people came into existence? Also, if public works are only an avenue for the investment of savings, what has become of the £1,250,000,000 of savings represented by our public debt? If the money was "saved" (and Professor Mills says it was) and the government passed it out into the community again, it ought to be in existence in Australia now. If it is not in existence, who destroyed it, and why?

NO AWKWARD QUESTIONS.

In one of our earlier articles we pointed out that the personnel of the Commission did not include one member who could be depended upon to ask searching questions on fundamental aspects. Already we have confirmation of that. Sir Claude Reading had only to say "I would ask you not to ask me that question" and it was not asked! He was permitted to talk all round the subject of banking practice, as it suited his purpose to do, but no one told him that it is not the function of any bank, whether it goes by the name of "Central" bank or by any other name, to create and issue money as its own property. People who create money privately are counterfeiters and forgers. This makes it necessary to put a further question to the professor, and also to Mr. Justice Napier as chairman of the Commission. As one Australian to another, I publicly ask both of them to explain this: As the total of our legal tender money is only about £50,000,000, and the bank deposits total more than £550,000,000, who are responsible for forging "deposits" to the extent of £500,000,000, and what action do they propose against such counterfeiters?

When I was studying accountancy some years ago, the textbooks were full of material about the movements of money, but contained nothing about the origin of it. I have taken the trouble to look over some of those books again, and find that in dealing with finance and economics they followed the same obsolete ideas as we still hear from bankers and professors of economics. They talk of any thing except how money is manufactured by banks and ownership at the time of its manufacture. They appear wholly unable to think outside what they have been taught or told.

G. D. HEALY'S AMAZING STATEMENT

Serious laxity on the part of the Commissioners was revealed by the manner in which Mr. G. D. Healy, as chairman of the Associated Banks, was allowed to make the amazing statement in evidence that the banks lend only "deposits received from many sources," and that "deposits accumulated in areas where they were not required could be utilised in districts where they could be profitably employed." According to newspaper reports of the proceedings, not one member of the Commission challenged Mr. Healy on this, and yet there is a great deal of evidence from real experts that what Mr. Healy said is not in fact correct. No one is likely to question the competence of Mr. J. M. Keynes in this regard, and he says: "There can be no doubt that all deposits are created by the banks." The Macmillan Commission declared "By granting loans, allowing money to be drawn on an overdraft, or by purchasing securities, a bank creates money." The "Encyclopedia Britannica" tells us that "The banks create credit out of nothing." Major Douglas, whose ideas regarding reform were specially attacked by Professor Mills, said: "The overdraft of credit is just as absolutely new money as if the banker had coined it or printed bank notes to this amount." The Right Hon. R. McKenna, chairman of the Midland Bank, stated, "It is not unnatural to think of the deposits of a bank as being created by the public through the depositing of cash representing either savings or amounts not for the time being required to meet expenditure, but this is not so." Even Sir Robt. Horne said: "There is a deep seated view in people's minds that currency has been created by Providence and that it is sacrilegious to touch it."

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Davenport's "Economics of Enterprise" confirms all this, and states that "Banks do not lend their deposits, but by expansion of credits they create deposits." Sir Robert Kindersley, a director of the Bank of England, and recently quoted with approval by Mr. Menzies, K.C., has stated "Banks manufacture deposits by the creation and sale of credit."

To Professor Mills I publicly put this question: Are all these authorities in error? If they are not, why did he allow the statement of Mr. Healy to go unchallenged? Was it because the "confidence" of which he spoke to the "Herald" relates to this very thing and can only continue so long as the people are misled into believing that banks do lend only money, which has been deposited with them? Is one person's account lessened by £1000 when another person gets an overdraft of £1000? Is he himself ignorant of these things, or does he fear to open them up?

As usual, whenever there is a tendency for people to look more deeply into the origin of this deposit money, or to find out why additional money so urgently needed to make total purchasing power equal to total prices cannot be obtained, we find articles in the Bankers' press (vide D. M. Pilcher in the "Argus") seeking to create an atmosphere of fear, the first line of this attempt being the bogey of inflation. These journalists who write to orders never define what they mean by "inflation," but apparently, hope that between "confidence" and "fear" the poor, benighted people, so far untaught about the what and the whence of money, will psychologically resist, in their ignorance, any attempt to uncover the present money swindle.

QUESTIONS THAT SHOULD BE PUT

As the money system is thousands of years younger than the production system, and is only one part of the mechanism of economics (and the part we insist that is in error), we ask Professor Mills to put these specific questions to all witnesses representing the bankers and the beneficiaries of the existing system:—

1. What is the object of the Production System?
2. What does modern money actually consist of?
3. Who manufactures money?
4. Who are the rightful owners of money at the time of its manufacture?
5. What should be the real function of the Money System?
6. Is it correct to say that whatever is physically possible should be financially possible?
7. As it is clearly physically possible to give every citizen economic security and to abolish poverty, why has it so far been impracticable financially to do it?

Without true and adequate answers to these questions, the Commission must be wholly abortive; and as it is probable that Professor Mills will take a prominent part in drafting the Commission's report, it is incumbent on him, if he wishes to merit the respect of posterity, to get to the truth of the matter.

During last October Italy imported from Canada 12,799 cwt. of nickel, compared with 6968 cwt. during the whole of 1934.



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FRIDAY, JANUARY 24, 1936.

Is G. D. Healy Just a Plain Fool-or Is He a Rogue?

Is G. D. Healy, Chairman of the Associated Banks of Victoria, just a plain fool, or is he a deliberate rogue? In view of his responsible position, it seems hard to believe the former. One is unwilling to accept the latter. But, outside these alternatives, what other explanation can be offered for his evidence before the Royal Commission on Thursday of last week?

Here are some of Mr. Healy's statements, as reported in the Melbourne *Argus*: "The Australian trading banks were engaged mainly in financing production, trade and industry. Deposits, which they received from many sources, were lent to persons engaged in trade and industry, to financial interests, to Governments, to primary producers, and to others. . . . Funds available for lending were almost wholly composed of shareholders' funds and deposits. . . . Deposits accumulated in areas where they are not required can be utilised in districts where they can be profitably employed."

Elsewhere in this issue our esteemed contributor, Mr. Bruce H. Brown, marshals quite an imposing array of authorities to say that Mr. Healy's contention is based on a lie. Mr. Brown could have continued indefinitely. He could even have brought in admissions by Australian bankers themselves, and by Australian economists of the Copland type. He could have shown the implied admission in the evidence given by Sir Claude Reading, of the Commonwealth Bank, who preceded Mr. Healy. But should it be necessary to quote authorities to prove whether the sun is shining, whether it is day or night?

We confidently expected that the private bankers would take up an obstructive attitude before this mockery of an "inquiry." We expected with equal confidence that the "inquirers" would be complaisant. But it has been a shock even to us that such outrageous and palpable lies should be tendered as

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evidence, and that they should be accepted without even a protest.

We are fully aware that these are strong words. But truth and the interests of our oppressed people demand plain speaking now, if ever. And if those who are criticised do not like our remarks, there is always a remedy open to them.

"Recovery So Rapid As To Be Dangerous"

We have not yet had time properly to be dazzled by the gems of wisdom laid in trays before us in the annual financial and commercial supplements of the daily press. A cursory glance through them, however, would indicate that the prize for imaginative writing should go to Professor G. L. Wood, of Melbourne University, for his Review of Australian Finances in the *Argus* supplement of last Friday.

You can read Professor Wood's effort for a penny ha'penny, and you certainly should do so, if only to bring yourself up to date with the sort of stuff that is being taught in our universities. Here is an example: "It is not surprising," says the Professor, "that business men and bank authorities are united in their fear of a rate of recovery that at times during 1935 promised to become so rapid as to be dangerous. Economic policies expressed by the slogan 'hasten slowly' consequently met with widespread, if not universal, approval."

It is horrible to think of the good Professor losing his sleep at the thought of recovery whizzing irresponsibly along like a speed maniac and incidentally relegating him to that rather obscure position which university economists occupy in times of lesser deflation. Hence we hasten to cheer him up with three items, which casually struck our eye in glancing over a single page of one of Tuesday evening's papers.

1. The Victorian State Relief Committee is seeking donations of left-off clothing of any sort, or discarded cooking utensils, floor coverings, kitchen furniture; pretty well any sort of junk, in fact. All such donations will be called for and taken away for distribution to the poor.

2. Seventy-five men, isolated in a bush relief camp seventeen miles from Traralgon, find their nights desperately lonely, and, having no funds, are appealing for the loan of an old battery wireless set.

3. The engineer of the Richmond Council reports that he can no longer estimate with any accuracy the cost of carrying out works, "because of the difficulty of anticipating the amount of work the men now available will do." These sustenance men, he hastens to add, do their best. In other words, their physical condition is such that they should not be on labouring work at all.

Recovery so rapid as to be dangerous! Cheer up, Professor.

THE KING

Amongst those who do not mouth empty platitudes about "loyalty to the throne" the death of King George the Fifth will be regretted just as sincerely, and probably more deeply than by those who wear their sorrow upon their coat sleeves and around their necks.

It needs no words of ours to bring to mind that the late King was, first, a husband and a father; next, a good man, brimming over with sympathy for the under dog; and, finally, a monarch more in name than in power, and whose last years were saddened by his vain appeals for the doing of that which, had loyalty to the throne really existed in high places, he would have commanded to be done forthwith.

None among those who paid nominal allegiance to the King felt more bitterly than he the tragedy that condemned so many millions of his people to needless destitution. In opening the World Economic Conference his Majesty gave expression to his thoughts in simple and touching words. "All nations," he said, "are suffering from a common ill. This is shown only too clearly by the rise of unemployment figures. INTERPRETING THESE FIGURES IN TERMS OF HUMAN SUFFERING HAS BEEN MY CONSTANT CONCERN IN RECENT YEARS."

What an appeal those words contain! What a reproach to so-called statesmen who interpret these figures only as percentages, only as ciphers, and who permit other rows of ciphers to wall off the hungry and the destitute from the real goods which abound.

The King's appeal on that occasion was vain. His Prime Minister, his pretended first servant, hardly waiting till the King's back was turned, snubbed him plainly and unmistakably. In similar fashion the King's oft-expressed desires were frustrated repeatedly in the years since, till, saddened in spirit and broken in health, he gave up the struggle.

Outside his family and his immediate friends, the name of King George will soon signify little in those places where power resides and where honours and dignities are bestowed. But in the hearts of millions of the poor, and in the hearts of those who are fighting for social justice, there will long linger the memory of those words: "Interpreting these figures in terms of human suffering."

King George is no longer a King, even in name. But he has left behind him a fitting epitaph. And he has sent in advance of him, whither he has gone, a fine messenger.

The Basis of Our "Prosperity"

Apart from what Professor Wood must welcome as signs of make-haste-slowly, what is the real basis of this meteoric recovery? In most countries, as we know, it has been due to a terrific increase in national debts, the money so issued being spent largely on armaments. If Professor Wood wants up-to-the-minute information on this, let him ask Professor Hytten, economic adviser to the Bank of New South Wales, and just returned from abroad.

As for the rest, restriction of production or subsidised destruction is largely responsible. In London financial cables appearing in our daily press last Monday, we find the following typical examples of this "recovery" process:

"Rubber stocks have been supported better because of the higher price, a gradual decline in stocks, and better working restriction schemes."

"The statistical position" (of butter) "is excellent. Stocks in cold stores were reduced by 43,000 boxes in December. Imports in the three months will be light. . . . Cheese stocks are healthy, and are considerably less than they were last year." Judged by this standard, empty shelves and stores would mark the plimsoll of prosperity; lean years in industry mean fat ones in finance.

But perhaps the most idiotic item in that day's cables was the Yorkshire comment on the proposal to impose a levy on woolgrowers for publicity purposes, the *Yorkshire Post* declaring that the industry has spent large sums in research, and that it seems absurd that the public is not informed of the unrivalled qualities of wool which such research revealed.

The idea, you see, is that people refrain from using more wool only

because they don't realise how good it is. Hence the information will be imparted to them in such a way as to increase the price of woollen goods—since advertising charges are almost invariably passed on to the consumer.

This information will doubtless be an eye-opener to State Relief Committees and to unemployed camps. Suitable posters should be prepared for them at once.

IF THIS IS DEMOCRACY

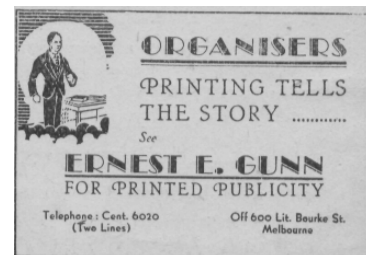
By J. P. Angold, in "Prosperity."

In France before the Revolution, a seigneur could beat his peasants, put them to death, violate their daughters, take them from their fields to beat game at harvest times, etc., and they had no redress because they had no rights; France was not a democracy.

In England today, theoretically, interference with the liberties and person of a British subject is an actionable wrong, because "the laws of England are the birthright of the people thereof" (Act of Settlement, 1700). But when, by the operations of orthodox finance, poverty grips a man, and he is thrown out from the exercise of his trade, the hardships he then endures, which are of the most terrible kind, are without redress, although they are for the benefit and at the dictates of a small number of private individuals and are a detriment to the country at large. He must live in an undernourished condition and see those he most dearly loves deprived almost of the very air and daylight, his daughters driven to prostitution as a preferable condition, his children starving and encouraged to crime, and himself continually worried to craziness by the question, "Where is the money to come from?" Yet there are jobs aplenty, as the needs of the people and the unnatural restriction of production prove irrefutably.

Can it be wondered that the numbers of the insane have so ominously increased for years past? Yet, surely, if to break a man's leg by negligence is actionable, it must be actionable to break something of far greater value to him, namely, his reason. What then is orthodox finance? Nothing but a system of superlative private taxation. Let us look at first things simply. A Saxon king wants to build a camp on a hilltop to defend the kingdom, so he mints a thousand shillings with which he pays the workers, and they do the job. That means that his subjects have paid for the job, since the value of their shilling has gone down, but they have got in place an increase in defences. King, therefore, said, "Now pay me back the thousand shillings I issued from the mint," they would reply, "We owe you nothing." But Mr. Baldwin proposes to spend some million pounds on the national defences. The Banks will create this credit as to the most part (though there will be a little real money mixed up in it just to confuse matters), and prices will rise and people will be told that's fine it's a boom; but they will be paying for the new armaments when they find themselves paying more for their bacon, if it does not become too dear for them to buy. Then the Banks will demand that the country be taxed to pay back these millions. Now the same process of fraudulent demand goes on when the Banks grant loans to industry; there is an inflation (though this has not been too noticeable owing to the immense increase in productive capacity), and people pay by the rise in prices, or alternatively by being deprived of that enhancement of purchasing power which machines should have brought in their train. Thus the whole country is subject to a colossal duplication of cost, both for its Government expenditure and for its ordinary commodities. Can it be wondered that few people have money with which to buy and to employ?

Because Parliament consents to these methods, we are told that our backs are broken with burdens we voted and elected to carry; therefore, we have no redress. But we have not sold our birthright, since we have received nothing in exchange; we have merely refrained from exercising the prerogative, which was ours at our birth. It is nowhere laid down in the laws of this realm that private individuals may commit an assault upon the persons and morals of the community, although certain statutes do allow banks to operate on the lines they do. It can, however, be nowhere implied in those Statutes that the powers given to the banks shall be exercised so as to put a restraint upon trade and meaningless degradation upon citizens. We give power to our generals, but if they started having citizens shot down, purloining their possessions, keeping them from their lawful occupations, etc., it would be necessary to remind them forcibly that they had exceeded the scope of their authority. But because Parliament consents to the banking interests levying giant taxation, and destroying the skill and hopes, the minds and bodies of millions, we stand by and say it is democratic. But even Parliament dare not confirm to Finance these terrible violations; these violations of the liberties of the subject remain unlawful.



ANOTHER KITE CAUGHT IN THE WIRES

The "Star's" Mythical Report Exposed As a Lie

In its issue of Tuesday, November 26 last, the Melbourne "Star" had a three-column heading, "Douglas Credit Scheme Condemned." The sub-headings were, "Report of Committee", and (in quotes) "Pernicious and False."

We commented on the article in our issue of December 13, remarking that we had written to the Secretary to the Prime Minister, asking, as a registered newspaper, that a copy of the memorandum referred to by the "Star" should be made available to us; and detailing the reply received by us, acknowledging our letter and informing us "that a further communication will be addressed to you at as early a date as possible." Our article concluded: "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."

WHAT THE "STAR" SAID.

The "Star" article (remember the heading, "Report of Committee") began:

"From Our Special Representative Canberra, Today. —

"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. On several occasions the Government has been asked to inquire into the Douglas Credit formula, and although no special investigation has been ordered in Australia, some care has been taken to examine reports prepared as the result of inquiries overseas."

Then followed the usual rigmarole of "condemnations" by British Labor, Belshaw, Docker, and all the rest of them. The "Star" concluded:

"All these opinions are quoted by the Government in its official condemnation, and it adds on its own behalf, 'Every depression in the world's history has produced its crop of magicians who have claimed to hold the secret of making crooked paths straight and the rough ways smooth by a wave of their particular wands.'

"But, despite all the scathing comment, there seems little doubt

that the Douglas Credit argument will go on until prosperity returns and the clouds of depression are no more."

We leave it to our discerning readers to judge whether this "Report of Committee" from "Canberra, Today" did or did not signify something freshly issued.

WE RECEIVE ANOTHER LETTER.

Having made up their minds on that point, let them now read the following letter despatched to us from the Secretary to the Prime Minister's Department, and dated "Canberra, 16th January, 1936." The letter says:

"With further reference to your letter of 29th November, 1935, in regard to the Douglas Social Credit Proposals, I desire to inform you that no report has recently been issued by or on behalf of the Government dealing with the Douglas Credit proposals. A memorandum embodying certain comments on the subject was circulated in July, 1934", (the date is underlined in our letter) "but this was not for the purpose of general publication."

MR. R. G. CASEY'S STATEMENT

A day or two before we received the above letter, the Box Hill branch of the Social Credit Movement made available to us a file of correspondence between themselves and their Federal Member, Mr. J. V. Fairbairn, on the same subject.

In a letter to the branch secretary, dated December 3, Mr. Fairbairn said: "I have to acknowledge and thank you for your letter of 28th November, enclosing cutting from the 'Star' commenting on a Governmental statement on the Social Credit Movement. I had not, till you forwarded me this cutting, been aware of this statement by the Government. . . . I will ask Major R. G. Casey, the Treasurer, whether it is possible for him to give me the information you ask for as to the composition of the Cabinet or Governmental Committee which prepared the memorandum referred to."

From Mr. Fairbairn's letter, the "Star" article would seem to have left no doubt in his mind that the statement was both Governmental and recent.

Mr. Fairbairn received a reply personally signed by the Federal Treasurer, Mr. R. G. Casey, which said: "Your correspondent sent you a 'Star' cutting. I have had some difficulty in tracing the source of the comments on the Douglas Credit proposals, but have now traced it to a roneoed memorandum, dated July 26th, 1934—nearly 18 months old. It consists very largely of comments on the Douglas Credit Theory extracted from numerous authoritative sources — and was not, as your correspondent assumes, the work of any 'Cabinet or Governmental Committee.'"

In forwarding the Treasurer's letter to the Box Hill secretary, Mr. Fairbairn added: "The memorandum was probably compiled by the Government's publicity officer." It probably was, and the date was some six or seven weeks before the last Federal elections!

THE "STAR'S" POSITION

As far as the "Star" is concerned it is now definitely established, both from the Prime Minister's Department and from the Federal Treasurer himself, that its article was at least an inferential lie, and at best a misleading rehash in the guise of news of a sixteen months old piece of hack

propaganda. Such things, however, are not surprising in the "Star." Could you expect otherwise from anything spawned by the "Argus"?

But it is also established that the Prime Minister's Department, the Federal Treasurer and Mr. J. V. Fairbairn, M.H.R., are fully aware of what has taken place. The Prime Minister's Department definitely states that the memorandum "was not for the purpose of general publication." How, then, did it come to be published by the "Star"? And what action, if any, is it proposed to take against a paper, which publishes, as "the considered view of the Government", and its "official condemnation", what appears to have been confidential, answers-to-questions matter supplied to aspiring M.P.s?

Or is it that the Government is content to have the "Argus" office formulate its views and promulgate its condemnations?

VALUE OF FIJIAN SHARES DOWN £2 MILLIONS

Since the peak price for Fijian shares was reached in August and September last year, the aggregate market valuation of the three leading companies has dropped £1,915,000. The table below is based on prices at August 28: Loloma, £5/16- (3/ shares); Emperor, 26/; Koroere, 28/. Emperor and Koroere shortly after touched 29/6 and 33/3 respectively.

Name	Aug. 28	Today	High 'Change
Loloma ..	£1,740,000	£1,305,000	
Emperor .	£2,600,000	£1,450,000	
Koroere .	£420,000	£90,000	

Totals . £4,760,000 £2,845,000
(Loloma shares are now paid to 1/6.)

—Melb. "Herald," Jan. 17.

And still the suckers come.

Futile Armament Race

Between 1908 and 1913 European nations increased their expenditure on armaments by one-half.

	1908	1913
	£ Millions	
Great Britain	59	77
France	44	82
Germany	59	100
Italy	18	29
Russia	60	92
Austria-Hungary	21	24
	261	404

This policy of attempting to secure peace by preparing for war resulted in 1914 in the Great World War!

—"Forward."

Platforms for Plenty and Scarcity

The San Francisco "Chronicle" reports the perfect presidential platform as set forth by Roland C. Casad, farmer and self-nominated candidate for the presidency (Mr. Casad is similar in this respect to H. Hoover and H. Fish who are both warming their willing hands near the Republican torch).

The Casad platform has but four planks:

1. Return of prosperity to all.
2. Return of government to the people.
3. Plenty of money for every body.
4. No taxes.

"This platform," opines that journal of enlightened California opinion, "is no crazier than many others floating around."

No crazier, certainly we should say, than the "Chronicle's" persistent belief that poverty is an essential attribute of the richest country in the world; that only the favoured few are fit to govern; that scarce money is the only sound money and that taxes should be levied most heavily on those least able to complain.

--"New Democracy," N. Y.

THE JOB THAT GOES ON FOREVER

Armed Peace

(Familiarly Known as "Two-Gun Annie")

By B. J. Boothroyd, in "Reynolds's Illustrated News."

Let it be understood once and for all that the sole purpose of the Government's huge armament programme is to provide employment.

The suggestion that these weapons are intended for fighting causes a Tory to blush with indignation. "It's a shame," said one Tory to me, as he sat knitting socks for the Peace-Lovers' League Bazaar. "The things people say behind your back! Now they're saying that some day some of our guns might go off!" And he wept silently for a few moments while I stroked his hand.

Recently, Mr. Garvin, editor of the "Observer" (whose weekly articles telling the world what to do, are, it is reported, to be purchased for the nation by the Society for the Preservation of Ancient Monuments), announced that—wait a minute, I've got that wrong. It's not Ancient Monuments; it's Moors and Woodlands.

THE NEW SYMBOLS

Recently, I say, Mr. Garvin announced that effective re-employment would solve the unemployment problem. Following upon that Dr. Schacht, Nazi economic dictator said that without re-employment Germany's employment problem could not be solved. Which shows that when a Tory editor and a Nazi economist get together, two minds have but a single thought and two hearts beat as one.

It appears, then, that the function of weapons has changed. The gun and the battleship have replaced the olive branch and the horn of plenty as the symbols of peace and prosperity. For we are entering upon an era of what is called Armed Peace (with which is incorporated Well-drilled Brotherhood).

And to start with, Mr. Baldwin has promised that the new Government munition works shall go up in the distressed areas. And the unemployed shall lift their eyes to the arsenals from whence cometh their help, and each shall say to each, "Brother, the dawn is come" (or sister, as the case may be).

And behold, the lean years shall pass and dividends shall increase and multiply. Bondholders shall laugh and sing, and they that have shares in steel and chemicals shall lead their young into green pastures. And there shall be peace for the duration. Brother shall form

fours with brother, and the lion and the lamb shall lie down together, with gas-masks on.

There are, of course, other ways of providing work. But here I would call your attention to a curious economic fact. Arms are the only things on which a Government can spend as much as it likes. No matter how hard up it is, it can, always find money for weapons.

You can go to a Government in the morning and say you want a few pounds for pensions or feeding children or something, and it will show you that there's only nine pence in the till. Yet you can go the same afternoon and ask for a few hundred millions for battleships and bombers, and it will write you out a cheque and no questions asked.

No one knows why this is. It's just one of those laws which have never been explained. Some scientists think it is due to sunspots. Others believe it is caused by the action of the tides,

These things are beyond the wit of man to comprehend. And in my opinion as a ratepayer and a Baptist, it behoves us not to question the inscrutable laws of the Cosmos, but to accept them humbly and be content with that station in the soup to which it has pleased the Treasury to call us. And, anyhow, it's none of your business.

LIKE A TROUSER PATCH

Let me see, where were we? Ah, yes, Armaments are the only things a Government can spend as much as it likes on without being sent to bed without supper by the Bank of England. Another reason is that munition making is a job that need never stop.

Other jobs come to an end in time. For instance, we couldn't go on making roads forever, or England would look like a patch on somebody's trousers.

But the advantage of munitions is that they can be made to get rid of themselves. When we have made so many guns and tanks that they block the traffic, and so many bombers that the sunlight can't get through, we can let the whole lot blow themselves up every November the Fifth, and start again.

And if the fireworks can be so arranged that an adequate percentage of the workers go up with them, that, too, will help to solve the unemployment problem.

ANOTHER INSTANCE OF ENGLAND'S "RECOVERY."

"A workless Cleethorpes man walked the streets for three hours with the body of his dead child in his arms. Because he could not pay the 10/- fee for burial he was turned away from the cemetery, but eventually obtained the money from a public assistance officer."

—"John Bull."

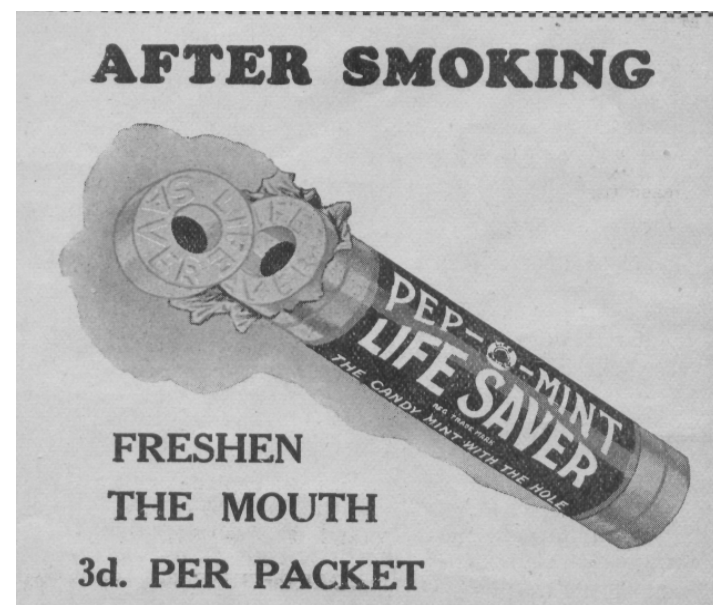
Will Mr. Menzies please note!

A NEW SERVICE AT A JUST PRICE

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Oil Sanctions - And British Supplies to Italy

In view of the announcement, as expected, that the question of oil sanctions against Italy is to be shelved indefinitely, the following editorial note in the London "Economist" of December 14 provides a little further light on a subject that has frequently been discussed in these columns. Under the heading, "Italy's Persian Oil Imports," the "Economist" says:—

"Quite apart from the question whether it is in accordance with Article XVI of the League for a British company to supply an aggressor State with oil, a curious dispute has arisen over the facts. How much oil has the Anglo-Iranian (Anglo-Persian) Company been selling to Italy

The increase in total imports was thus 14.6 per cent, and in imports from Persia 56.3 per cent. There has clearly been some falling off in the rate of imports from Persia since June; but despite this there is at least an apparent discrepancy between the Italian trade returns and Sir Samuel Hoare's statement. The Italian figures relate to imports into Italy and exclude oil for use in ships or in the Colonies. It has been suggested, in explanation of the discrepancy, that Sir Samuel Hoare's figures cover all sales of oil by the Anglo-Iranian Company both to Italy and to the Colonies direct. If so, the implication would be that exports of Persian oil for use in ships and in Italian colonies have fallen off enormously in 1935 compared with 1934. This seems, on the face of it, most unlikely. In a further written reply to a question asking for figures substantiating Sir Samuel Hoare's statement, Captain Crookshank stated that 'it is not usual to disclose detailed figures relative to the commercial transactions of an individual concern.' Doubtless this is true. But the Government holds shares in the company; and the public will in any case feel some anxiety about the whole matter, unless either the Government or the company are able to publish fuller information."

(The Anglo-Iranian - late Anglo-Persian—Company's history will be familiar to readers of our articles, "Oil—And War," which appeared in the "New Times" recently. It is understood that the ownership of the Anglo-Iranian is now shared between the British Government and the Royal Dutch-Shell interests, with nominal control in the hands of the former.)

The U.S. Makes Its Figures Look Good

With December 1, the Federal Emergency Relief Administration found itself able to announce the virtual completion of its programme. Some 1,500,000 of unemployables are stated to have been separated from the Federal relief rolls and returned to local responsibility; while between 3,000,000 and 3,500,000 have been enrolled on Federal work projects. This is a change in the situation rather than an answer to the problem. The local units are, in some instances, more than embarrassed by the resumption of the burden of the so-called unemployables; while many of the work relief projects are small temporary expedients.

—"The Economist," Dec. 14.

Letters to the Editor

THE TEACHER AND THE CHILD

I notice you have stirred up "The Teachers' Journal" by your article of November 29, "Making-War On the Child." Many teachers who have enjoyed some of the articles on monetary reform in "The New Times" also enjoyed your article that turned over the caked flotsam in the academic meadow, and the reply from the official organ of the Teachers' Union shows a fearful scurrying of the horrid population that dwells beneath it.

Your article was partly right and the teachers' reply was partly wrong. The administering of corporal punishment is not so rife as your strong words suggest, nor is the teacher swash-buckler so rare a bird as the union states.

You have performed a public service in bringing before our notice the disaster that must follow the practice of raising children through the medium of any form of fear. Feelings are frequently hurt when faults in a system are revealed, but all whom the cap does not fit remain unruffled.

Teachers who regularly swing the strap or ruler, or both, fall under two heads, those pandering for promotion (the "yes" men

monetary articles? The circulation of this official organ of the Teachers' Union must be in the neighbourhood of 7000. If the "Journal" should refuse to lend us space, and show itself hide-bound, let "The New Times" look into other phases of school life. This would almost assuredly mean charges, recriminations and denials, giving an impetus to that which, at present, and outside its own walls, is lethargic. The teaching service offers the monetary reformer a comparatively fallow field, for does not the "Journal" admit that "until recently, few teachers outside those who were conducting classes on economics had given any thought to the mysteries of high finance"?

"STRUHAN."

SHOT AND SHELL

(With acknowledgments to "Social Credit.")

"The problem of the disposal of Canada's surplus wheat is one of great difficulty," said Professor Grant, of the Canadian Wheat Board. "The Board is offering wheat freely, but if we cannot sell it at present prices, what will be the situation in Western Canada next year? Even successful marketing operations this year would not mean a solution of the problem—a problem which Canada will have to face each year for a long time to come."—"Daily Mail," November 18, 1935.

Some Canadians do not appear to be able to wait so long, and they have begun to ask for National Dividends.

* * *

German barter deal. Arrangements being made for the importation of 170,000 pigs into Germany from neighbouring countries in exchange for German goods. Dr. Goebbels said, "We all know that our foreign currency is being spent on those foreign raw materials essential to maintain the campaign of finding work for everyone."—"Daily Mail," November 22, 1935.

It would be sacrilege to spend money on food when work is so much desired by everybody.

* * *

Latest news of the "Scrap and Build" policy for shipping industry: British ship-owning firms are buying foreign vessels for breaking up purposes, owing to the supply of British ships old enough for scrapping having run out. The firms thus qualify for a loan in respect of half the tonnage scrapped, and then sell the ships to Continental ship-breakers, to be scrapped.—"Daily Express," December 6, 1935.

We've scrapped all our old ships, so we are now scrapping other people's, and the British taxpayer is footing the bill!

* * *

The annual report of the Fuel Research Board shows that the home consumption of coal has fallen from 180 million tons in 1910 to 165 million tons in 1934. The report states that this decrease is mainly due, not to oil fuel, but to the increased efficiency of processes for which coal is used. Mechanical stokers and pulverised fuel have also effected considerable economy in consumption. - - "The Times," November 29, 1935.

Dutch shipments of rubber for October were practically double those of the previous month, which "came as a disappointment." Plans are afoot, however, to buy up export licences, totalling 20,000 tons, for November and December, so it won't occur again. - "News-Chronicle," November 12, 1935.

* * *

White-wood doors, etc., can now be stained, polished, and turned out dry, ready for fixing, in five minutes, by a new process. A 6ft. square panel can be turned out, polished, in one minute. Old style French polishing is a lengthy process. -"Industrial Britain," November 1935.

Stamp on Plenty

Sir Alliott Verdon-Roe, well known throughout the aviation world in connection with the Avro 'plane, thus criticises (in "Social Credit" of December 13) recent assertions by Sir Josiah Stamp, the Bank of England director:—

"I have no wish to be unduly critical, but when a man who is famous as a great economic expert talks such utter drivel as Sir Josiah Stamp did in his recent Norman Lockyer Lecture on fallacies behind the widespread talk of 'poverty in the midst of plenty,' it is time somebody tried to find out why he is so anxious to convey the impression it is overproduction, and not a lack of purchasing power, due to an unsound financial system, that makes it necessary to restrict and destroy the fruits of labour.

"Perhaps the fact that Sir Josiah is a director of the Bank of England, and consequently a staunch supporter of a 'sound financial' system that tries to make production fit the system, renders him oblivious of the fact that a still sounder system would make buying power keep pace with productive capacity,

"In order to prove that there must be cases when overproduction is unavoidable, Sir Josiah points to the extra rolling stock railways have to provide to meet the August holiday rush. But railway companies do not destroy their extra carriages when not in use and build fresh ones before each August.

"The country that first adopts a really sound State monetary system will forge ahead rapidly, and will be quickly copied by other countries. Then nations will be so busy trading to their mutual advantage that war (which has its roots in the present obsolete system of finance) will vanish from their thoughts."

Obituary

We regret to report the death of Mr. J. A. Power, vice-president and foundation member of the Ivanhoe branch of the Social Credit Movement. He will be a great loss, as he had a thorough knowledge of the Douglas proposals and was a man of sound judgment, his advice being of great help to the branch. He was buried in the Heidelberg Cemetery on Friday, 17th inst., the Ivanhoe branch being represented by the secretary, Mr. G. J. R. Evans, and Messrs. Wood and Starling.

Troublesome Cotton

Larger cotton crops in the Sudan. At Gezira, crop of 162,284 bales was nearly double last year's total.—"Daily Express," November 2, 1935.

This year's cotton crop in Russia is 185,000 tons greater than in 1934. - - "News-Chronicle," December 4, 1935.

BOOKS ON MONETARY REFORM

- Why Poverty In the Midst of Plenty? By the Dean of Canterbury 8d.
- ABC of Social Credit. By C. Barclay Smith 7d.
- Dividends for All By C. Barclay Smith 7d.
- Tell Me the Story Simply. By Will T. Duggan 7d.
- Modern Problems and Mental Attitudes. By Rev. J. T. Lawton 1/1
- Economic Democracy. By C. H. Douglas 5/10
- Credit Power and Democracy. By C. H. Douglas 6/10
- Social Credit. By C. H. Douglas 8/4
- The Breakdown of the Employment System. By C. H. Douglas 4d.
- Monopoly of Credit. By C. H. Douglas 6/3
- An Outline of Social Credit. By H.M.M. 1/1
- Poverty Amidst Plenty By C. J. Galloway
- Democracy at the Cross Roads by L. H. Hollins
- The Douglas Manual

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THE BANKS ABOVE THE NATION

"There have been times when the credit of the Government was less than the credit of the banks."

—G. D. Healy, chairman of the Associated Banks, to Royal Commission, Jan. 16.

this year? In last week's Parliamentary debate on foreign affairs, Dr. Dalton quoted 'figures from an Italian source' to show that imports of oil from Persia into Italy in the first seven months of 1935 were 80 per cent, greater than in the same period of 1934. Sir Samuel Hoare stated in reply that 'the quantities of oil shipped by the Anglo-Iranian Oil Company to Italy have, in fact, during the first 11 months of this year . . . been considerably less than the amount exported to Italy during the corresponding period of 1934.' Sir Samuel did not specify the source of his information. The only published official figures available on the subject are the Italian trade returns, which appear to support Dr. Dalton's statement. During the first half of this year, in fact, they record an increase of approximately 90 per cent, (by volume). This was admitted in a written answer given by Captain Crookshank on Wednesday of this week to a question asked in the House. Captain Crookshank was mistaken, however, in stating that the figures for January-June in the Italian trade returns are the 'latest available.' Figures up to the end of August are available, and are as follows:—

Imports of Mineral Oils into Italy in the First Eight Months.	1934		1935	
	Quintals	Quintals	Quintals	Quintals
Total Imports	11,664,032	13,375,892		
Imports from Persia	1,175,738	1,834,980		

TO OUR READERS—

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ALBERTA, AS SEEN BY "THE CHRISTIAN SCIENCE MONITOR"

"The Christian Science Monitor," of Boston, U.S.A., one of the leading newspapers of the world, last month began to publish a series of articles surveying conditions in Canada today. The article which we reprint below is the first of three discussing Social Credit in Canada, and is remarkable alike for its insight and for its fairness.

In the top seat of Canada's most westerly prairie province sits a large man, with a large face, a large smile, a large vision a large problem: William Aberhart, Premier of Alberta, shaft-head of Social Credit, new broom of provincial politics.

The mirage of a possible Prime Minister's toga flutters dimly in his skies. A threat to the established financial system resides in his policies. The hope of a balanced social readjustment is upheld in his promises. High achievement or dismal disaster is written boldly in his potentialities. A multitude of warring sentiments float wraithlike about his name. Gossip, conjecture, recriminations, defence. Demagogue, chimera-chaser, patriot, seer—such impressions wash up and down conversational sands when Aberhart stands on the headlands of discussion.

ADVENTURE IN SOCIAL SCIENCE

To unnumbered thousands he is hardly a human, but rather the symbol of a dream. To other thousands he represents drama, romance, adventure in the new realm of social science. To the world at large he brings before the footlights of thought the challenging doctrine of Social Credit. To Albertans he brings not alone a share-the-wealth, but a save-the-wealth experiment at a time when the provincial exchequer shows an alarming deficit.

While advocates of the old order of "laissez faire" are hurriedly mending rents in the curtain, to hide glaring faults in an economic system which has resulted in scarcity-amid-plenty, Mr. Aberhart, with a timeliness most impressive, steps forth in the shining garments of prophecy and envisages a society in which there shall be no such thing as sheer want.

TEST OF MODERN FORMULA

His programme—if it works—would make Albertans the most envied people in the world. His party—if it is successful—would make of Canada a cauldron for further testing of this modern economic formula. His example—if it proves good—would stimulate unnumbered individuals in all sorts of places to spread the gospel of a new order.

He stands, in fact, as the embodiment of an ideal, which represents a revolution in social and industrial adjustments. Hence he is not to be dismissed by shrugs, names or groans, for he represents a theory soberly conceived, carefully worked out, and reputedly introduced—a theory which, once accepted "in principle," conceivably contains no larger percentage of possible flaws than does the present system's percentage of proven flaws.

Social Credit is not easily defined in a paragraph. To say that it is an economic formula designed to emancipate mankind from industrial insecurity through a form of State credit issued against the natural resources and maintained by means of a government levy, is merely to indicate its trend.

NOT EASY TO DEFINE

To say that, so far as Alberta is concerned, it is expected to facilitate the payment of the equivalent of 25 dollars a month to each adult in the Province, is to emphasise its mercenary appeal and ignore its idealism. To say it is dictatorship of the consumer rather than of the producer is

turn an involved and highly engineered objective into a catch phrase.

To define it as a safety zone existing somewhere between extreme individualism on the one hand and scarlet collectivism on the other, serves only to indicate its general classification. To say that reputable economists of the old school have denounced it in page, paragraph and fundamental is to admit a fact without presenting a defini-

"COMPETITION IS VERY KEEN."

The Chairman: Is your association in any sense a restriction of competition?

Mr. G. D. Healy (chairman of the Associated Banks): No. Competition is very keen.

Professor Mills: What you do as an association does not impair the powers of banks to compete with each other?

Mr. Healy: Oh, no.

Mr. Chifley: Is there any arrangement between members of the Associated Banks not to take customers from each other?

Mr. Healy: There is no agreement, but there is a sort of understanding not to do so.

Mr. Pitt: In determining rates of interest on fixed deposits, do you have conferences with other banks?

Mr. Healy: We would consult the Commonwealth Bank.

Mr. Pitt: And any variations in the rates would be made simultaneously?

Mr. Healy: Yes, generally.

tion. To pick up the flail and term it "visionary," "something-for-nothing," "lazy-man's paradise," "more Townsendism," "another EPIC dream," ad libitum ad infinitum will neither serve to dismiss it or discredit it, for Social Credit is fast approaching the stage where works—not words, formulas nor pros nor cons—will be its vindication or its epitaph.

And the works of Social Credit? That question again leads back to William Aberhart. The equations and the blue prints are at hand. They were worked out long before the present economic slump by Major Clifford Hugh Douglas, a reputable consulting economist and engineer of London, England, who saw the wide divergence between production and consumption and its inevitable results, and who, some 15 years ago, presented the plan of socialised credit which is the basis of the present experiment in Alberta.

But formulas, however sane, are not enough. When they represent a radical departure from the established order, as in the present instance, their success depends to a very large degree on strong leadership and a loyal following. Hence the mental stature of William Aberhart and the type of followers he attracts become of unusual significance. Rightly or wrongly, it appears most likely that the works of Premier Aberhart will be seen as the works of Social Credit. The recipe will be judged by the skill of the chef.

A PICTURE OF ABERHART

How does Mr. Aberhart react to thus being handed the ladle of responsibility and the white apron of public attention? What set of circumstances and inner forces have helped to place him before the already simmering kettle of Social Credit in a position of authority? Perhaps a visit to the executive office in Parliamentary Building at Edmonton may reveal some clues.

He sits with his large frame pushed well back in his chair,

His full, mobile lips move in conversation, but his limpid eyes, behind tortoise-shell spectacles, say very little. They are the sort of candid-appearing eyes which reflect rather than reveal. His voice is convincing, enthusiastic, sincere, authoritative. His gestures are natural and deliberate. When emphasising a point he pounds it home with an upraised forefinger.

But, turning from the man to his task, Mr. Aberhart is expected to establish Social Credit; he is likewise expected to give to Alberta an efficient, economical and non-radical government in contradistinction to the 14-year regime of the United Farmers' Party.

DEMANDS SOUND FOUNDATIONS.

Whether he will succeed in establishing Social Credit is still a moot question. He has consistently announced that Social Credit dividends will not be attempted for at least 18 months or two years from the time of his election. Even the first threat of intimidation—a letter warning Mr. Aberhart that he would "suffer the consequences" unless the first basic dividend were paid by Christmas—failed to bring any new response. The Premier merely reiterated his statement that the Government would need time, that it could not introduce Social Credit legislation "on rotten foundations."

Indicative of Mr. Aberhart's determination to give Alberta an economical government before attempting the more idealistic experiment is his action of immediately calling to Alberta an expert whose background and affiliations would seem to place him among the cohorts of "big business" rather than among social idealists.

R. J. Magor, of Montreal, former president of the Montreal Board of Trade, special adviser at one time of the Newfoundland Government, president of the National Steel Car Corporation, a director of the Central Bank of Canada, and otherwise affiliated with capitalistic groups, is the expert chosen.

AN EXPERIENCED ADVISER

Unquestionably Mr. Magor is adequately equipped to give Mr. Aberhart sage advice based on prevailing financial methods. It is generally expected that he may show the Province how to lift the 2,180,000 dollars deficit and make inroads on the 148,000,000 dollars funded debt left by Mr. Aberhart's predecessors.

But that Mr. Magor will lend a hand in facilitating the operation of Social Credit is imputing to him an altruism, which is hardly reconcilable with his profession. Opponents to Social Credit are frankly hoping that Mr. Magor's influence may divert Mr. Aberhart from the new economic objective, and into the ranks of the capitalistic "regulars." Some Social Creditors are similarly concerned lest Mr. Magor prove to be an agency for delivering the Premier into the hands of the Philistines.

But Mr. Aberhart shows no great perturbation when approached on this point. Yes, he is asking Mr. Magor's advice in the matter of launching a 200,000,000 dollars refunding scheme for Alberta. Mr. Magor knows his business. Isn't that all right? He is also going to call on Major C. H. Douglas, the originator of the Social Credit doctrine, to act as an expert adviser when the time comes for launching that experiment. Major Douglas knows his business too. Isn't that all right?

DIVERSE TALENTS IN CABINET

As a matter of record it must be granted that—Social Credit notwithstanding—Mr. Aberhart has revealed a fund

of good common sense in his decisions thus far. With a 56 to 7 Social Credit majority in Parliament, not one member of which had ever sat in any legislative assembly before, the task of choosing a Cabinet was no sinecure. Yet Mr. Aberhart's selections have been generally approved.

The Cabinet may not be remarkable for its experience in politics. But it is considered surprisingly adequate for a government, which proposes to place the people's interests first. On it is a schoolteacher, a farmer, a railroad man, a storekeeper-accountant, a private secretary, and a mining engineer recruited for a special job from without the ranks of Social Credit.

Today it is being stated in some quarters in Edmonton that the new Government has just-

"BIG AND DELICATE."

Mr. Chifley asked Sir Claude Reading whether the development of the Commonwealth Bank as a Central Bank, while it was operating as a trading concern, embarrassed its directors.

Sir Claude Reading: It does cut across.

Asked by Mr. Pitt if he could suggest any alteration in the bank's charter, Sir Claude Reading replied that it was a "big and delicate matter."

"I would be glad to give you this information, but I would like the opportunity to discuss it fully with my board, so far as the view of the Commonwealth Bank is concerned. That does not mean that we have not already thought about the matter," he added.

Questioned by the chairman about the funding of Treasury bills, Sir Claude Reading said that it was a "big and delicate question."

—"Star," Jan. 15.

fied itself by two efforts alone—i.e., refunding of the public debt and a plan to protect farmers' investments. Likewise approved by those outside political circles are Mr. Aberhart's actions in reducing overhead and unnecessary overlapping of civil service departments, cutting of salaries

of high officials and the merging of certain over-staffed departments.

LIBERAL USE OF RADIO

Thus, rather than losing ground—as the share-the-wealth feature of his administration dances ahead like a will-o'-the-wisp, and the press generally plays the cold-water hose on the Social Credit theory—Mr. Aberhart appears to be entrenching himself effectively in the confidence of Albertans.

In this the Premier's chief ally is radio. So long as his voice continues to be heard in regular radio programmes from the Prophetic Bible Institute in Calgary—a medium which originally brought him the remarkably loyal following which tossed him to the top of a political tidal wave almost overnight—so long will he be able to bring his impressive voice and manner into play to back up his acts.

Another factor which cannot be discredited is Mr. Aberhart's undoubted conviction that he is an instrument in the hands of a higher Power. This conviction is impressed upon the interviewer from the first. Mr. Aberhart himself asserts that on no other basis is it possible to explain the remarkable train of circumstances which resulted in the building up of a Social Credit Party and the election of a Social Credit Government in the one Province in Canada best fitted by education, population, and natural resources for the experiment.

AN EVANGELICAL ATMOSPHERE

So thoroughly convinced is the new Premier with this view that even his most drastic acts are performed with a sense of humility and largeness of concept, which lift them out of the realm of mere political astuteness.

And this influence shows itself in the change about the Parliament Building in Edmonton (Continued on page 8, column 4.)

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.

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The Tasmanian Monetary Inquiry

Full Report of Parliamentary Select Committee

(Concluded from last issue.)

STATE CREATION OF MONEY

The Chairman read a quotation from the recent book of *Mr. G. D. H. Cole* (an Oxford economist), "Principles of Economic Planning":—"It does seem to me undeniable that the State, by creating new money without thereby creating new debt, can come near to bringing about the full use of the available productive resources, and can, by recurrent infusions of additional money, keep those resources in use" (p. 217).

Mr. Watson replied.—"How can you create new money without creating a new debt?"

Did the witness mean—

(1) That when banks create new money they are in debt to no one for it, but can lend it?

(2) That it is impossible, or wrong, for the community to create new money without being in debt to the banks, though they would create it on the same security as the banks now create it, that is, the joint and/or several assets of the community—a very satisfactory position for the banks as long as the community will agree to continue it?

REMEDY FOR UNEMPLOYMENT

The witness's remedy for unemployment was, "increase social services and lower the price of goods."

This means increasing taxation to pay interest for borrowed money and displacing men by machines in order to cheapen production, and so still further reduce purchasing power—a typical suggestion from supporters of the present system.

BANK SHARES.

Witness objected to the question whether banks give bonus shares or water their capital, because "it is outside Tasmania."

CRITICISMS OF SOCIAL CREDIT

During the 1934 Commonwealth Election Campaign, a pamphlet, dated 26th July 1934, "With the Compliments of Irvine Douglas, Publicity Officer, Prime Minister's Department, Canberra," was widely distributed throughout his electorate of Wilmot on behalf of the Prime Minister. It says:—"It is not necessary to consider in detail the whole of Major Douglas's curiously complicated theories and vague proposals. It is sufficient to say that they have been investigated time and time again by qualified and disinterested persons, economists, industrialists, bankers, business managers, cost accountants, and politicians of all parties, and not one of them has found them other than basically unsound and impracticable."

Witness Ault said.—"Nothing

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

in Douglas is disproved there." and produced a list of all the important inquiries that have been instituted.

A Committee of the British Labor Party held an inquiry in 1921, and found adversely because "the Social Credit Principles were not in agreement with the defined policy of the Labor Party in Great Britain, and, therefore, would not be contemplated."

The MacMillan Committee was instituted to consider the gold standard. It had no authority to inquire into or report on Douglas Principles. At the request of the Social Service Section of the Congregational Union and the editor of the *New Age*, they asked Douglas to give evidence, but made no mention of his evidence in their report, which was concerned almost exclusively with the gold standard.

Major Douglas was twice invited—at about ten years' interval—to give evidence in Canada, and the fact that he has been retained as Reconstruction Adviser to the Government of Alberta speaks for the impression made by his evidence.

THE FARMERS' POSITION

Mr. Marshall gave evidence of the great decrease in the sale of chaff from the northern parts of Tasmania, chiefly through the decrease in the use of horses on the mainland. Northern Tasmania could easily produce many times its present output of chaff, if required.

Mr. Marshall's view of the farmers' present position is that the best farmers, in a particularly well-favoured district (in fact, one of the best districts in Australia), have just been able to maintain their position by reducing labour, paying a trifling wage to those whom they still do employ, economising in every way, and not providing for depreciation of plant, and that they cannot hold on indefinitely under these conditions. He could see no hope at all for the less competent farmers or those on poorer land. A changed monetary system seemed to him the only way of escape not yet tried.

He agreed that production could be increased very much if demand existed.

INCREASED POWERS OF PRODUCTION.

Mr. F. B. Cane said that in his firm production of boots per

employee had increased three times over.

Mr. Ward, Director of Agriculture, said that in parts of the country four sheep were being carried in place of one as a result of better methods. He laid great emphasis on the need for high efficiency if a farmer is to be able to stand up to present conditions.

Mr. S. R. Adams, Manager of the Agricultural Bank, testified to the greatly improved agricultural production as the result of education and guidance. Large numbers of farmers are recognising the desirability of direction and control. He said the Agricultural Bank has power to take over mortgages of farms, and, if the Government provided the authority, every farmer could transfer his business from private banks to the Agricultural Bank.

Mr. Balsille, Director of Public Works, said two men in drilling could bore 8 feet a day; one man and a machine, 80 feet—ratio of increase, 20 to 1; in crushing stone, 16.6 to 1; scarifying, 45 to 1. He had noticed unemployment in Tasmania constantly increasing since 1905. The building trade may have improved recently, but not much improvement otherwise.

Mr. Balsille made some statements about the general methods of financing public works:

PUBLIC WORKS FINANCE

Mr. Balsille went on to say:—"This State commenced responsible government in 1856, and started its development loan policy in 1865. Up to the time that I had compiled this information, viz., in 1933, this State had spent on developmental public works, in which are included roads, bridges, harbours, and jetties, 7.2 million pounds. But she had paid out in capital charges 12.3 million pounds, and she still owes 7.2 million pounds, and will continue to owe it till 1980. When I first got out these figures it appeared absolutely obvious to me that, if she had paid for public works out of revenue at the same rate as she had paid interest and sinking fund out of revenue, she should have had 12.3 million pounds' worth of public works instead of 7.2 million pounds' worth, and would not owe anything on their account. Under the terms of the Financial Agreement the public debt accumulated prior to 1927 will not be wiped out until 1980.

"I traced the history of the debt back, and put in the figures from the Treasurer's Annual Statement. In my analysis I had to assume that the public debt had increased uniformly from 1865-1900, as prior figures were not readily available. I found that, to the year 1906, we had borrowed 3.6 million pounds, at which date we had paid 3.6 million pounds in capital charges, but, since that date, the position has been very much worse. Since 1906 we have been losing on the transaction and have been paying out more in interest and sinking fund than the new money that has been coming in. Public works are costing us today £330,000 per annum in original charges—interest and sinking fund—without any maintenance charges, but no allowance is made for depreciation, and, if we are going to borrow at the rate we have been borrowing since 1927, by 1980 the cost will be half a million pounds per annum.

"Having got these facts, it was then suggested that the rate of progress of the country would have been much slower on a revenue programme than

on this loan basis, but when you come to get into it you find that it is not really so bad as it appears. For the development due to the first million pounds the State would have been eleven years behind. For the development due to the third million she would have been five years behind."

Mr. Turner.—"Would that be cumulative?"

Mr. Balsille.—"May I explain by referring to the graph?" (Witness explained Graph No. 10.)

Continuing, he said: "I had got to the stage when I said for the development due to the third million we were five years behind. After this the position is reversed, and we find that the revenue policy would have been ahead of the loan policy by the following leads:

"For the development due to the fourth million—three years.

"For the development due to the fifth million—four years.

"For the development due to the sixth million—six years.

"For the development due to the seventh million—eight years."

The Chairman.—"If that is carried on for a hundred years?"

ALBERTA, AS SEEN BY "THE CHRISTIAN SCIENCE MONITOR."

(Continued from page 7.)

ton. The same evangelical sense which drew to Mr. Aberhart's side some of the finest young Christian thinkers in the Province is apparent about the stately halls of the provincial Capitol. The predominance of young, clear-eyed workers; the absence of over-dressed, "over-frescoed" young women assistants; the clearness of the atmosphere, compared with other provincial Capitols, since the Premier forbade smoking during office hours; the general crusading spirit revealed by a preponderance of office-holders who conceive of their jobs as sacred trusts, and themselves as dedicated to a great ideal; these evidences cannot fail to impress the visitor just as they cannot fail to leave their impression on Alberta.

VERSED IN ECONOMICS.

But although Albertan Social Credit was broadcast through the Canadian West to an evangelical tempo, let it not be supposed that it is to proceed to the strains of the timbrel and the harp. Albertans are an economically conscious people. They'll sit on a fence or lounge in a club and talk economics by the hour. They know all the words; all the theories.

They are not likely long to confuse social ethics with religion. The question, "Will it work?" is looming larger and larger. There is less talk of "practical Christianity," and more of "Do we get the dividends?"

It is in such an environment and with such an impetus that the Social Credit party in Alberta works towards its goal. In the first flush of victory it has achieved some creditable things. It has yet to face the fire that will sweep in rolling barrages over its position when the opposing forces limber up their guns.

When that time comes—and the first serious rumblings of battle will be heard some 18 months hence—Social Credit will look to Mr. Aberhart to lead the counter attack over

Mr. Balsille.—"I tremble to think where it may lead. Our population is not increasing rapidly. Our capital charges are increasing much more rapidly."

The Chairman.—"Have you ever considered the issue of debt-free loans for public works?"

Mr. Balsille.—"I do not know where it is done."

The Chairman.—"I want to put this to you. Supposing a man goes right back and pictures himself as one of a tribe of ten breadwinners. He would be fully occupied in finding food and clothing and shelter for his family. First you improve your method of production, so that nine men become able to produce as much as ten had been doing. The surplus man could be set aside to do work of a general nature, leaving nine on production. That goes on until there are only five men doing works for the whole tribe and five doing public works. If we introduced a public works system fancied in this way, it would really come to the same thing in the long run as your suggestion of not borrowing?"

Mr. Balsille.—"You would be financing your public works out of revenue?"

The Chairman.—"Yes. And there is no debt created at all?"

Mr. Balsille.—"No."

G. S. CARRUTHERS,
Chairman.

New Library,
House of Assembly,
29th October 1935.
(Conclusion.)

Putting in the Props

One of the questions frequently asked is: "How, if the money system is as bad as the Douglas analysis shows it to be, can it continue working at all?" The answer is that it is continually given a new lease of life by emergency relief measures. Its rules are perpetually being broken, and only because this happens is it possible to make it workable.

One of its rules is that a man who does not work shall receive no pay. But, nevertheless, some millions of people draw the dole. If they did not they would starve, and also the volume of purchasing power available would shrink still further.

Another rule is that budgets shall be balanced. But there are many Governments today whose budgets are very far from being balanced. Italy and Germany, for instance.

Where budgets have been "balanced" it is frequently at the cost of huge debt. Our own deadweight debt has increased by £400,000,000 in the lifetime of the National Government. (Did you know that?)

Yet another form of financial patchwork is the continual and drastic reorganisation of capital in commercial companies. For example, the Crittall Manufacturing Company is about to write off its assets by the enormous sum of £897,534 after a better year's trading. If a company goes into liquidation, all its assets may be written off. In this way industry as a whole adjusts its finances under an otherwise unworkable system at the expense of the investing public.—"Social Credit."

the top, for even though its formula were unassailable, its future in Alberta will largely depend on that 56-year-old big man in his office overlooking the valley where Edmonton dips down from the prairie to drink from the Saskatchewan.

It is then that this energetic evangelist—teacher—Bible—student—economist—radiocaster—Premier will face his real test in the name of Social Credit.

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