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MELBOURNE, FRIDAY, MARCH 27, 1936.

Every Friday, 3d

Judy-and the Murphys

The Story of a Dog—and of Twelve Homeless People

There has been great concern in distinguished circles in Melbourne for the last fortnight on account of Judy. In case you missed the three column headings and bulletins in the *Star*, and also the "Sorrowing Judy—Will She Die?" in the *Herald*, the story of Judy is that of a ten-year-old kelpie bitch pining for its master, a swagman in the Geelong gaol hospital. During the period of enforced separation Judy was placed under the care of Lady Lyle, wife of Sir Thomas Lyle, of Toorak, the Melbourne Club, the State Electricity Commission, the Council of Scientific and Industrial Research, and the board of Metropolitan Gas. Sad to relate, these distinguished surroundings did not reconcile Judy to the loss of her tramp (the ignorance of the working classes!) and so there was a great pother in Toorak. Nearly twenty ladies, according to the *Star*, offered to do whatever they could to console the animal, and all sorts of suggestions were put forward, from driving Judy down to Geelong gaol to giving her an old coat of her master to lie on. With the remark that the absence of a swagman's "old coat" would probably leave the swagman with no coat at all, we may consign Judy to the Toorak ladies' prayers for a speedy recovery or a happy death—though it might be pointed out that the one idea which apparently never occurred to them was to get her master out of gaol. He is there only for having no lawful visible means of support.

NO TOORAK HOME FOR THE MURPHYS.

Now for the Murphys.

Their story is not nearly so picturesque, nor is it recorded that anyone in high society even observed their predicament. Anyway, it is not an uncommon one, these days.

The Murphys are a Fitzroy family of twelve. The father has been "out of work" for some years, and has spent a considerable portion of that time in hospital. The mother is ailing, and has to go into hospital this weekend. The little Murphys are ten in number, and their ages range from fourteen years to two. The family sustenance allowance is £1/17/- a week, out of which they have been trying to pay £1 rent, leaving the magnificent sum of 17/- a week to feed and clothe twelve people in this land glowingly described by Sir Henry Gullett a few weeks ago as being in "an extraordinarily prosperous condition."

Naturally, the extraordinarily prosperous Murphys fell behind with their rent, and last Friday afternoon they were evicted and, with such few poor possessions as were not worth pawning, bundled out into the street. (At this time bulle-

tins about Judy were being issued from Toorak to the afternoon papers.)

The Murphys spent the night in a lane at the back of the empty house from which they had been ejected. Why did they not re-enter for the night, you say? *There were four husky policemen sent to stop them—WE stopped them* in the sacred name of law, order and the rights of property.

The six youngest, wrapped in hessian bags and an old blanket, slept (or tried to) on three old tables in the lane. The others had nowhere on earth to lay their heads.

On Saturday the Sustenance Department (that is, WE) found the family of twelve a new "home"—consisting of three rooms, no bathroom, no washing troughs, and a defective water supply—towards the rent of which it (that is, WE—including Lady Lyle, the people of Toorak, and you) may make some contribution.

And so the Murphys, father and mother and ten little Australian pioneers, moved their belongings—with the aid of a Fitzroy Council tip-dray.

We do not propose here to say what we really think about Judy and the Murphys. Neither do we propose to say what we really think about the solicitude exhibited last weekend by the S.P.C.A., which, in the case of a disqualified race-horse being ridden to Sydney by a Melbourne youth, invoked police inspection in order to make certain that the poor animal should not be overtired. (Query: If the lad walked the same distance himself in search of "WORK", would the police examine his feet for blisters? Or would he not rather render himself ineligible for sustenance by having no fixed address? Or be liable to gaol for having no lawful visible means of support?)

There are libel laws and Crimes Acts and laws about the language

which is permissible, and so we shall say nothing further. But thinking is no crime—yet.

INCOME—AND SIR CLAUDE READING

Turn your thoughts away from the Murphys. Turn your thoughts away from W. M. Hughes on birth control and Australia's empty spaces. Turn your thoughts on to the one thing, which the Murphys and hundreds of thousands of other Australians lack—an income.

On his way overseas, travelling in great luxury on a palatial liner, is Claude Hill Reading, Knight, one time Managing Director of the British Australasian Tobacco Co., and now Chairman of the Commonwealth Bank Board. (In addition, Sir Claude is a director of the Trustees, Executors and Agency Co., along with Alec Stewart, of Collins House, of Australian Glass, Commonwealth Fertilisers, Dunlop Perdriau, etc.; along with Sir Brudenell White, of New Zealand Loan and the National Mutual; along with R. O. Blackwood, of the Broken Hill Proprietary and Dalgety's; and along with other lesser lights with similar interests. But that is by the way.)

What has Claude Hill Reading to do with the income of Australians? A great deal. In conjunction with his fellow-members of the Bank Board, Claude Hill Reading, in pursuance of a policy of deflation, has just attempted to destroy a million pounds of the Australian people's money supplies. His move was made the excuse for the raising of interest rates by the private banks.

Claude Hill Reading is now on his way abroad to "consult" with overseas bankers—meaning chiefly Montagu Norman, of the Bank of England, and that little junta of conscienceless international gangsters who, having got Britain into

their power during the war, sent Norman (a Englishman with Jewish blood) across from Wall Street to rule England on their behalf. Some years ago Norman delegated Otto Niemeyer and Guggenheim Gregory to come out here and give us our starvation orders. Now Claude Hill Reading, paid employee of the people of Australia, has gone to the usurper's sanctum to take fresh orders.

A FINANCIAL CRISIS

For Australia is once again at a financial crisis. That crisis is caused by our inability to establish sufficient sterling credits in London to pay interest on our overseas public debt, interest on our overseas municipal and other semi-public debts, and dividends on, the hundreds of millions of pounds of overseas financiers' "capital" invested in Australia.

The crisis is financial only. It does not arise from our inability or unwillingness to supply, goods in England, but only from the impossibility of selling them. It does not arise from our refusal to accept any price offered, or from our declining to sacrifice our own children (as witness the Murphys) for the sake of Norman and his international bondholders. Here in Australia, certainly, it is a physical crisis, a crisis which has taxed us so heavily that we have had to allow ten of thousands of our own to become virtual outcasts, but overseas the problem is purely financial.

Claude Hill Reading, having attempted to impose fresh deflation on Australia, having attempted to destroy the people's purchasing power in order to, accumulate funds to pay the bankers their pound of flesh in London, was momentarily checkmated by the indignation of a people who are at last dimly beginning to sense the swindle of which they are the victims. But Reading

is now on his way to confer directly with the arch plotters.

THE ATTITUDE OF OUR "LEADERS."

What are our legislators doing about it, our servants elected and paid to protect us?

J. A. Lyons, the man who said in 1916, "I hope I shall never have the misfortune to leave my children the shame and the dishonour of one who has become a traitor to his own class in order to serve the enemies of the people", the man who climbed to his present office by betraying the political party which elevated him from an obscure nonentity to a notorious one, continues to play the part of bankers' stool pigeon. "Hands Off The Banks" is still his motto. It is quite all right, according to the Lyons code, for government to interfere in every other department of private trade, to regulate prices, export quotas, and so on; but government must on no account raise a finger on the most vital of all matters, on the question of the amount of money available to the people or the terms on which it is to be made available. Government can take action against industrial strikers, even to depriving them of future livelihood, even to depriving their wives and children of sustenance; but government must not interfere with the money monopoly. The next in command, R. G. Menzies, Attorney General of the Commonwealth, is over in London. And what is he saying? His first public utterance when he landed last Friday was: "European affairs concern us as part of the principle of collective security." European affairs! Collective security! Tell that to the Murphys.

"The Crown", proceeded Mr. Menzies, "is indivisible. You cannot have the King of England at war and the King of Australia at peace." Tell that to the Murphys, too. Tell them to hurry up their eldest lads, so that they may be ready to fight for the preservation of their 37/- for twelve, their three rooms and no bathroom. And if they remind you that R. G. Menzies, the Jingo of 1936, was R. G. Menzies the Eligible of 1914, and if they ask you what part R. G. Menzies then played, tell them not to criticise their betters.

A third Australian leader is on his way to London. B. S. B. Stevens, Premier of New South Wales, is on the same boat as Claude Hill Reading. Before leaving, B. S. B. outlined for us his programme. The daily press called it "a message of hope." He hoped while overseas, he said, to "make contacts of the utmost value"—have you ever heard that before?—And to "arouse the interest of British investors in Australia, so that their participation in its development would provide opportunities for the absorption

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J. P. Abbott, Esq.,
President, NSW. Graziers' Association, and
Member of the Monetary Royal Commission.

Dear Sir,

As far as you went, you did good work at last week's meeting of the N.S.W. Graziers' Association in protesting against any attempt to limit still further the sale of Japanese goods in Australia. As you pointed out, how can Japan be expected to buy Australian wool without selling us her own produce—or, in other words, since the Australian wool-grower expects to be paid in Australian money, how can Japan secure the necessary Australian money except by the sale of Japanese products to Australians?

In an absurd answer attempted against you, the Australian Association of British Manufacturers declared: "The fact that the trade balance is unfavourable to Japan is largely due to the Japanese exporters' policy of charging such unnecessarily low prices for their goods." We invite you, in your capacity as a member of the Monetary Commission, to turn this over in your mind. If the Japanese were, say, to double their prices, would the Australian people have double the money to buy, as the British Manufacturers' Association suggests? Or would they merely have the same amount of money, and so receive only half the quantity of goods in exchange?

you please also put this further aspect to yourself:—If the graziers are to sell all their wool at a fair price, does it not follow that an amount of Australian money equal to the total prices of the wool must be available as purchasing power every season when the wool is marketed? Otherwise how can the Japanese sell their goods in Australia and so secure the necessary Australian money to pay the graziers—unless at the expense of the wheatgrowers, or the dairy farmers, or the British or Australian manufacturers? And is it not true to say that (apart from such unsatisfactory "assistance" as the increase of our national debt to the banks) only that part of our annual production is monetised which is financed by new bank overdrafts—meaning that you don't automatically grow money in the same way as you grow wool? BUT YOU SHOULD, IF YOU WANT TO SELL YOUR WOOL.

We suggest to you that a solution along these lines would remove all this wrangling between Australia's primary producers and her manufacturers, and between the Japanese and the British exporters, whose main differences arise from the problem of how to exchange, through money, real wealth which is not monetised.

By virtue of your position on the Monetary Commission you have the opportunity for the fullest investigation of this aspect. And if you would only investigate it thoroughly you would arrive at some startling conclusions.

THE NEW TIMES

of more British people." Which means that the policy of B. S. B. Stevens is to surrender a bit more of his native land to the foreign bondholder. Last week we reported that one of the best station properties in Mr. Stevens's State had just passed into the hands of an overseas investing company. That property topped the wool market this year. Will Mr. Stevens suggest that it is now going to be "developed"? Or will he suggest how further overseas "investments" in this country can make the provision of future London funds anything but more difficult?

THE "INNOCENTS" ABROAD

So the attitude of our unholy trinity of overseas ambassadors is

1. (Reading's part.)—To seek instructions as to how we shall still further lower our living standards to assure the sanctity of the international bondholder's interest.

2. (Menzies' part.)—To reiterate obsequiously our readiness to

NATURAL FORCES!

The reference made by Sir Claude Reading to "general economic and financial conditions" in determining the future course of interest rates, leaves the door open for any general revision which may be necessary in the future should natural forces compel the banks to take steps to protect their fixed deposits against competition from other sources.

—"Argus," March 19.

sacrifice our youth in whatever part of the world the bondholder may be threatened. For there is no threat to the British people—they are as secure in their misery at home as are the Australian people, if not more so.

3. (Stevens's part.)—To beg the bondholder, if he be disinclined to accept payment out of our income, to take his pick from what is left of our capital assets.

If this be not treachery to Australia, if these activities of highly paid public servants be not disloyal, then words no longer have a meaning. These men should be recalled at once; they should be suspended from their public offices; and they should be placed on trial for high treason.

One does not expect that action in this direction will be taken by the people of Toorak; they are too busy over the affairs of ten-year-old bitches to have time for mere humanity. But the Murphys and their kind make up the majority of Australian citizens. The last census showed that two-thirds of our male breadwinners had no income or incomes under £3 a week, and that three-fourths of the females had no income or incomes under £2 a week. These are the people against whom the treason is being plotted. These are the people whose incomes will be still further lowered if Reading, Menzies, Stevens and their kind be not stopped. These are the people who are being mercilessly robbed of their human rights in the obscene name of "sane finance."

Will they ever wake up? Will they ever ACT?

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PRIVATE TRADE IN ARMS

Under the above heading the London "Economist", in its issue of February 15, published a review (here reprinted in full) of the evidence thus far disclosed before the British Royal Commission on the Trade in Arms.

We reprint the article both for what it discloses—which speaks for itself—and for what it omits. It will be noted, for instance, how carefully the "Economist", in suggesting that State control would remove "the profit motive", sidesteps the real financial side. This is not the profit made by the international arms gangsters in executing orders, but the far greater profit made by the international financial gangsters. For the latter levy, not one profit, but a perpetual toll of annual profit on every penny of bookkeeping credit provided by way of "loans" for arms programmes, and at no greater cost in sweat than what drops off their pens.

As a preliminary to removing the main cause of arming—which is the financial blockage hindering every nation from consuming its own full production, or the equivalent through exchange—we suggest to the "Economist", and to others expressing similar views, that the profit motive should be removed from the FINANCING of orders even more urgently than from their execution.

When the Arms Trade Commission was appointed a year ago many of those who had been studying the evils of the present system feared that a Commission so constituted would prove too weak a diviner of truth. The Commission's proceedings in recent weeks have shown that these fears were justified. Some gallant efforts to elicit the truth have been made by individual Commissioners, notably by Dame Rachael Crowley and Sir Philip Gibbs; and some substantial additions have been made to the stock of material on which an informed judgment must be based.

One thing is already evident. It has by now become clear that this Commission is not going resolutely to uncover and publish facts about the present system which vested interests prefer to keep private. If the American Inquiry had not already furnished, as a by-product, some evidence about the practices of British armament firms, the examination would have been even less illuminating. The American Inquiry owed its most important evidence to documents, found by its investigators in the exercise of powers, which the British Commission lacks, which the private firms would not otherwise have produced. In England, the Commission has had to rely entirely upon the courtesy, and the candour, sometimes indiscreet, of the firms whose record was under review; and it has not even the power to examine witnesses under oath. In such circumstances it would be absurd to look to the Commission for an adequate illumination of the darker side of this most dangerous of the socially dangerous trades. One witness is even reported to have asserted that some critics of the trade in arms had been constrained to lay an exaggerated emphasis on the sanctity of human life. But even so, the evidence tendered by the firms concerned has thrown a good many glancing lights upon the dangers of their peculiar business.

The first item in the charge commonly brought against the present system of manufacture and sale of armaments for private profit is that it must tend to increase the demand for killing-power. The firms which the community allows to sell this commodity are, naturally and legitimately, just as anxious to expand their business as any seller of boots or beer; and this desire for business, backed by great financial interests and a widespread selling organisation, and often encouraged by the Governments of the exporting States, must inevitably tend to increase both the quantity and the power of armaments. In present conditions the motive of private profit must be a force making for international anarchy. The American Inquiry afforded many demonstrations of this tendency; and Messrs. Vickers, before the British body, in effect confirmed it in their description of the commission system under

which their agents abroad operate.

The armament firms' evidence has also served to confirm the suggestion that the present system stimulates the development of new kinds of weapons, which, in the interests of world security, would be better suppressed. The private armament firms are under a continuous inducement to devise some refinement of the instruments of death, which will render existing armaments obsolete. Messrs. Vickers laid stress, in their evidence before the Commission, on the large orders they had obtained from abroad for a new anti-aircraft gun, which, in their view, was superior to the type used by the British Government. Messrs. Hadfields' new armour-piercing shell has been patented in eight countries, though apparently it has not yet been sold there. In the evidence of British Aircraft Constructors, it was shown that 80 aircraft engines of recent design had been exported to Germany under licence. On behalf of the exporting firm it was claimed that these engines were consigned to a firm making civil aircraft. But the Commission promptly pointed out that the company had to export them under the licence; and (by what is surely a dangerous gap in the licensing system) only engines judged suitable for military purposes are subject to licence! Messrs. Firth and John Brown, in referring to Firth's business in armour-piercing shell, declared that "the national importance of foreign contracts . . . has the virtue of keeping us in touch with the line of thought prevailing in other countries . . . and enables the technique of our experts and highly trained work-people to be maintained at a high level." It is easy to understand the intellectual passion as well as the commercial motive which prompts this enthusiasm for the evolution of ever more potent (and costly) devices for naval attack. Mr. Bernard Shaw has epitomised it in the character of Andrew Uncleshaft. But the matter must be regarded from a wider viewpoint than that of the technician or the trader. The interest of the nation and of the world in relation to the technical development of lethal weapons does not coincide with the interest of those who make armaments for private profit. The system, moreover, offers exceptional opportunities and temptations for corruption and improper influence. Sir Charles Craven, of Vickers, indicated that corruption became more prevalent in this business the further one went from London. Captain Ball, of the Soley Company, treated it as a matter of course that bribery—"palm-grease"—is essential in some of the business of selling British and other surplus stocks. "It is a matter of longitude and latitude."

Finally, the present system lends itself to the formation of rings, national and international, which may be in a position to play into each other's hands in stimulating demand and in forcing up prices at the taxpayer's expense.

THE PEOPLE'S MOVEMENT TO ABOLISH POVERTY

Social Creditors, Blame Yourselves

Blame yourselves—
When poverty still exists amidst plenty!

When individuals need money to buy the goods, which are destroyed, and the production, which is restricted—yet YOU don't teach them to demand RESULTS.

When National Dividends (the distribution of what is destroyed and restricted) are a RESULT, which thousands of electors are only just beginning to demand, through the Electoral Campaign—yet YOU concentrate on METHODS.

When the Powers-That-Be have divided and ruled for years, while electors argue over METHODS, such as those of United Australia, Labor and Country Parties, and Socialists and Communists—yet you try to teach them another METHOD, i.e., "Social Credit."

A SOCIAL CREDITOR IS UNDER A MISAPPREHENSION—

When he does not realise that most electors never can, never will, and never need understand the technique of Social Credit, and that it would take hundreds of years to educate them.

When he forgets that 76 Social Credit candidates alone (who would not all be elected) would need, at a conservative estimate, £25,000 to finance only one Federal Election campaign, and even if a majority were elected we might get something that was *not* Social Credit.

When he does not appreciate that the Electoral Campaign will deliver the goods quicker (within a year, in fact) and at comparatively small cost of *your* time, by making M.P.s (of any party) obey the will of the electors.

When he fails to work on the

Campaign *in addition* to any propaganda or other activities.

YOU HAVE A RESPONSIBILITY—

Because Australia is a democracy and only *you* can get electors to demand what they want—i.e., *results* and not *methods*.

Because you cannot blame electors when they vote for *methods* if *you* try to teach them another *method*, instead of giving them an opportunity for *results*.

Because *you* were given a job by Major Douglas (at Buxton) and that job can be done in a few weeks, but *only* if *you* and all others with you get busy on the Electoral Campaign.

YOU MUST ACT—

Because *you* would have no difficulty in getting at least 10 people who would have no hesitation in working for the *abolition* of *poverty*.

Because every 10 persons can easily collect at least 100 (in Melbourne or in the country) Electors' Demands and Undertakings in one evening.

Because if *you* and 1000 Social Creditors each get 10 helpers you can collect over 100,000 pledges in *one evening*—or half a million signatures in one week.

Are *you* going to help to collect in one evening over one hundred thousand pledges which demand *results*, or will you fall into a trap—which Major Douglas has pointed out—of arguing over *methods* for another 100 years?

If you realise your responsibility in this matter get in touch with the above movement.

The People's Movement to Abolish Poverty,
Room 8, 2nd Floor, The Block,
Collins-street, Melbourne.

Public anxiety about the relations of I.C.I. with Duponts and other foreign firms will not have been allayed by the Commission's proceedings. There was no cross-examination over the relations of I.C.I. with the I. G. Farbenindustrie in Germany: the direct interest of Vickers in the continuance of submarine building in Spain was not examined. There was no searching inquiry into Vickers' arrangements with foreign firms for tendering for warships; and public anxiety will be increased by the withholding from publication of particulars of agreements with British and foreign armament firms. We trust that, on some of their points at least, the Commission will make a more resolute and searching inquiry.

But what matters much more is the constructive part of its work. The recent proceedings indicate that some of the Commissioners cannot be happy about the licensing system, and have been doing some radical thinking about various measures of national control. Sir H. McGowan has lent support to the suggestion that a Munitions Board should be established; but the Board as contemplated by him would apparently be a private manufacturers' concern rather than that of the State.

The Commission has a task much more important than investigation into the "evil effects", now more or less admitted, of the private trade in arms. It has to consider what steps, if any, should be recommended to amend that system. It has to do so at a time when the "all-clear" for armament expansion on a great scale is being given, and when private factories in this and other countries are being employed, more extensively than ever before in peace time, for rapid execution of Government orders for war material. In these unfavourable circumstances, the Commission's recommendations are not likely

to be drastic. And, if drastic, they are not likely to be expeditiously carried out. But the present system is, we consider, open to such grave objections, moral, political and economic, that it should not be suffered to continue.

The Commission will, we confidently expect, recommend at the very least a large extension of State control through the licensing system. We hope that it will not stop short of recommending acceptance of all the principles of the American arms trade plan of November, 1934—which provided for an agreed licensing system for imports, exports and manufacture, publicity for orders, and international inspection on the spot. For it was the British attitude at Geneva, more than any other factor, which killed this constructive American proposal stone dead; and, having gained the unenviable reputation of being opposed to all American initiatives, we might do well to repair our damaged good faith. We hope, too, that the Commission will favour some kind of national Munitions Board, under State control, and not that of the private firms. Even that is not enough. If the present crisis in the evolution of a collective peace system is overcome without disaster, we cannot think that this nation will long be content to leave the profit motive free to operate, even under licence, in this most dangerous of all trades.

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A PLAN FROM PERCY PEASE

By BRUCE H BROWN

(By arrangement with the "Castlemaine Mail.")

Only a few months ago the newspapers of Australia were putting Mr. Forgan Smith forward as the next leader of the Australian Labor Party in the Federal Parliament. They were doing that because his adherence to the existing Debt system and the reasonable practice of borrowing privately - manufactured money for government purposes made him acceptable to the counterfeiting pretenders who have "cornered" the supply of that "commodity" and obtained control of its production.

Now, during Mr. Forgan Smith's absence abroad, where he is meeting the same highlights who fawned upon Mr. Lyons, Mr. Menzies, and the rest, Mr. P. Pease, the acting Premier of Queensland, is keeping up the good work for the money monopolists by telling the people of Australia that "the Queensland Cabinet has approved generally of his proposals," the acceptance of which would mean the continuance of Debt, Distress, and Despair for those who elected him to parliament.

Advocating "A New Plan for States' Finance," Mr. Pease sought to take Melbourne by storm towards the end of last month. Ostensibly he had come to participate in certain Governmental discussions, but the public heard much more of him through three special articles he contributed to the Melbourne "Age." These were given great prominence in the newspapers and accorded editorial support as well.

DUST IN MR. PEASE'S EYES

Mr. Pease admitted that his proposals were based largely on the findings of the Commonwealth Grants Commission, which, he said, "naturally carry much weight." He would have been on much better ground had he demanded financial independence for his State and denounced the findings of the Commission as the work of men whose ideas were the relic of a past age. Its chairman, by his public writings and utterances, has shown that he is ignorant respecting the nature, origin, and function of money; while another prominent member, who is a university professor and a director of the Commonwealth Bank, has made it clear that he can see money only as a commodity controlling all other commodities, and that he supports the practice under which a private monopoly owns and controls this controlling "commodity." The Commission actually quoted the Australian Loan Council, the Financial Agreement, and our banking policy as "advantages of Federation." Mr. Pease has trotted out these "findings" with approval, when in reality they are merely dust in his eyes. Any plan based on the report of such a Commission could only strengthen the grip of the private financiers on the community's throat, and evidently this is why the money press has been so agreeably disposed both to Forgan Smith and to his temporary mouthpiece.

WHAT MR. PEASE SAID

To get an idea of the mental attitude of these gentlemen we need to have before us what they actually said. The following extracts are typical:

"As acting Premier of the State, I say, on behalf of the Government, that Queensland . . .

does not desire, unless as a last and deplorable recourse, to become a suppliant for special grants from the Commonwealth. We share the view of the Commonwealth officials that some other method of financial adjustment should be found. . . . It is emphasised that this form of relief is unstable and uncertain, leaves the States with a sense of insecurity, and is not conducive to permanent budget balancing. . . . We have noted the suggestion of the Commission that the difficulties produced by Federation should be dealt with by . . . a system of voluntary co-operation. We have, therefore, applied our minds to the finding of a formula of voluntary co-operation for a measure of financial relief to the States on a permanent basis, to supplement Mr. Forgan Smith's original proposal that the Commonwealth should take over more of the capital debts of the States."

He then proceeded to plead that the Commonwealth should meet the cost of primary education and contribute towards the cost of State health services from the "proceeds of taxation." The Commission pointed up every road except the one on which the criminal was travelling!

TAKING "SOUND FINANCE" FOR GRANTED.

We must believe that Mr. Pease is sincerely anxious to secure better conditions, but the general tenor of his articles suggests that they were prepared by Treasury officials whose outlook is governed by Treasury practices, and not by what the Treasury practices ought to be. They accept the existing Political position between the States and the Commonwealth as fundamental and correct, without bothering to consider what the essential relationship between them should be. They also accept as fundamental the existing financial position between the States and the Commonwealth—i.e., that finance for the purposes of government can be derived only from taxation, the Commonwealth occupying one agreed field and the States occupying what remains. It is the readiness of politicians to take for granted this false dictum of the "Sound Finance" apostles that is proving such an obstacle to the liberation of the people from financial servitude and economic bondage. We would ask Mr. Pease what he means by "permanent budget balancing," and who is it that demands such a balance? Has he considered the fact that the government deficits of recent years were an undeniable benefit to the people until the banks demanded that they be checked through taxation and retrenchment? Budget balancing simply means the confinement of public activities within certain specified financial "figure" limits, the figure being dictated, not by the nation's actual wealth and productivity, but by the private controllers of the money supply. If the present political and financial relationships are not as they should be, then any suggestion for improvement in such relationships could only consolidate the existing misconceptions of the rights, functions and duties of the respective Governments. The relationships themselves should be put right. It is the old, old question of whether we are seeking a cure or only a palliative. Mr. Pease advocates a palliative, and does so without realising its danger in increasing the national debt and causing taxation to continue rising.

COMMONWEALTH AND STATES' RELATIONSHOPS

We presume that Mr. Pease in quoting Mr. Forgan Smith's enunciations regarding Federa-

tion and what it ought to be, was indicating his own approval of them. To state, as both of them have done, that "Federation should be a form of partnership between the States and the Commonwealth", is to show an astonishing ignorance of legal principles as well as of constitutional history. Federation was originally an idea that the interests of the inhabitants of the individual States would be better and more efficiently served if certain agreed matters were delegated to the control of a group of representatives drawn from the individual States. In other words, for certain defined purposes the States would enter into a partnership under the firm name of "The Commonwealth of Australia." This Commonwealth was to be entrusted with only those matters set out in Section 51 of its Constitution. From this it follows that the Commonwealth is, or should be, indistinguishable from the States. If the individual links of a chain agreed that certain of their number should be formed into a loop to secure the chain to a post, the chain, including the loop, would be one chain, and not a chain with a loop attached.

MR. PEASE IN BLINKERS.

When we wish to prevent a horse from seeing sideways we put blinkers on him to limit his field of vision, and, because certain things, which are necessary to complete the whole picture are excluded, a horse wearing blinkers is obviously incapable of registering the visual impressions of things for which the eyes were designed. A draught horse's impressions of an Australian city would be mainly macadam roads, tramlines, and traffic. The sight of the great buildings would be constantly excluded by the blinkers. Mr. Pease approaches the problem of the States and the Commonwealth in much the same way as the draught horse would approach the problem of describing Melbourne or Brisbane. The existing "financial stringency" forms the blinkers causing Mr. Pease to see only that aspect of the problem to the complete neglect of the broad matters of principle.

In addition to this restricted vision, Mr. Pease reveals the customary confusion and ignorance noticeable in politicians on the subject of money. In support of this we would quote the following:

"At the 1934 conference, Mr. Forgan Smith advocated on behalf of Queensland that the Commonwealth should take over more of the capital debts of the States. His reasons for this advocacy were—

(a) That the expenditure of loan funds in the development of Queensland's vast areas resulted in increased production of wealth from the land.

(b) That the loan funds expended on roads, bridges, and railways increased the productive capacity of the State.

(c) That the Commonwealth Government's revenue increased in proportion to the increase in the wealth of the State."

Please note particularly the incredible tangle over "wealth" as mentioned in (a), "increased productive capacity" as mentioned in (b), and "revenue" as mentioned in (c).

Wealth and productive ca-

capacity may increase 100 per cent, and yet "revenue" remain the same in terms of money. As a matter of actual fact, at the very time when wealth and productive capacity were increasing, "revenue" in terms of money decreased so substantially as to cause a financial emergency! There was plenty of real wealth, but the Government had surrendered the power to monetise it. Revenue, as referred to in (c), means the amount of money which the Commonwealth Government can collect from the people by taxation, and no matter what the wealth or the productive capacity may be, the Government cannot get revenue unless the people have money. When you grow a ton of potatoes you do not at the same time grow the money to equal it, nor, under the present system, is it anyone's duty to see that any sum at all is created or issued to accord with the actual increase in wealth. Here is an example: Out of the existing quantity of money obtained through taxation the State employs men to clear 10,000 acres of land by the destruction of cactus. This action brings into production ten thousand acres of land which were formerly useless, but no one increases our money supply to correspond with this additional wealth unless a private bank makes an advance to a farmer or to a purchaser against the land or its crop. So you see that the monetisation of our wealth, or the demonetisation of it, is in the hands of a private monopoly, and as "money" is the commodity in which it trades it deliberately manipulates the supply to suit its own ends.

OUR NATIONAL OBJECTIVES

This incredible confusion is encountered again when Mr. Pease refers to the "national objectives" of the Commonwealth. He gives them as Australia for the Australians, a White Australia, Development of Australia "consistently with overseas conditions", the Population of Australia "with due regard to employment", Maintenance of the Standard of Living, Education of Youth for higher Industrial Efficiency, Safeguarding of Health. If our development is to be governed by overseas conditions and our population by employment, then we might as well put up the shutters at once, for both of these are controlled by a power which is at present greater than any government, and that power is International Finance. But Mr. Pease goes on to say this: "The attaining and maintaining of these objectives will require a full measure of co-operation between the Commonwealth and the States. If the Commonwealth saps the States unduly the States must languish." See how the "blinker" reasoning recurs! Everything fades out of his vision except the limited amount of money, and it is the adjustment of this limited amount as between the several Governments that is giving the Queensland Government the headache. A given quantity cannot be increased by rearrangement of the portions.

When he uses the words, "if the Commonwealth saps the States unduly", he simply means to say, "if the Commonwealth takes too much from the pockets of the people by taxation and leaves only a little for the States to scramble for." He never asks why the amount of money in the people's pockets is so limited, or why it is necessary to steal money from people's pockets at all before supposedly sovereign governments can do anything. Neither does he inquire why, if banks can secure assets with money of their own creation, governments cannot build bridges and roads until they have either robbed their citizens or "borrowed" some of the privately created money from the private banks. That is the crux of the business and is

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THE REAL OBJECTIVE

All that the Australian people aspire to may be set out as one objective—viz., that they be allowed to live and enjoy the full life that is made possible by our natural wealth and resources, and the only thing necessary to secure this is a money system that will effectively distribute production. Unemployment is itself evidence of increasing industrial efficiency, and the fact that industry working at only half pressure is producing more than the people can secure points clearly to the inadequacy of our money mechanism. The Commonwealth in its national objective cannot have any views other than the collective views of the individuals of which the Commonwealth is composed, and those collective views are in favour of better distribution. Instead of insisting on the monetisation and distribution of our plentiful production, Mr. Pease wastes his time complaining that the Commonwealth is monopolising the cream of the taxation resources and leaving the States with only the skimmed remainder. Like Professor Copland, he seems ready to talk about anything but the money system.

Financial stringency should not arise because the Commonwealth collects and spends too much while the States collect and spend too little. Assuming that all money collected by taxation is again distributed to the community by way of governmental expenditure, such a condition would merely mean an uneven or inequitable distribution. The amount collected and re-distributed would remain the same for the whole Commonwealth. As an illustration, let us regard the Commonwealth as one person with several pockets. The right hand represents the Commonwealth and the left hand the States. No matter what money is extracted from the several pockets by either hand and re-distributed, the total amount in the whole suit of clothes remains the same, even though the waistcoat pockets may bulge and the trousers pockets be empty! Two questions immediately arise: (1) Is the total amount of money adequate? (2) Is the amount gathered in taxation actually re-distributed in full, or is some part of it retained, cancelled, or what? These two questions embrace the whole problem, and every Queensland should make it his business not only to direct Mr. Pease's attention to them, but also to require him to face up to them or to make room for others who will. A similar course should be followed with Mr. Forgan Smith when he returns from pow-wowing with the secret dictators in the City of London.

It is high time all politicians, each member of the Commonwealth Bank Board, and each member of the Loan Council, had their personal attention directly drawn to the impropriety of the practice of borrowing privately manufactured money for government purposes and allowing it to be entered up as an interest bearing debt against the people of Australia, and the Queensland Government would be better occupied in that direction.

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The Press, Financial Policy and Security

We have long subscribed to the view that it is better to have an open foe than a false friend, and events of the past week amply bear this out, particularly as illustrated in the Melbourne press.

The *Argus*, for instance, in the course of its inspired editorials, has declared: "Before money can be lent it must be in the custody of the banks as a deposit or deposits" (March 20). And again, five days later: "Money is the measuring-rod of all commodities, but it is in itself a commodity." With statements like that you know where the *Argus* stands. They are just as unequivocal, and liable to be treated with the same consideration as was its incessant advice last week to the electors of Allendale: "In Either Case Put Labor Last."

Papers like the *Age* are the ones, which we look upon as really dangerous, for the *Age* has long adopted the pose of being the workers' friend. Yet, when the test comes, what does the *Age* do? Its attitude towards monetary reform should be a sufficient answer. The *Age*, instead of pressing for reform, pressed for an inquiry—as though anything has ever yet come from Royal Commissions. And when the Federal Government appointed a personnel whose majority was sufficient to guarantee that the whole proceedings would be farcical, the *Age* expressed itself as quite content.

The *Age* again exposed itself a week ago. In its report of last Friday on the A.N.A. Conference it devoted special headings to all sorts of comparatively trivial matters, such as mortuary schemes and State lotteries, but

it tucked well away one of the most vital resolutions passed by the Conference. The resolution read: "The Conference—(1) reaffirms the necessity for monetary reform, and directs the Board to inaugurate, without delay, a vigorous campaign, to inform the public of the inevitable consequences of the inherent defect in the present system of issuing money as debt; (2) directs the Board to formulate, at an early date, a policy that will—

"(a) Ensure the effective consumption of the wealth produced, and

"(b) Provide purchasing power to counteract the increasing displacement of labor resulting from improved methods of production."

The *Age* looked upon this as sufficiently important to obscure it, in a very much-abbreviated form (omitting clause 2 entirely) under the heading, "Other Proposals Adopted."

Emulating the *Age*, the *Herald* has now come out in the cause of pseudo-democracy. It devoted its leading article on Monday to "Security For The Worker And His Family", and on Tuesday to "Who Controls The Financial Policy Of Australia?" In spite of these arresting titles, however—especially the latter—the *Herald* said not a word that really mattered.

On the first topic, it made these statements (our italics): "Nobody suffered more than the able-bodied worker, willing and eager to work, who was reduced to the bread-line through no fault of his own . . . It was proved beyond any doubt during the last"—note the adjective—"depression that the worker with a family cannot, unaided, protect himself against even a short term of unemployment. Platitudinous talk about thrift cannot argue away that economic fact." And the *Herald*, with its tongue in its cheek, offered as a "solution" an insurance scheme which, "by inviting co-operation on the part of the worker insured, lessens the burden which the taxpayer carries." So the worker who is so poorly paid that he "cannot, unaided, protect himself against even a short term of unemployment" is to have his insufficient pay compulsorily lowered in the name of insurance!

Equally hypocritical was the *Herald's* attitude in its next editorial. Again it uttered brave words: "If one trading bank can reverse a financial policy in which governments, financial institutions and the public has confidence, who controls the financial policy of this country? . . . Can the ambitions of one financial institution cut across national financial policy?" That sounds fine—until you read this: "Apparently the joint policy of the Commonwealth Government and its Central Bank can be set aside by the action of one powerful trading bank..."

While the Prime Minister has denied that the policy of the Central Bank is in any way influenced by the Commonwealth Government, what is the policy of this Central Bank? At present it is openly admitted to be deflationary—just as it was deflationary after 1929. On that occasion the late Sir R. Gibson took his instructions from the Bank of England; on this occasion Sir C. Reading is on his way abroad for fresh instructions—or, more politely, "consultations." Has the *Herald* a word of protest to utter against this dictation of Australia's financial policy by private interests overseas? Has the *Herald* ever raised its voice to demand that Australia shape her own financial policy in the interest of her own citizens? If it has, the voice has been so small that we have been unable to hear it.

But what would you? All these daily newspapers, and their counterparts throughout Australia and beyond it, are only different voices of the one ventriloquist. Eager as they are to rush to the defence of *property*, we yet await the day when one of them will make its protest on behalf of *humanity*.

Mr. E. V. Nixon on Accountancy

Speaking before the Australian Congress of Accountants in Melbourne on Thursday of last week, Mr. E. V. Nixon delivered an address which, if correctly reported in the daily press, makes his acceptance of a position on the Monetary Royal Commission most remarkable—to put it mildly.

We quote the *Argus* report (the italics are ours):—

"Mr. Nixon's thesis was that accounting had an unenviable history of financial undertaking. It had made great progress, but *its influence had been largely dependent on the misfortunes and difficulties that confronted others*. 'In the half century that followed the Napoleonic wars,' he said, 'Great Britain experienced a number of economic crises,—query: Did Mr. Nixon mean *financial* crises?—Which resulted in numerous bankruptcies and heavy losses by creditors. *This provided much work for accountants, and did more than anything to place accounting on a solid basis. The development of accounting as a profession may be attributed primarily to the direct and indirect effect of legislation relating to bankruptcy, taxation, and limited liability companies.*'"

Accepting Mr. Nixon's views as expressed above, it follows that Mr. Commissioner Nixon, in trying to evolve a better financial system, is called upon to ruin the prosperity and to degrade the status of Mr. Accountant Nixon—or alternatively that Mr. Accountant Nixon must endeavour to frustrate the work of the Commission. For nobody (despite Mr. Nixon's "economic crises") can pretend any longer that responsibility for most of our present-day bankruptcies, and for taxation which is ever on the increase both in volume and in complexity, rests elsewhere than with finance—since there is no dearth either of production or of potential consumption.

Fortunately for Mr. Nixon's peace of mind, there are numerous accountants who will disagree with his views on their profession—accountants who

COULD AN AUSTRALIAN STATE START SOCIAL CREDIT?

Further to what has recently appeared in our columns under this heading, we have received a letter from Mr. Vivian Pugh, Hon. Organiser, Central Queensland District Council, Douglas Credit Party, which we reprint below. Mr. Pugh writes:—

"The question, 'Could an Australian State start Social Credit?' has once again been raised. It is one, which seems to serve the opponents of Social Credit in place of reasoned arguments against currency reform. It is not a question of the practicability of Social Credit, but a question of dodging that issue. Assuming that Social Credit is social justice, the question has to do with possible opposition to a just cause, irrespective of its merits. Our opponents take up the attitude that Social Credit must be condemned because it does not fit in with the Federal Constitution. It does not occur to them that a Federal Constitution could be amended in order to meet the desires of a State. The Federal Constitution is used by them as a means of defeating justice. We therefore have to examine that Constitution and find out whether or not it can prevent any one State from operating Social Credit. We will deal with the clauses quoted in the *New Times* of March 6, as therein seem to lie the only obstacles, from a Constitutional point of view, to the operation of Social Credit in one State.

"The first quotation is:—'The Commonwealth of Australia Constitution Act (Chapter I, Part V, Section 51) reads: "The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth, with respect to— . . . (xii) Currency, coinage, and legal tender; (xiii) Banking, other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money."

"It will be noticed that the clauses definitely state, *banking, other than State banking*, which definitely denotes that the terms contained in that section do not apply to State banking.

"The other section quoted, which deals with State action, says: '(Chapter V, Section 115)—A State shall not coin money, nor make anything but gold and silver coin a legal tender in payment of debts.'

"This section merely declares what substance shall be used in the making of legal tender—a State is limited to the use of gold and silver for all legal tender purposes. Social Crediters have never suggested that any other material would be used as legal tender, but the important point is that all States at the present time use only 2 per cent, legal tender in financial transactions. The balance of the currency used, 98 per cent, is bank manufactured cheque currency, which is not legal tender by any means. The point to be stressed is that a State does not use cheque currency as legal tender; therefore there is no breach of the Constitutional laws. If the Federal Constitution does not prevent bankers

will tell him that they have never yet acted as bank liquidators, creditors' re-constructionists, or anything of the sort. Such men may even suggest that the incapacity of costing accountants to see beyond their noses, the failure to inquire how trading concerns can uniformly expect to receive back more money than they have paid out; and similar accounting oversights, have been largely responsible for apposition of affairs which makes the modern accountant nearly as unpopular as the modern banker.

from creating and issuing cheque currency up to 98 per cent, of all currency used by the nation, by what law does it prevent a State Government from doing the same thing? That being the case, surely every right-minded and un-biased person will admit that if a Social Credit Government is to be prevented from operating the Douglas Proposals, the Federal Constitution will have to be amended in order to create an obstacle. A State Government only claims the right to do what the private banks are doing at present.

"That is the issue as it affects the Federal Constitution. But there is another kind of opposition suggested—the opposition of the private banking monopoly to legally constituted State banking, which means that the private bankers would adopt unconstitutional methods in order to retain their power over the nation's currency. Their possible action is suggested in the following statement:

" 'Assuming that a State bank got so far as to issue cheques upon itself in payment, say, for public works, what would happen? The vast majority of such cheques would naturally find their way into the possession of the other banks. These could be relied on to refuse to extend to the State Bank the facilities of the bankers' clearinghouse for the mutual interchange of cheques. The receivers of such cheques would therefore have to present them at the State Bank for payment in legal tender, which would mean that the Bank would not be creating financial credit at all, but merely issuing cheques against its own actual holding of legal tender.'

"The whole of that contention is centred in one point. It is assumed that the State Bank could not hold sufficient legal tender to meet the calls for cash or legal tender. If we can defeat that contention, the rest of their argument falls to pieces.

"We know perfectly well that in a Social Credit State prices would be 25 per cent, to even 50 per cent, less than that of any other State, and it needs no stretch of the imagination to see that traders in other States would rush for Social Credit commodities at the reduced prices. The Social Credit Government would enact a law providing for the payment of all goods sent out of the State to be made in *legal tender*, in which case traders in other States would call on their bankers for cash. That would naturally mean that the Social Credit State would drain the legal tender from other States in sufficient quantity to ensure a backing for all the calls by other banks.

"The Civil Service, public works—in fact, all internal payments—would be made by cheque, which would again mean large reserves of legal tender, which could be used for private bank calls.

"Another important point is that, as the State Bank would be legally constituted, any refusal to clear the State cheques on the part of private bankers would amount to illegal action within the State, which would be dealt with as befits all law breakers. The State could also refuse to extend facilities to obstinate bankers, such as police protection; the use of State railways,

(Continued on next page.)

DOUGLAS SOCIAL CREDIT

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the law courts would be closed against them, etc.

"It is obvious that all opposition could be wiped out, providing that a State Government could operate Social Credit without causing a breach of the Federal Constitution—and no one is even clear as to whether the Federal Constitution can override a State which possesses sovereign rights, as indicated by the presence of a Governor. It is held by many legal authorities that the Federal Constitution is a mutual agreement between the States, but cannot be enforced on a dissenting State, only by civil war.

"If a State defied the Constitution, what then? If a State defied the rulings of the High Court, what then? The next thing would be armed force. At the moment there are too many people in Australia who are convinced of the soundness of Social Credit to permit anything like the use of arms. A State Government with the courage to do the job is bound to win through. What Social Credit needs at the moment is leaders with punch; leaders with the courage of their convictions. The Irish Free State refused to recognise the British Constitution, and what happened? The British people recognised that de Valera was fighting for the freedom of his people, and they respected him.

"Social Crediters in Queensland are fighting to deliver the people from the stranglehold of the money monopoly. We are working for a Queensland State Government. We shall get it and defy all opposition. If we have to fight the Constitution in order to free our people from poverty and destitution, we have every moral right to fight it.

"We sum up the whole position in this way: As a State we have every right under the present Federal Constitution to create, issue and control the State currency. The private banks are doing it now under the same Constitution. Every bank branch operating in a State today is creating credit against the people's assets, and, as they possess that power under the Constitution, the same law applies to a State Government."

In order to clear up any misconceptions which, from Mr. Pugh's letter, would seem to have arisen from our note of 6th inst. (which was written in reply to an inquiry), we should like to make our attitude on the matter quite clear. In the first place, the *New Times* has no authority to speak for the Social Credit Movement or for any of its branches; it is an independent paper endeavouring to tell the truth, and it looks upon Social Credit as a part—and a very important part—of the truth. Hence any suggestions or criticisms put forward by this paper carry precisely the amount of weight to which their own contents entitle them; that and no more. Moreover, in our issue of the 6th inst., we were not offering a criticism, open or veiled, which was intended to be directed against the body of which Mr. Pugh is a member. Even if an Australian State cannot bring in Social Credit by itself, we would still look upon it as an important stepping stone that members pledged to Social Credit—whether belonging to a

party of that name or to any of the other existing parties—should be returned. We would advocate the same thing in a local council or club, or in anybody, which can exercise any degree of influence or command any publicity. As an instance, we are not unmindful of the remarkable work for Social Credit already performed by Mr. G. S. Carruthers, of the Tasmanian House of Assembly.

Having said this, we do not see that anything is to be gained by refusing to face practical issues. Supposing that a majority pledged to put Social Credit into operation within one of our States were returned, and that, having attained office, it found it had not the constitutional power to carry out its promises, would not the result be to give Social Credit in Australia a serious and a needless setback?

And, though we may be obtuse, we must confess that our doubts in the direction of a State's powers have not been set at rest by Mr. Pugh, nor can we see that he has offered any practical suggestions within the Constitution which would solve them. In general, we would cite against him the recent cases of Western Australia and New South Wales. In the latter case, as Mr. Pugh may remember, there was a Governor named Philip Game. There was also a Government Bank, which, while holding, amongst other gilt-edged securities, £29 millions of Commonwealth Government bonds, was yet compelled (wickedly, but by legal processes) to close its doors for lack of legal tender. In the case of that State the Federal Constitution was certainly manipulated to kill State action—and this was done to oust an administration, which was comparatively orthodox in financial matters. What would be anticipated if the very basis of the bankers' racket were threatened?

As far as the private banks are concerned, if they refused to extend clearing house facilities to a State bank, could State legislation make this refusal illegal and enforce sanctions? Could a State insist that all goods sent out of it must be paid for with legal tender? And, if it could, what would stop other States counteracting the move with similar legislation? Payments to the Civil Service and for public works, etc., are already made principally by cheque, so we do not see that a Social Credit State would gain much that way—on the contrary, if the cheques of a Social

THIS WEEK'S GEM!
Mr. K. G. Casey, Federal Treasurer, on March 20:
"The policy of the Commonwealth Government and the degree of confidence which it has established has had an important effect on interest rates in Australia. This is shown by—
"the constant fall in the rates of interest which has taken place during the regime of the Lyons Government. This fall continued until recently, when
"the revival in trade and industry, and the consequent demand for money, resulted in a slight increase in interest rates."

Credit State were drawn upon its own bank, would they not be refused by the other banks? Finally, on the question of prices, is not Mr. Pugh putting the cart before the horse—how can prices be lowered "25 per cent, to even 50 per cent." in the Social Credit State unless that State can first issue financial credit to compensate traders for selling below financial cost? And is not this discussion depending upon whether a State can issue financial credit?

If we may repeat what we said on the 6th inst.: "We are not dogmatic about the whole question nor so well informed as we should wish... We would welcome any further enlightenment from better informed readers." At the same time we would ask that any suggestions made should be practicable, as briefly expressed as possible, and within limits of the Constitution. There is a Crimes Act.

Through the Smoke Screen

By J. K. LONG.

Upon taking the chair at the annual general meeting of the Victorian branch of the Third Division Telegraphists and Postal Clerks' Union, the newly-elected president, Mr. G. Alexander, gave a short presidential address, which included the following:—

"While encouraging members to make full use of union advice, I would like to suggest that as most of our difficulties, directly or indirectly, are of a financial nature, they should interest themselves particularly in the weakness of our monetary system, and especially in the private control of credit."

Mr. Alexander is to be complimented upon giving the members of his union such a splendid direction. In doing so he has stamped himself as a union leader who recognises the futility of attempting to transfuse portion of the life blood of the community (purchasing power) from the already anaemic body of industry to the hands of the still more anaemic workers and potential workers and their children while the money monopoly is allowed to dictate the ebb and flow of that very life blood, the continual flow of which is so vitally necessary to the well-being of the community.

If Mr. Alexander's words can be taken as an indication of the trend of thought in union affairs, it should not be long before we find the employee and the employer shoulder to shoulder, fighting the common enemy.

We have not to wait for evidence that the employer has recognised the enemy. Already, throughout the English-speaking world, at least, various chambers of commerce, most notably the British chambers, have taken up the fight.

LOWER STANDARDS.

Union leaders who have given thought to the fact that the standard of living in Australia is lower today than it was over thirty years ago, must recognise the futility of continuing the fight along the lines which were followed during that period.

Some may argue that they have gained considerably over the period mentioned. If that is so in certain cases, however, a little investigation will disclose that in such cases the productive capacity of those particular workers has been increased enormously by the introduction of modern machinery, that the increased wages which they have received have not in any way been proportionate to their increased productive capacity, but that this very increased productive capacity has been the cause of many of their comrades being thrown on to the industrial scrap heap, and, lastly, that a big portion, and in many cases the whole of the increases they have received, have been taken from them by taxation to help keep those industrial discards in conditions which, when compared to our known productive capacity, are below the standard of comfort in which we should keep our domestic pets.

If union leaders as a body will but recognise their real enemy and direct the fight against the private financial monopoly, if they will be prepared also to ally themselves with any who are willing to fight the same enemy, no matter whether they have been former opponents or not, it should not be long before we have in this monster's place scientifically regulated and properly conducted money system.

It remains for those captains

of labour who have pierced the smoke screen—for so long well laid by our daily press—to lead their armies through that curtain to join the ever increasing band on the other side, in order that the complete rout of the enemy may be hastened.

Mussolini and Taxation

IT'S THE DEUCE EVEN UNDER THE DUCE.

I have before me an ordinary taxpayer, with a list of 26 of the most generally applied taxes, of a small provincial town (writes "A Resident in Italy," in a letter to the "Manchester Guardian").

They are—1, Land. 2, Supplementary land tax. 3, Agrarian contribution. 4, Vineyards. 5, Buildings. 6, Supplementary on buildings. 7, Contribution to Fascist Syndicate. 8, Sojourn tax (this applies to all persons, Italian or foreign, not born in the commune and not exempted under some other heading). 9, Government Income tax. 10, Supplementary Government Income tax. 11, Communal Income tax. 12, Provincial Income tax. 13, Complementary Income tax. 14, Chamber of Commerce. 15, Patrimonial. 16, Bachelors. 17, Tenancy. 18, Pianofortes. 19, Billiards. 20, Certificates (driving and teaching licences, professional degrees, &c.). 21, Licences to sell or practise. 22, Cattle and horses. 23, Dogs. 24, Bicycles. 25, Servants. 26, Signboards.

WHO ESCAPES?

Besides these, some and often most of which are paid by every man and woman on the roster, there are taxes on motor cars and bicycles, on machinery of all kinds, including reapers, binders, ploughs, and all farm implements, on radios, on coffee-makers, and on cigarette-lighters. A tailor (or dressmaker) pays a tax on his tape measure, and a grocer on his scales. In most towns owners of houses, though not forced to make repairs, must pay a "tax on repairs."

FAMILIES AND BACHELORS

There is a tax on letting a house, another for renting one, and another for selling furniture out of it. There is a tax on entertainments, exhibitions, lectures, and tennis, golf, and football played in a club. There is a tax on having a family and another on not having one.

The "complementary" and supplementary taxes are not super taxes on the rich, but a further percentage added to the original. Besides these direct charges there are Government taxes, charged to the consumer, on electric light, gas, water and telephone, all of which are provided by private companies.

TAXES FROM STAMPS

An enormous revenue is collected from fiscal stamps on invoices. Any public notice, be it only for a strayed dog, and written in pencil on a half-sheet of paper and placed in a shop window, must have a fiscal stamp, and the charge on posters is often greater than the cost of them. All applications and almost all communications to a communal, provincial or State office must be made on stamped paper.

Number 26 of the list quoted includes a fairly heavy charge on names over shop windows and any lettering on the windows; awnings over shops are taxed, and so are balconies over a street.

These are not all the taxes. There are others to meet special cases. There are many indirect taxes, which affect the individual by an increase in the price of goods.

The Fable of the Panfabricator and the Sound Business Man

By MONTAGUE GROVER



Once upon a time there was a prosperous community.

There were no unemployed; everybody was getting good wages and nobody knew what a dole was. Had any stranger used the word in a public place, he would have been arrested, because people would have imagined that he was saying something rude.

Among the leading citizens was a man of Sound Views. He played golf and presided at uplifting functions.

One day, there came to him a Struggling Inventor, who said: "Lo, I have here a Panfabricator, which I have spent five long years in perfecting."

"What's a Panfabricator?" demanded the Sound Business Man.

"It's a machine that can make anything—the last word in labour-saving and mass production," explained the Struggling Inventor, pulling aside the curtain and revealing a switchboard of buttons and levers.

He pressed one button, pulled one lever, and out came a pair of boots. Continuing his demonstration, he caused to be delivered a box of matches, a roll of sticky flypaper, a sedan motorcar, a bottle of beer, and many other Bare Necessaries of Life.

They made a deal which was favourable to the Sound Business Man, and the Struggling Inventor left, to die later in poverty after the manner of struggling inventors.

The Sound Business Man and other Sound Business Men installed the new device in their factories. The work people were all sacked, save one in each factory, who was retained to work the machine.

The Sound Business Man then prepared his estimates for the coming year, and found that he would clean up £10,000 more than his previous best.

Eager to hold his job, the Lone Operator of the Panfabricator worked overtime without extra pay, turning out pianolas and suits of clothes, and shoes and ships and sealing wax until the vast warehouses were filled.

"Now for a record clean up," mused the Sound Business Man.

But a dreadful thing happened. There was nobody to buy the goods except the Lone Operator, and he couldn't buy many sedan cars on the basic wage paid him.

"The expenses are too high," concluded the Sound Business Man. So he sacked the Lone Operator and installed an Intelligent Lad at a pound a week.

But business grew worse. At the end of the week the only customer was the Intelligent Lad, who had only a pound a week to spend instead of a basic wage.

Meanwhile, all the other Sound Business Men in the community were in a similar position. They met to consider the situation, but the meeting ended in a riot, for each of them accused the others of having ruined his business by sacking the people who were his customers.

The only thing on which they were agreed was that there was something wrong somewhere. They finally agreed that it must be the Labor Party, and remarking that the arrogance of the working classes grew more intolerable every day, they resolved to use every effort to ensure the continuance of the system of Sound Finance then in existence.

Moral: Its no use arguing with people who will look for trouble.

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This is what it means to you. After delivery of your new suit, you are entitled to have it

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SHALL THE SHAM BATTLE GO ON?

[FR. CHAS. E. COUGHLIN, IN AN AMERICAN NATIONAL BROADCAST, SHOWS UP THE HYPOCRISY BOTH OF OLD DEALERS AND OF NEW DEALERS.]

Last night, my friends, while the ears of the nation were glued to their radio receiving sets they listened to the thunder emanating from the big guns of the American Liberty League. The war is on! I mean the sham battle is on between the "ins" and the "outs." On one side are lined up the bankers, the monopolistic manufacturers and the munition makers. On the other side there are the bankers, the monopolistic manufacturers and the munition makers. As usual, in the middle, are the American people.

It was interesting to listen to the bombarding directed at the heads of the New Deal Administration. Sooner or later this New Deal was destined to be subjected to a withering fire because its 1932 platform and its 1933 inaugural address had been discarded. No one denies that the American Liberty League's aim was deadly and effective. But no one is foolish enough to think that the battle is over. Last night we heard much about the Constitution of the United States—the necessity to preserve it, and to regard it as the bible of our civil liberties. But not one word was said about restoring to Congress the right to coin and regulate the value of money, which right is one of the pillars of our constitutional government and which right is vehemently opposed at this minute by the disciples of the American Liberty League.

WHAT ANDREW JACKSON REALLY SAID

Last night we heard much about Andrew Jackson. In fact, we heard something about Andrew Jackson at the New Deal Administration Jackson Dinner less than a fortnight ago. But no mention was made on either occasion of Andrew Jackson's drive against the moneychangers when he refused to extend a charter to the privately owned bank of the United States to continue issuing the fictitious money of the nation.

To rescue Andrew Jackson from the hands and, especially, from the lips of his unfaithful followers both in the American Liberty League and in the New Deal Administration, let it be recorded finally and without dispute that Jackson was elected to the presidency of the United States on a money issue; that Jackson restored to Congress its right to coin and regulate the value of money; and that Jackson finally said the following words to the money changers who approached him in the drawing-room of the White House:

"Gentlemen, I have had men watching you for a long time

and I am convinced that you have used the funds of the bank to speculate in the breadstuffs of the country. When you won, you divided the profits amongst you, and when you lost, you charged it to the bank. You tell me that if I take the deposits from the bank and annul its charter I shall ruin ten thousand families. That may be a true gentleman, but that is your sin! Should I let you go on, you will ruin fifty thousand families, and that would be my sin! You are a den of vipers and thieves. I have determined to rout you out, and by the Eternal God, I will rout you out!"

Ladies and gentlemen, there is the real Andrew Jackson whose memory both the Liberty Leaguers and the New Dealers desecrate as they continue the sham battle of bankers, munition makers and manufacturers on both sides and the American people in the middle.

Both devils can quote scripture for their purpose.

However, I am fortunate enough to have in my possession a verified, documented copy of the minutes of the meeting when the money changers accosted Andrew Jackson, begging him to rob the people and to restore to their filthy hands the sovereign right which controls our money, which controls our breadstuffs and our civil liberties.

THE "LIBERTY" LEAGUERS

Who are these Liberty Leaguers? One is a manufacturer of poison gas, munitions and lethal weapons. Another is a merchandiser of gasoline through a stooge over the national airways. A third is a creator of fictitious money, a legalised counterfeiter. A fourth is interested in agricultural legislation, which endeavoured to make panhandlers, of the farmers of this nation. A fifth is a motor manufacturer who opposes a just, living, annual wage for his slaves. They are all rugged individualists whose philosophy, when you boil it down to the dregs, is identified with "might is right." They are all professional propagandists who lament the fact that this country is suffering from an ingrown toenail when our real worry is identified with a devastating heart disease. I hold no brief for the American Liberty League, the initials of whose name spell—ALL—all for them. I desire to make no comment on their cure for the depression which is identified with industry getting all the men back to work other than to say that the American people are not interested in going back to work, as they call it, unless they can work at a profit on the same

basis that the manufacturers work at a profit.

Nor do I hold any brief for the misdemeanours, the misdeeds and the palpable sins identified with the New Deal which, forgetful of the men and the influences which helped to put the New Deal into power on certain sound philosophic and just principles, preferred to turn its back on these men and influences and run to the pinks and the reds and the Soviet-minded economic advisers. No wonder the New Deal succeeded in coming out of this depression through the same hole in which it entered, with the exception that we are about 30 billion dollars poorer.

No one disagrees with the American Liberty League spokesman that the great middle class of America is holding the bag.

SHAM BATTLE BETWEEN PARTIES

No one is so misinformed as to the cause of all this. Let us face the facts. The 1932 political platform of the Republican Party advocated the policy of curtailing crop production—of ploughing under cotton, of burning corn, of slaughtering pigs . . . That was the Republican platform.

The Democratic agricultural platform of 1932 advocated a production at a profit for the farmer.

What has happened? We find the New Deal Democratic Party consigning to the waste paper basket "production at a profit" for the farmer. We find it adopting the Republican platform, the United States Chamber of Commerce platform, the American Liberty League's platform of "destruction at a profit." And to cap the climax, we further find the New Deal Democratic Administration running to the Republican saloons and selecting a Republican gentleman by the name of Wallace to be Secretary of Agriculture.

(Did anybody ever hear the words "sham battle" before?)

More than that, the Liberty Leaguers are now castigating the Democratic New Deal for attempting to borrow us out of debt with bankers' bonds.

Let us inspect that record. Preceding Mr. Roosevelt in the presidency, there was Herbert Clark Hoover. He was the Republican President who organised the Reconstruction Finance Corporation. This was the corporation that borrowed billions of dollars from decadent financial institutions and then turned around to lend these billions of dollars to banks, to industries, to corporations.

Following his example, and fearful to take the step of restoring to Congress its right to coin and regulate money, President Roosevelt borrowed upwards of 18 billion dollars from these same broken down banks. This money he distributed to keep starvation from the homes of America, to give employment to a few million unfortunates and to pay bounties to the farmers for not raising foodstuffs and raw material for clothing.

The Roosevelt Administration differs in no wise from the Hoover Administration in its method of financing. Both are protectors and lovers of the bond racket.

Well, I suppose the New Deal is radical for having helped the poor and the Old Deal was sound for having run to the assistance of only the bankers, mind you, with the same kind of money and the same results.

Neither the Old Deal Democrat nor the New Deal Democrat has half the intelligence or one-quarter of the intestinal fortitude of Andrew Jackson of whom they prate and of whom they are ignorant.

WHO HAVE WON BOTH DEALS?

By the way, who have profited from the Reconstruction Corporation loans of the Old Deal and from the PWA, the WPA and

all the other loans of the New Deal? In its final analysis, this money, totalling more than 20 billion dollars in all, both for the New Deal and the Old Deal, was borrowed from banks, which had less than one measly billion dollars of money. All these banks had was a full fountain pen and a licence to create money. This 20 billion dollars was borrowed at approximately 3 per cent, both by the Old Deal and the New Deal. The common American people were pledged by their elected officials to restore, not only 20 billion but approximately 40 billion dollars within thirty years to the bankrupt bankers; to restore it not through the grace of a fountain pen but in hard-earned American dollars. "Who profited?" I ask you.

When the Liberty Leaguers assail the New Dealers for this "borrowing-out-of-debt" policy, it is a case of the kettle calling the pot "black" simply because the New Deal, which not only retained the agricultural policy of the Old Deal, was insane enough to retain its financial policy.

Meanwhile, the bankers have been the profiteers, both under the Old and the New Deal. Meanwhile, the American people are in the middle as the sham battle waxes strong.

The American people are being played upon. They are being told that prosperity will be found by switching parties when both parties uphold the one racket. Every schoolboy knows that this is a money crisis and that we must switch money policies.

Thus, this is but the beginning of another civil, wordy war. If the New Deal is returned to power next November, the bankers and the money creators are still in the saddle. If the Old Deal succeeds in unseating the New Deal through the fictitious appeal to the Constitution and the adroit flashing of the red lamp of Communism, the money creators will still be in power. It is a case of "heads I win and tails you lose" as far as the American people are concerned.

ATTITUDE TO SOLDIERS' BONUS

It is observable that both the Old Deal and the New Deal turned thumbs down on paying the soldiers the so-called bonus because it would affect the money situation. It is inescapable to miss the point that the temporary relief for the farmers was obtained by an issuance of bankers' bonds.

My friends, what is the answer to this political comedy, which is being enacted on the Washington stage of the American republic? To me it is as clear as crystal. Why should we, be we Democrat or Republican, owe allegiance either to the Old Deal or to the New Deal when both parties consistently play the bankers' game?

Is it not time for us to demand that, rising above partyism, and careless of patronage, we insist upon a square deal to be obtained not from Presidents who, after all, are merely executives in our nation, but from members of Congress, who are the lawmakers in the United States?

While the Liberty Leaguers were loud in their applause occasioned by the remarks that the Supreme Court had thrown the AAA out the window, the spokesman for the Liberty League failed to remember that the Supreme Court did not throw out the window the legislation passed by Congress affecting the revaluation of gold and the regulation of money.

In other words, it is evident the National Union for Social Justice is organising many units in every congressional district of this nation to support either Republican or Democrat who will pledge to the people that he will drive the money changers from the Temple by restoring to Congress its right to coin and regulate the value of

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money. That programme is constitutional.

On this issue we do not plan to be seduced either by the sirens of politics or by the flag waving of hypocritical constitutionality. This is one point than which there is no plainer point in all the Constitution of the United States.

My friends, we have been trying to proceed since the days of Abraham Lincoln when the right to create money was handed over to a privileged body of Tory-minded plutocrats. We have been working under a handicap. And since the days of Herbert Hoover who perfected the heresy of the Government's loaning money, we have been labouring under a delusion.

WHO SHOULD MAKE AND WHO SHOULD LEND?

Keep this principle in mind, my friends: The Government should coin and print all money and the banks should do the lending. This principle, of late, has gone in reverse. The banks are printing the money and the Government is doing the lending. In other words, the bankers, today, are the unseen Government in these United States and we the citizens, are the unwilling subjects.

This condition will persist under both Old Deal and New Deal as long as either Herbert Hoover or any other American Liberty Leaguer, on the one hand, or Franklin Roosevelt or any New Dealer, on the other, will attempt to perpetuate it. The depression is perpetual unless the money question is solved.

Only your half-witted economists—for there are brain trusters outside the New Deal as well as inside it—will attempt to tell you that the United States does issue the money of this nation. If you are fortunate enough to have a Federal Reserve five-dollar bill in your purse, read what it says. It is not a United States note. It is a Federal Reserve note. At least, the bankers print the truth on their money, if their Lewis Haneys print unadulterated bunk in their papers.

Let me conclude these remarks by asking a pertinent question: Who brought about this depression? The answer is clear. More than any other group of persons, the Federal Reserve bankers who issued the money of this nation, the friends of the American Liberty Leaguers who controlled the presidency and treasury of this nation were most responsible for driving us into war. They and their financial system which poured money into the warring nations of Europe before America went to war; they who sold worthless bonds to the American public, who were operating their system when our national debt was not one-half what it is today, and finally, who succeeded in bringing America to the brink of chaos—they are the men who wish to turn back the hands of the clock of time to 1928 or to 1924 and duplicate the tragedy which we have already experienced.

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LETTERS TO THE EDITOR

ECONOMICS—AS TAUGHT "D. O. Minus" in his article on "School Teachers and Money" recalls to me my own rather amusing contacts with Economics at Melbourne University. "Polly Con" was our flippant version of the subject's official title at that time. No one, as far as we could see, took the stuff seriously as a branch of practical knowledge. Such bone-dry and lifeless tack might be fit for professorial nourishment, but then neither they nor their subject had any perceptible contact with reality. It was the sort of subject you took to fill up an Arts course, after selecting the major subjects in which you were really interested. The very conscientious and the very timid types of student attended the beastly lectures regularly, but the sinful majority cut as many as they dared and copied the notes from their friends. Some there were sufficiently daring not to go near the "Polly Con" lecture-room all the year. In "Stow-Vac" they crammed from other people's notes and hurriedly devoured a few chapters of Gide. It was well known that almost anyone with a moderate gift of the gab could pass "Polly Con" with three weeks' intermittent work on lecture notes. The brain could easily throw off the undigested and indigestible mass as soon as the exam was over! Light-hearted and flippant as we were in our attitude, we were, nevertheless, right in our judgment. Instinct spoke true: the stuff was as worthless as it was dull. A year or so later, when the subject became "Economics," I noticed that both lecturers and lectured took it far more seriously; but it was still the same old mumbledy-jumbledy we called "Polly Con." And still is! Alma Mater? Doddering Grandmother! "M.A." (Melb. Univ.).

SOME VICTIMS OF FINANCE

An interesting sidelight of the depression, illustrative of the

To New Readers of the "New Times"

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

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

If the "New Times" meets with your approval you can best help its campaign by making it known to your friends and by yourself placing an order with your newsagent for regular weekly delivery or by sending your direct subscription to New Times Pty Ltd. Box 1226 G.P.O. Melbourne.

manner in which our legislative pilots have to dance a sailor's hornpipe to the tune piped by Financial Oligarchy, may be seen in the plight of a body of State school teachers who formerly occupied temporary positions in the Education Department.

When the good ship State Education was struck by the sudden icy blast of the economic blizzard, these teachers, who were engaged in pioneering work in rural districts, were made to walk the plank of retrenchment into the bitter sea of unemployment. This was done, it was agreed, in order "to encourage the others."

By and by the pilots of the good ship Education, which, like other vessels of the fleet, was attempting to sail, like the Flying Dutchman, against the fair breeze of Progress, deigned to notice those teachers who were struggling to keep their heads above water. A lifeline was thrown to them—Section 13 of Teachers' Act 1933—which gave promise of rescuing them from their precarious situation. But the Currency Commanders refused to allow the desperate members of the crew to hit the deck of the ship. The life line is being used to keelhaul them; and, as encouragement in their adversity, a voice from the bridge says, "Well done, thou good and faithful servants. Drink some more salt water."

The pilots have been changed, from Labor to U.A.P., from U.A.P. to U.C.P. But it now seems clear that the Social Credit lifeboat must be relied on to accomplish the rescue work and to provide a chart and compass so that a true course may be steered and a full complement carried.

Until such time as this is achieved, any readers of this journal who are willing to allow the weary mariners to take temporary refuge on their economic rafts may do so by making tutorial work available to them. The persons concerned have excellent records in the coaching of children, and full particulars will gladly be given by the secretary of the victims: Mr. A. Elrick, Hon. Sec., Temporary Teachers' Association, 29 Clyde St., Chatham, E.10.

"ONE OF THEM."

MONEY AND "B.O."

One has every sympathy with the individual business, which is driven to all sorts of devices in the scramble to get enough of our insufficient money to pay its way. At the same time one is surely entitled to protest when certain businesses resort to methods deliberately calculated to damage the mental happiness of so many men and women. I refer particularly to that class of advertisement, which endeavours to exploit in a disgusting manner, the odium of body stinks and smelly undies. Surely, if our press had a single spark of self-respect left, it would refuse such matter—or is it, too, so desperately up against it that it must accept anything at all which brings in a few pounds of revenue?

JOSEPH MORGAN.

A REPROACH.

Your correspondent, whose letter, signed with his address, or intended address, "The Morgue", is published in the "New Times" of 13th inst., has the sympathy of quite a number of New Timers, no doubt. Many of us have often felt like that, but most of us have learned not to allow our feelings to control us, but our intelligence, mind, or reason. There are reasons why you should carry on your educational work, and New Timers generally should endeavour to have our monetary

system improved. The first, and best reason is that we want to. Another reason is that we want certain improved facilities of life for ourselves, irrespective of whether "the mob" want them or not. A third reason is that we must speak out our minds on this subject, as part of our own self-realisation and development.

The inventors of the electric light, of radio, of the telephone and telegraph, of the cinema, of beam wireless, may or may not have been actuated by pity for "the mob", but that factor has not influenced many of us one way or the other in regard to the adoption of those inventions as soon as they became generally available.

Now, an invention is before the public, which the bankers have known and used for many years, at first secretly, now openly. It has been named "Credit", and can be used by organised communities in lieu of "Legal Currency" for monetary purposes. It is, for general efficiency and ready manipulation, in comparison with currency money much what electric lighting is to oil lamps. That is to say, it is much better; and, because it is better, we want it properly used. The bankers invented it, patented and copyrighted it. They may, possibly, wish to obscure the fact that their patents and copyrights have run out. We seek to advertise that fact. What adventurers and the supposedly ignorant masses will do about it is not the issue.

It certainly is to the point to consider whether credit should continue to be administered by bankers or by parliamentarians. Bankers know most about it, and are skilled in handling it. All that is necessary is that they should have some inducement to use it more for communal utilities than they have hitherto done. We want it used so as to fully and effectually meet our communal requirements for the maintenance of all our children and their education; for pre-natal, maternity, and post-natal attention for all mothers; for maintenance of all women engaged in rearing children; for ample medical attention and hospital accommodation for all our sick; for maintenance of all aged and infirm persons; for provision of communal work for such workers as are not required by private enterprise.

Let us quit ink slinging, stone throwing, and other primitive modes of verbal rioting; agree amongst ourselves as to what we want, and make our wants clearly intelligible to the bankers. Are we agreed that the Commonwealth Bank must become a buttress of the interests of the community and not of the trading banks and financial institutions only? Then let us say that. Do we know how to get what we want? Then let each of us do a little something towards it.

W. E. RICHARDS.
702 Dana St.,
Ballarat.

BANK RATES AND WAR LOANS.

Your readers will now note that "The banks have all kept in step", and that interest rates have been granted what is given to the public as a "sufficient reason" to move upward. With war loans in the offing, and with huge armament programmes in the near future, the banking-financier money manufacturers are fostering this higher interest idea.

JOHN DUNCAN.

FINANCIAL "WARFARE"

Anyone with the slightest knowledge of the money swindle can find a welter of information and enlightenment in the Punch and Judy medley of imitation warfare between various "financial" bodies. What is the difference between the U.A.P., the Commonwealth Bank Board, the

Loan Council, the trading banks? There is no difference. They each represent one picture, each forming merely a different frame. The bankers' handbill, the "Argus", has the impudence to write such a leader as today (25/3/36) blackguarding those who would look at the roots of this rotten financial system, whose fruit is public insecurity and business bankruptcy, when its (the "Argus's") policy is to exclude all discussion on money, its source and function.

What a wonderful opportunity the Banking Commission has to torpedo all these scheming bodies upholding, and benefiting by, the private manufacture of money.

H. McLEOD.

SOCIAL CREDIT BRANCH AT PRAHRAN

Having been a resident in the City of Prahran for a number of years, and realising the potentialities for extending the Social Credit Movement in this suburb, I am surprised that we do not possess an active sub-branch, and with the object of assisting in forming the same I should like to get in touch with some interested persons who would be willing to co-operate.

J. B. PAYTE.
8 Cloverdale Avenue, Toorak,
S.E.2.

MEN IN COMMAND

The next month (February, 1932) Laval himself went out of office. The frugal French grudged him his free trip to America. And he had angered the all-powerful Banque de France because he insisted that France stick to the British pound, and when the pound went off gold (partly as a result of Laval's long haggle over the Hoover moratorium) the Banque de France lost £20 millions on paper. So he went. This taught him a lesson, as we shall see. The next time he became Prime Minister he listened to the Banque more carefully.

—From a series of articles, "Men in Command," by John Gunther in the Melbourne "Herald." The above extract appeared on March 14.

SOCIAL CREDIT STUDY GROUP BEING FORMED.

Elsewhere in this issue of the New Times appears an announcement of the formation of a Study Group, for which competent lecturers will deliver regular weekly lectures on the Douglas Social Credit proposals. Those wishing to join should send their names and addresses to the Secretary, Box 4048, G.P.O., Melbourne.

John Hogan's Victorian Tour

Writing on the 13th inst. from Inverell (N.S.W.), to the Victorian headquarters of the Douglas Credit Movement, John Hogan intimated that he expected to be able to commence his Victorian tour about the end of next month.

For the first section of Mr. Hogan's tour an itinerary embracing Southern Riverina, Murray River and Victorian towns between Deniliquin and Melbourne has been arranged as follows:—Tocumwal, Yanawonga, Corowa, Wahgunyah, Rutherglen, Albury, Wodonga, thence via Yackandandah, Beechworth, Wangaratta, Benalla, Shepparton, Euroa, Seymour, Broadford, Kilmore, Lancefield, Romsey, Woodend, Macedon, Gisborne, and Sunbury to Melbourne.

Farther tours embracing the Western District, Gippsland, North and Central Victoria—including the Goulburn Valley—the Wimmera and Mallee districts have been provisionally arranged.

Provision will also be made, as far as time will permit, for Mr. Hogan to address city, suburban and near country centres.

As success in all districts will, to a large extent, depend on the amount of local backing received, all Social Crediters and well wishers are appealed to for their wholehearted support and co-operation.

You can assist in any of the following ways:

By helping to form a local group to arrange and advertise meetings, engage halls and/or arrange for other suitable meeting places.

By arranging interviews with leading citizens for Mr. Hogan, arranging for billeting him whilst he is in your district, and by helping; in raising funds which are urgently needed to ensure the success of the campaign.

Donations should be marked "John Hogan Campaign Fund," and forwarded to the treasurer, Douglas Credit Movement, Room 8, Block Arcade, Collins-street, Melbourne.

Any further information desired will be gladly supplied by the Hon. Organiser, Mr. G. R. Trenoweth, who will greatly appreciate your co-operation.

Labour cost of making pint milk bottles decreased from 75 cents to 10 cents per gross, by introduction of new machine, says U.S. Federal Reserve Board.—"Daily Herald", January 13.

—And so the labourer is "unemployed", and his children can rarely drink milk at all.

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Can Gift Money be Cancelled?

[Note. —This article, which will be concluded in our next issue, is the substance of an address given by the Editor of *The New Times* to the members of the Goodwill Group, Melbourne, on March 10. It was delivered in response to an invitation to reply to Mr. G. W. Irving, a Melbourne economist, who had contended in an address at the Group's previous meeting that the proposals of Major Douglas must inevitably lead to inflation, on the ground that the issue of a National Dividend would represent gift money, which could not be cancelled.

At the request of the members of the Goodwill Group, this article upon completion will be reprinted in pamphlet form.]

(Continued from our last issue.)

Does Douglas propose to issue money in the same absurd way—though it is a way approved generally by "economists"—as that by which the Commonwealth Bank will today hand you out a bundle of notes if you chance to stumble over gold (in Fiji or elsewhere), and without any regard whatsoever to the quantity of goods available in the community for you to spend your money on? Certainly not. The amount of money he will issue is expressly stated to be sufficient to equal the prices of the goods for sale; that and no more. Should the position arise that the community's existing money supply were sufficient to distribute, at fair prices, all its goods, then Douglas would certainly refrain from any further supplementary issues until a shortage again became evident—a position easily ascertainable from readily available statistics.

Uncancellable Money That Is Not A Gift—And "Gift" Money that Is Cancellable.

If you sell to the Commonwealth Bank a pound's worth of gold, the production of which has entailed no money outlay on your part, then you receive money which, although not gift money (since you exchanged for it your commodity, gold), is, nevertheless, non-cancellable—except in the extremely unlikely event of the gold being again sold to the public. The reason for this is that the bank has monetised your production through the issue of money which was not *borrowed* by you in the first place, and which, therefore, cannot be recalled.

On the other hand, if you are working in industry and if, out of your wage or salary, you make someone a present of a pound, that is gift money in a personal but not in an economic sense, because, since practically all industrial payments are directly or indirectly financed by way of bank loans (thrift savings being only a reflection of bank loans somewhere else), that pound or its equivalent, no matter who may hold it, is due to be recalled and cancelled as the goods are sold which were produced through its issue.

In the failure to appreciate fully these two instances, it is probable, lie most of the difficulties which are a stumbling block to Social Credit critics—and, it may be added, in the failure to appreciate them lies also a great deal of confused thought and confused speech on the part of some Social Credit adherents.

Taking the first instance, that of the monetising of production, you will often hear it said that if production is worth, say, £400 millions, and if during its course only £150 millions are actually distributed, then if the State issue £250 millions to consumers all will be well—consumers will get access to the goods, the producers will be paid for them, and everything will be in order. Unfortunately, it is not quite as simple as that, since the mere monetising of wealth offered for sale does not of itself provide for the cancellation or withdrawal of the money when the wealth is sold or consumed. If only £150 millions of money be issued through production, and if industry be not otherwise in debt, then the distribution of £250 millions would certainly represent non-cancellable money. This money would remain in existence as cash credits somewhere—mostly, it is to be presumed, in the hands of producers—even after all the goods were sold. Obviously it is not desirable that any such means of bridging the gap should be employed.

THE SOURCES OF MONEY SHORTAGES

Whence arise the total shortages in consumers' incomes?

In so far as new money (as distinct from savings, which are already earmarked for the purchase of existing goods) is issued by way of bank loans to finance production, it is clear that the recall of this money through the sale of goods for consumption will both enable the distribution of goods to an equivalent price value and cancel the money through the repayment of the loans. Our problem is how to monetise that portion of production which is not financed by bank loans and, therefore, not represented by monetary claims, and how to do it in such a way that the sale of goods for consumption will bring about the cancellation of this extra money.

What are these non-monetised portions?

For convenience they may be subdivided roughly into two classes—goods produced without mechanical aids and goods produced with mechanical aids.

Monetising Goods Produced By Natural Increase Or Producer's Own Effort

In the former class may be put such production as represents sheer natural increase in stock, crops, and

other forms of produce, and all goods where the increase in value comes from the producer using his own unaided labour or other forms of expanded energy. New wealth coming into existence in this way clearly belongs to the producer himself (using the word in its broad sense), and, except for the payment by him, if and where required, of certain communal dues, is not a matter for community sharing except by purchase.

To monetise this part of our wealth by way of dividends for consumers would be worse than inflation—it would be more in the nature of confiscation. Imagine a farmer who has on his hands 1000 bushels of wheat, which he cannot sell. Monetise this at, say, 5/- a bushel, by distributing £250 to consumers. What happens? The consumers buy the wheat, leaving the farmer with the £250, but with no goods in sight on which to spend it, since other producers' stocks will have disappeared similarly. (As a single instance this is somewhat exaggerated, since the farmer, as he received part payment, would rush in to buy whatever was available, but ultimately the result would be as indicated, with producers holding all the money and consumers getting all the goods.)

In the early days of money this difficulty appears to have been adjusted by the farmer issuing his own money tokens—just as the banks later issued notes against their own actual holdings of gold. The tokens enabled the farmer to make his purchases as required, and, in due course, when someone wanted the goods which the farmer was storing, the tokens were presented to him, the wealth was handed over by him, and the farmer proceeded to destroy the now useless tokens (just as banks did with their recalled notes after they had paid out gold to redeem them). One can well imagine that this process was ultimately brought to an end through dishonest farmers playing ducks and drakes with tokens—just as some banks, did with notes, and as people at a later stage have been known to do with cheque books—so that the issuing of currency was centralised in the hands of a responsible authority, whose business it was to see that only such tokens were issued as had a genuine backing of real wealth.

And this is the function which a national credit authority should resume—to monetise, with due safeguards, all real wealth as required. That is to say, producers should be able, as they require them, to receive money tokens (whether legal tender or book-keeping credits) upon the security of their production, to cover not only their out-of-pocket costs, but the full value of their total output. In other words, they should be allowed to borrow their profit—and free of all charges other than the cost of supervision and bookkeeping.

Only in this way can producers' profits be realised regularly and satisfactorily. On all sides today you have accumulations of unsaleable stocks—not only in the hands of retailers, but going right back through the wholesaler and the manufacturer to the primary producer. Each will tell you that if he could only clear his stocks he would buy from the others, until finally in desperation we are witnessing a return to the primitive and cumbersome method of barter. Whereas if you advance to each of these his profit in money, he will, on the one hand, be enabled to secure at once the things he needs, and on the other, through the sale of his own products, he will receive back the money necessary to repay the financial credit advanced him.

Mechanical Production—No Provision For Plant Charges

The second class of non-monetised wealth is that produced with mechanical aids, and it is here that the whole community is entitled, by virtue of the use of devices, which are a community heritage, to share in the product, which is thereby immeasurably increased in quantity. It is from this increase that the National Dividend is payable, and the Dividend might be roughly defined as money to be paid to the public in respect of their share in the communal ownership of inventions, and equal in amount to that portion of the prices of consumable goods which represents plant charges.

If you consider the nature of the items, which combine to make up the prices charged for today's industrial output, you will readily note that the machine or plant charges are rapidly increasing their proportion while the labour charges are similarly decreasing. The cigarette machine mentioned earlier is a case in point—perhaps a somewhat extreme one, but symptomatic of our modern trend. In this case direct labour charges in the particular operation involved have decreased from wages for 700 operatives to wages for three operatives, machine charges being substituted for the 697 workers dispensed with.

But the vast majority of machine charges are wrongful debits against the public. For, since the rights to expired patents are admittedly communal property, then those who exploit these for their own advantage should rather pay compensation to the public than extract it from the public. How is this principle to be carried out in practice?

Let us turn to the financing of mechanical production. Industrial production today, as you are aware, is principally carried on by the limited company. Where does the company obtain its funds? They may come from two sources—directly from the banks by way of loan, or through the indirect use of bank loans in their form of the community bank deposits, which result from loans.

Bankers in evidence before the present Royal Commission have informed us that the latter is the

usual way by which Australian companies today are enabled to erect what is called capital plant. Very well. What happens in this case?

The company's first step is to withdraw from the public, through the sale of shares or debentures, the money required for capital development. The next step is to pay this money out again to the public as the plant and its housing are constructed or purchased. The last state leaves the public with no addition to its money supplies, the new industrial plant being represented only by share or debenture scrip.

As the factory begins to turn out consumable goods it includes in each unit of these the maintenance or depreciation charge necessary to keep the plant efficient. But as the public never received any additional money to represent the addition of this capital asset, it cannot possibly surrender money to make good the wasting of the asset.

What happens when industrial plant is financed directly by the banks? In this case, since every bank loan or overdraft is the creation of new money, the new industrial capital—that is, real capital—is for the moment represented by additional money in the community. But presently one of two things will generally happen. Either—as the bankers told the Royal Commission they are now doing—the banks will instruct their clients to substitute fixed loans (i.e., loans derived from savings) for their bank overdrafts, in which case the new money is cancelled through the repayment of the overdrafts, and we revert to the position already outlined, when the additional assets are not reflected by any additional money in the community; or else the industrial company will proceed to try and make the public pay for the plant twice over. This will come about in the following way: Through the prices it puts upon its goods the enterprise will withdraw from the public sufficient money to repay its bank loan. The bank loan having been distributed to the public when the plant was installed, they are in the position substantially to repay it (we need not here go into the question of bank charges). But at the same time as they are doing this, they will also be expected to provide the depreciation or maintenance charges. Thus, having received *once* a sum of money equivalent to the value of the plant, they will be expected to repay it twice.

In each of the above cases, therefore, we find that wastage of capital assets is constantly being debited against a public who have never received a corresponding financial credit to which these charges may be debited.

To some extent, you may say, new machinery is also financed today by a company's using its internal reserves or accumulated profits. This, of course, provides no new purchasing power. Reserves represent money already charged into the prices of consumable goods, but not distributed as purchasing power, and their distribution through new capital production merely enables the sale to take place of goods previously produced.

(To be concluded.)

The Eternal Lie

By CHARLES JONES, in "Social Credit."

The shop is facaded in chromium and ebony. Boots and shoes in the window are stuffed with crimson and purple, and perched like birds, preened and plumed, on cunning glass shelves like crystal leaves on a silver stem.

A woman goes half-shyly through the glistening door on which the sign, "All qualities stocked", is emblazoned, and her small son just escapes being caught like a rabbit in a gin as the sprung door swings softly to.

"What do you require, Madam?" asks the eager salesman.

"I want a pair of boots for my boy—good wearing ones—at about four-and-eleven."

The salesman's face drops a little, until he remembers the manual of the Correspondence College, which recommended job-keepers as well as job seekers to keep smiles in stock.

But he cannot help saddening. Without a conscious thought he realises that he is in the presence of a lie; one of the conventional lies which is the whole conversation of commerce. So he smilingly indicates an inner room, and the woman returns his glance of understanding.

The woman lays her hand gently on the boy's head as she leads him to the fitting room. She knows what she wants. The lad is precious, new humanity. She *wants* a sturdy pair of boots that will keep out the wet and stand up to the batter of little feet, which scuff, and paw, and kick because of the sheer needs of growing life. She wants protection, and comfort, and strength to aid a growing boy. But her *need* is not what she asks for. She tells that lie, honest in its humble beginnings, which is the betrayal of toiling generations. She asks for something within the limits of an inadequate purse.

"What do require, Madam?"

"Something at four-and-eleven!"

The eternal lie.

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