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VOL. II. No. 14.

MELBOURNE, FRIDAY, APRIL 3, 1936.

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Chambers of Commerce

and War

THOSE ADELAIDE RESOLUTIONS

Last week Adelaide began to remind Australia of its centenary by becoming the Mecca, of Sane Finance. J. A. Lyons naturally gravitated there, like the moth to the candle; and from Adelaide the Associated Chambers of Commerce of Australia sent forth the resolutions that we have come to expect from such bodies.

With what might be called the internal resolutions of the Chambers we are not here concerned. It is not, for instance, surprising to find an ex-president, in Mr. R. B. Lemmon, of Melbourne, sponsoring a motion that a Deeds of Arrangement Act should be prepared "to provide for the winding up of estates outside the provisions of the Bankruptcy law, when creditors so desire." As a gentleman who is a professional debt collector—and also as one who in the National Bank's journal a couple of years ago described the banks as "a green oasis on which the eye can rest with pleasure and contentment"—as such, it is only to be expected that Mr. Lemmon should be more interested in the desires of creditors and the winding up of estates than in general prosperity. In the same way, an undertaker can hardly be blamed if he is more enthusiastic about new germs than about new anti-toxins.

But the Chambers passed a couple of resolutions upon which we should like to make some little comment, since they dealt directly with questions of a far reaching and a national character.

A "DEMOCRATIC" TAX

One of these resolutions concerned itself with taxation. In its original form it urged upon the Federal Government:—

"1. That (a) super tax on property income be abolished; (b) income tax be reduced by 20 per cent.

"2. That Federal land tax be abolished.

"3. That sales tax be reduced one per cent, per annum over five years, the first reduction to take place immediately.

"4. That primage be gradually reduced in accordance with arrangements made at Ottawa."

If you suggest that in order of priority the third clause should have been the first, and that the sales tax, which is a wicked impost affecting the poor far more heavily than the rich, should be abolished in its entirety before such things as property super-taxes are removed—if you suggest this, then you will be doing no more than justice. But how did the Associated Chambers view the resolution?

They passed it only when the third clause had been struck out entirely. And their ground for so doing was that the

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incidence of sales tax was democratic!

COMPULSORY MILITARY TRAINING,

The other resolution was as follows:—

"That this conference believes that the maintenance of an adequate defence force is essential to Commonwealth security, and that, to place the defence forces on a proper footing and equitably distribute the burden, the principle of universal military training should be instituted."

You may say that for a conference to request reduced taxation and, in the same breath, to demand huge government expenditure that must heavily increase taxation is utterly absurd. And you would be right.

You may also say that such conflicting resolutions denote a very low degree of intelligence on the part of those associated with them. But wait a moment before you pass judgment.

PROFIT FROM PREPAREDNESS.

When the Associated Chambers met in conference their chairman was Sir Robert Knox. Sir Robert has for years, through his firm of Knox, Schlapp and Co., acted as Australian agent for Vickers, the great armament firm, the professional preacher of, and profiteer by, the gospel of preparedness. Sir Robert was also recently appointed to the board of the Commercial Banking Co. of Sydney, one of those associated institutions, which manufacture the money for armament programmes, and to which preparedness and actual war alike mean profits.

If we may digress for a moment, in case you have forgotten how our bankers spoke during the last war, recall this utterance of G. J. Cohen, as chairman of Sir Robert's bank, in 1916: "During the period since the outbreak of the war we have been able to pay our usual dividend of 10 per cent, place £75,000 to the reserve fund, and pay our officers a bonus each half-

year. It may not be out of place for me to call attention to the urgent necessity that exists for strict economy of everyone, including the Governments. Very great financial sacrifices may yet have to be made before the termination of the war." The sacrifices have duly been made, but not by the bank.

To return to Sir Robert. This same gentleman, in addition to his other associations, is also domiciled in Collins House, Melbourne, and is closely linked with the other denizens of that area who benefit by local orders for armaments—whether it be wool for tunics, or metals for arms, or chemicals for explosives or poison gas. Hence there is no complete lack of intelligence indicated in Sir Robert's

THIS WEEK'S GEM!

In a speech following the launching of the new sloop, Mrs. Lyons, the wife of the Prime Minister, said that, although many people would wonder why she had consented to launch a ship of war, she assured them that, in accordance with a vow registered when she was among the war graves of France, she would do anything she could toward helping to preserve peace.

—Melbourne "Star," March 28.

association with the demand for conscription and preparedness.

And if you look down the lists of the Associated Chambers you will find similar links with those who are likely to benefit, whether you take the new president who has now succeeded Sir Robert—Mr. S. McGregor Reid, of Adelaide, chairman of the Onkaparinga Woollen Co. and banker's associate on that board—or Sir Ernest Wreford, late chief manager and now director of the National Bank, or others who could be named.

J. A. LYONS DOES HIS BIT.

At about the same time as the Associated Chambers were declaring themselves for democracy, via conscription and the sales tax, the Prime Minister, in harmony with their views, was conveying an

item of news to the Australian public from a club luncheon at the Adelaide Town Hall.

After beginning in his usual way, by reciting the litany of the Lyons praises, the Prime Minister went on to say: "Facts must be faced. Britain has been forced to arm in self-defence, and it is Australia's duty also to be prepared in case peace is not made secure . . . We must modernise our defences so that we shall be in a position to put up a fight if we have to. . . It may cost millions, and you will pay those millions cheerfully. First things come first, and nothing comes before defence."

We entirely disagree with almost everything inferred in those statements of Mr. Lyons.

DEFENDING WHAT?

For a start, before you take measures for defence, you naturally see that you have something worth defending. And while it is quite true that the members of the Associated Chambers have a great deal which is worth defending, it is equally untrue to suggest the same of the rank and file of our people. What percentage of Australians are more than a few weeks ahead of the dole? What percentage is out of debt? What percentage owns their own homes? What percentage of the young men whom the Chambers seek to conscript have any better prospect to look forward to than the old-age pension, which is already being drawn by one-third of those who reach the requisite age? If Australia were involved in war tomorrow, which motive would be the stronger to persuade young men to enlist—the desire to preserve the economic security of themselves and their families, or the desire to attain the temporary economic security (at the expense of physical security) which war bestows?

WHO IS THE FOE?

But, even were it true that Australians generally had something more precious to defend than their share of the national debt, before

you take protective measures you size up your possible foe. And who is our foe, actual or potential? Who is the invader against whom it is proposed to "modernise our defences," to instal anti-aircraft and nine-inch guns from Cowan Cowan to Tasmania and Rottneest Island? For whose benefit (other than the obvious) is it now proposed to place huge orders for metals with the Collins House group and for bombers with General Motors-Holden?

Apart from a sudden incursion from Mars, there is only one possible answer—Japan. We need not here retrace the facts often before stated on this page; suffice it to remind the Prime Minister that, if he really does fear Japan in spite of the acknowledgment in Monday's *Argus* that Japan is engaged in a "campaign for hegemony in Asia"—there is a far easier way to secure peace in that quarter than by taxing Australians up to the hilt in order to provide one plane or gun to her every hundred. That way is to allow Japan peaceable access to such of our raw materials as she needs; in other words, to make a reciprocal trade treaty. To do this there is no need to harm the secondary industries either of Australia or of Britain; all that is necessary is to increase the purchasing power of the Australian people to the point where they can buy the whole of their own output. Given this, they could buy, £1 for £1, imports against their exports.

NO MONETARY SOLUTION ADMITTED.

But Mr. Hands-Off-The-Banks Lyons will have none of this solution. Neither will the Associated Chambers of Commerce, which also, for obvious reasons, subscribe to the same sentiments as the Prime Minister. Sooner than deprive the bankers of their power they would consign our young men to a horrible death and their elders to grief and destitution.

The Melbourne *Argus* on Thursday of last week unblushingly admitted that "in Australia the supply of money is determined largely by the state of London balances"—not, mind you, by the supply of goods, which we produce, not by our people's industry or their needs. No; it is determined by what is left over when the international bondholder (i.e., the banker) has had his pound of our flesh. And shortly, if our stall-fed politicians and Chambers of Commerce have their way, the supply of young men in Australia will also be determined by the same bankers' literal demands for their flesh. Unless the effete people of this country reassert their manhood.

WATCH REPAIRS.

Mark Chapman

Chronometer, Clock and Watch-maker

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Swanston Street, Melbourne.
Telephone: Central 7077

*The Hon. J. A. Boyd,
Company Director,
Melbourne.*

Dear Sir,

Speaking as chairman at the annual meeting of the Southern Union Insurance Co. some days ago, you pleaded for "a reduction of the exorbitant taxation imposed during the depression, NOW THAT THE COUNTRY HAS RETURNED TO PROSPERITY." If, as you assert, the country has returned to prosperity, you may care to explain why

1. *Melbourne Hotels Ltd.—of which you are chairman, and whose board comprises such experienced businessmen as Sir Jas. Murdoch, of Sydney, and Mr. Wm. Douglass, chairman of the Australia Hotel Co. Ltd., Sydney—is still unable to pay a dividend to its ordinary shareholders, and at its last balance sheet was owing its bankers over £17,000.*

2. *Rolfe and Co. Ltd.—of which you are a director, and which has as its chairman the Hon. W. A. Watt (on whose behalf you put in a kind word to the shareholders of Dunlop*

Perdieu at their last annual meeting)—was at its last balance unable to pay even its preference dividend, and owed its bankers over £75,000.

We don't want to embarrass you by going into the recent history of these companies, with their sad tale of capital written off as lost, and of dividends unpaid year-after year. If you accept the depression as an act of Providence, you may also advance supernatural reasons for these losses; but, if you can't show dividends "now that the country has returned to prosperity," it seems rather a blue outlook for those who trust you to manage their affairs.

We suggest, therefore, that your only logical course is either to get out as an acknowledged failure, or else to recast your views on prosperity. We submit to you that, as an ex-politician and as one on the outer fringe of the Collins House group, you have been too prone to repeat the stories fabricated for you by the bankers who haven't had a depression since the public last tested their solvency in 1893.

Why not do a little thinking on your own account?

THE NEW TIMES

PANIC IN THE MALLEE

The Weeding Out Policy Goes On—While the Government Cries "No Money"

By M. DARNLEY.

I have been asked to acquaint your readers with the latest developments in the eviction and starvation of the Mallee settlers. In this Kooloonong district a state of panic is becoming apparent. Eighty per cent, of the settlers at Yungera have had their leases cancelled as "unsuitable for Closer Settlement." The water supply was cut off, as it was not practicable longer to continue to spend the large sum annually necessary to keep the channels free from sand-drift and to run the water. This, of course, facilitated the Commission's "cleaning up" campaign, as it listened the evacuation of the dispossessed settlers—it being impossible to remain in occupation with no water. The rainfall is the same as the average on the edge of the desert, 8 to 10 inches, so the maintaining of the water supply for stock and domestic purposes is out of the question by catchment dams—at any rate, in this drift-sand area there are very few catchments. Practically all of the settlers between Yungera and Manangalong have been evicted, with the exception of a handful surrounding the Yungera railway station. Over 20 settlers have also been put off at Kooloonong, and the Commission is still on the "weeding out" process. Twenty-seven, we are told, are yet to go.

SETTLEMENT BY MISREPRESENTATION

When we selected this land we did so in good faith that it was what it was represented to be—wheat land, with an adequate rainfall. We were not many years in discovering that on this semi-arid stretch of marginal country it was impossible to grow wheat, and that as grazing land it was also hopeless. There are only five months of the year when there is any food at all for stock, and the continued fallowing and cropping we have been forced to practise, as well as the perpetual dry summer dust storms, has not allowed the grass to become established. There is no grass in virgin Mallee. Nevertheless, the department contemplates leasing these abandoned areas as grazing land—though the evicted settlers are not permitted to lease any of it.

We do admit that in this Yungera district, at least, the closing

down of the area is justified—but not without an adequate compensation to the settler.

WHO IS TO BLAME FOR THE DEBTS?

The point is usually raised that, in having our debts cancelled, we are more than amply compensated.

The average debt is stated to be between £4000 and £5000. With the contemptible duplicity that has distinguished the settling of the newer Mallee from the beginning, the Board has laid the full blame for the enormous debts upon the settler. We have been insulted as "misfits" throughout the length and breadth of the State in the press. We have had our most intimate household accounts scrutinised by some Jack-in-office during the frightful period of the Coupon System, when we were suspected of wasting the 8d a day we lived upon (and continued to work). The whole burden of the failure of the Closer Settlement Scheme falls upon our weary shoulders, and we are cast aside like worn-out machines. Our chief crime lies in the fact that we were possessed of the pioneer spirit, and of the mistaken idea that we were acting in the interests of the State when we undertook to spend the best years of our lives in opening up what we honestly believed to be land of a quality similar to that of the older Mallee districts.

From the very beginning we worked to a schedule, under the direction and supervision of the Board's officers. We were advanced horses and plant to grow wheat and, although the fallacy of wheat growing was soon apparent, despite our frequently voiced protests we had no choice but to continue.

The Board collected all proceeds, kept all accounts, decided what advances we should get, and ordered the working of the blocks. All machinery and horses were in their name. Nothing was permitted to be used for any other purpose than the working of the blocks—for instance, men who took contracts for road work were ordered to return to their blocks, and told "the Board horses must not be used for any other purpose than the working of the blocks." Sidelines were discouraged by the Board immediately taking a lien over the stock and thus preventing any negotiations.

WHITEWASHING THE BOARD.

Thus it can be seen that the debts were accumulated by the Board, and for the Board, and to carry out the Board's policy of wheat growing; yet, when the awful fiasco could no longer fail to be recognised, instead of openly

admitting that their experiment in foisting marginal land upon the unsuspecting settlers, and enforcing a policy of wheat growing, was a ghastly and costly mistake; instead of endeavouring to make some restitution to the settler, the Board, with a cowardly lack of honesty, began their campaign of maligning the settler and white-washing themselves—for "wrong type of settler," "misfits," "inefficients," became household words. Costly Royal Commissions and Inquiries wasted more money. But no blame must be attached to the department that hastily and unadvisedly offered for selection this enormous scope of semi-arid marginal country, the settling of which swallowed up not only the savings of thousands of men, but induced them to spend the best years of their lives in the impotency of misdirected effort, fated to failure. No compensation can repay them for the long years of unrewarded effort, nor restore to them the years that the locusts have eaten. In poverty must they begin again in their old age, hopeless and defeated, to build up homes for their gallant wives and their children, who are now doomed to a life of servitude.

But what of the Board? More and higher paid officials are appointed to place the Closer Settlement Scheme upon a sound financial basis. The Commission's policy of mutual benefit, in which every settler was to be given a

MR. BRUCE ON FUNDAMENTALS.

The troubles besetting the world were partly due to fear, but fundamentally he believed that economic reasons were largely responsible. —S. M. Bruce, March 21.

Mr. Bruce is progressing. But we are still waiting for him to alter "economic" to "financial."

chance to make good, bears no resemblance to the "cleaning up" campaign now in progress. Why could the general public not be told openly that the Closer Settlement Scheme was an ill-considered experiment and had turned out a ghastly failure, and that thousand of settlers were to be discarded? Why is this terrible situation glossed over and the Commission hailed as a deliverer of the settler? Why have we no appeal but to the Commission in the event of cancellation of our leases—the Commission being in the unique position of plaintiff, jury and judge?

However, we have reached the limit of gullibility and are now demanding what we are justly entitled to—compensation for the duplicity and the injustice practised on us. In this British community surely we can obtain justice. We will fight to get it.

"Prosperity" in Britain

A warning in *Social Credit*: —

"A period of prosperity is coming. It will not be the real prosperity of National Dividends, as those who are unemployed will be no better off.

But more will be employed. There will be more money about. How is this?

"Because the banks have willed it so. By lending hundreds of millions of new money to the Government and to public companies (armament programmes and railway improvements, for example), they are pumping more money into the community and making it possible for more work to be done and more things to be bought.

"But let no one be deceived. This is prosperity on sufferance, 'by kind permission' of the money power. And it is not a gift. Our own prosperity is lent to us, to be repaid later with extortion and misery.

"Let the fair face of the false dawn fool no one of us."

THE PEOPLE'S MOVEMENT TO ABOLISH POVERTY

How to Make the People's Will Prevail

A Call to All for Action

In this age of applied power and mighty machines plenty for all is a practical proposition.

Thanks to the industry, the inventions and the resources of our forefathers, we are the inheritors of a wealth of scientific knowledge and technical skill.

We live under a democratic system of government. It is a principle of the Constitution that the sanction of power over all the forces of the State, which are vested in Parliament, exists to ensure that *the will of the people shall prevail*.

How, then, amidst all the abundance of our industrial production and under a system of free democracy can we explain the unnecessary poverty and insecurity around us?

Is it the will of the people of this country that starvation shall continue in the midst of plenty?

Can it be that democracy has failed? Many people are telling us so. At first glance it would appear so. But a little further thought shows that democracy has never yet been tried.

Hitherto at a general election the issue (that is, the question of what the people are to vote about) has always been decided by a few heads of political parties. This is by no means an essential principle of democratic political procedure, but it is the cause of the apparent failure of democracy.

If we are to save our birthright of democracy, we must accept our responsibility as democratic citizens by *voicing our will*. We must stop letting politicians tell us what we want, and, instead, tell the politicians what *the people want*.

ELECTORS MUST CHOOSE

THEIR OWN ISSUES.

We must not again be sidetracked by such election issues as the "Restoration of Confidence," "Finding Work for the Unemployed," "Export Markets" and "Trade Treaties." No, We must *demand* what we want. We must fix our minds on the wealth, which our industrial system can produce, and plainly state that it is our will that this wealth shall be distributed. If real democracy had been practised at the last election, the candidates of all parties would have been told in unmistakable terms that it was the will of the people that poverty be abolished, not represented. And there would have been no doubt as to the result.

There is one way, and one way only, by which the present poverty, misery and insecurity can be ended: *The electorate must itself decide what it will vote about*. We must no longer allow ourselves to be confused by the various red herrings known as "Party Programmes." Only by practising democracy can we have it.

THE ATTACK ON DEMOCRATIC INSTITUTIONS

The urgency and importance of this matter will be seen if we realise that unless we rouse ourselves quickly to practise democracy it will soon be impossible. For some time now, powerful influences have been at work attempting to discredit the principle of democracy, and offering as alternatives various forms of dictatorship, such as Fascism, Nazism, Communism, Rationalisation, Planned Economy, etc., all of which are inspired by the motive of superseding democracy, and making it impossible for the real will of the people to be put in operation.

The object of these anti-democratic schools of thought is the *Servile State*, in which the people will be regimented and dragooned by and autocratic minority, whose

first act will be to consolidate their position by making it a crime to attempt to depose them.

THE PEOPLE'S WANTS ARE CLEAR, SIMPLE AND FEW.

The situation demands that we use our political machinery for a clearly defined economic object. If we do not, we shall lose our political rights, and with them lose our power of demanding what we want.

What the people want is quite simple.

They want economic security, combined with liberty. In other words, they want *economic democracy*.

This can be obtained. The means to obtain it exist—namely, the Parliamentary Vote. We must use it for demanding the Abolition of Poverty and the distribution of the National Dividend, and refusing to vote on any other issue.

ELECTORS! REALISE YOUR RESPONSIBILITIES—WIELD YOUR POWER

—The People's Movement to Abolish Poverty, Room 8, The Block, Elizabeth Street, Melbourne.

Western Australia Establishes Douglas Club

By THE ODD JOB MAN

The W.A. Douglas Movement will, on April 13, take a big step forward by moving its "headquarters" to much larger premises and at the same time opening the W.A. Douglas Club.

This move has been under consideration for several months, but the big difficulty was to find suitable premises at a reasonable rent. Here are the particulars—will interested readers make a note for future reference? Address: 419 to 421 Wellington Street. The premises are above John Wills, and next but one to Boans. The rooms are on the second floor. The main room is ninety feet long and thirty-three feet wide.

It is now a question of "what are you going to do about it?" To make the club all it must be we require chairs, tables and other furniture. We require at least one hundred chairs at once. Now, who will donate a chair or chairs? The generosity of one of our members makes it possible for us to procure chairs, of excellent quality, at eight shillings each (the Just Price with a vengeance); send your cash donations and we will order the chairs. How about giving a social evening in your home, a "chair evening"? If metropolitan friends care to donate a chair and will notify headquarters we will collect them. I hope next week to announce the date of the official opening of the club.

SPECIAL CONGRESS.

From reports to hand the Special Congress, to be held on Easter Sunday, will be a big success and will strengthen all branches of our work.

Branches throughout the State are reporting plans for the autumn and winter campaign, and our objective, to double our membership, will certainly be reached.

UNITY OF OBJECTIVE

By the next mail Mr. R. J. C. Butler, our State Director of the Abolition of Poverty Campaign, is submitting to all States a plea for unity of objective. This is so important, perhaps the most important question for our Movement that I do not hesitate to appeal now to all sections of our Movement to begin exploring the idea of unity—not of organisation—but of objective.

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BANK PROFITS AND RESERVES

By BRUCE H BROWN

(By arrangement with the "Castlemaine Mail.")

What a pity it is that so few of us can make it convenient to attend the meetings of the Monetary and Banking Commission in person to see and hear the great things they are doing there. It is true we are not getting very lengthy reports in the press, and that there is a significant oneness about the reports we do get; but, all the same, the Commission does meet with reasonable frequency and must be hearing something.

Occasionally there is a bit of a flare-up, tending to make it appear that things are being probed to the very bottom. It has been said that if you wish to distract people's attention from anything important you should start a Punch and Judy Show with plenty of "fight" in it. Quite a realistic Punch and Judy Show is being staged for the people now, and we see it in the make-believe acrimony and "non-agreement" between the Commonwealth Bank, the Loan Council, the trading and other banks, some of the Premiers, and good old Treasury "Bill." The last named is a swindle in himself. If he goes to the public, he causes deflation—i.e., he gives less money for more goods; but if he goes to the trading banks, he causes inflation—i.e., he takes more money for less goods!

This Punch and Judy Show is designed, we think, to impress the Commission, for while it does not expose the fact that the Treasury Bill business is a racketing swindle, it does help to keep the people's mind off any inquiry about money and its origin. So far, even the Commission itself has shown no concern whatever about this vital aspect. And is it not peculiar how the bankers' Premier from New South Wales, on the very eve of enjoying one of the usual rewards for adhering to bankers' finance, has felt called upon to join in the Show and talk about Treasury Bills, the Bank Board, Interest Rates, and the rest? Can you imagine these real friends having a genuine row simply for the people's welfare? The thing is so transparently unreal that one wonders how the people can fail to see that it is all part of the scheme of the Money Controllers to hide the real issue from them. We have verified that the official title of the Commission is the "Monetary and Banking Commission," but this must have been a mistake. All the "inquiries" to date concern banking procedure and technique. Nothing has been said or done about the monetary business, or, as the Prime Minister of New Zealand calls it, the Ned Kelly basis of the Banking System.

THE COMMISSION DEFIED.

There seems to have been at least one unrehearsed incident, and that arose out of the inquisitiveness of one of the Commissioners. This Commissioner asked Mr. W. A. Leitch, general manager of the Union Bank, to indicate the allocation of his bank's profits to reserves in 1926 and subsequent years (vide "Age" of 25/2/36), and up to that time the question was about the only really important one that had been put. But Mr. Leitch declined to answer.

When we realise that at the first question of importance the

Commission is practically defied and the banks refuse to answer, we cannot help imagining what an uproar there would have been long ago at some of the questions to which answers would have been insisted upon by a Commission consisting of genuine monetary reformers who had made a study of the subject. We are, still hoping that the Commissioners will not be put off regarding bank profits and reserves. If they cannot get the information they need, let them tell the Government straight out that they are not prepared to continue the perpetration of a farce, and will carry on only if clothed with adequate power to demand and secure all the relevant facts.

DETRIMENTAL INFORMATION.

Did you notice the "reasons" Mr. Leitch gave for not supplying the particulars? They should be indelibly inscribed on parchment and framed. The first was that "if the information leaks out it would be detrimental to the bank"; and the second was that "it may have a detrimental effect on the general public." The bank first and the public second! Will you read the reasons again? Why, do you think, would the information be detrimental to the bank? He did not say "might" be detrimental, but used the definite term, "would" be detrimental. You will recall that an earlier witness (the chief manager of the National Bank) had admitted the adoption by his bank of what he called a "cautious" policy in 1928. With this in mind we are surely entitled to assume from the evidence of Mr. Leitch that there has, in fact, been steady deflation by the banks since 1926 in the form of undistributed profits. The probability is that if the profits had been fully distributed the rate of the dividend would have made an invidious contrast with the decreasing margin of profits earned in other businesses, and, more particularly, with the rate charged by the banks for overdraft advances. In this respect we would invite you to notice the case of the Bank of France, which wrote the book value of its Head Office down to one franc, and now, since one of its main avenues of creating hidden reserves is no longer available, pays a dividend of 60 per cent! Force of circumstances is impelling more and more businessmen to look into these hitherto secret and mysterious things, and it probably would be detrimental to the bank if honest men who had been forced into bankruptcy did get to understand exactly how it had been done and how the banks had come through "unscathed."

THE REAL OBJECTION

And what precisely do you think Mr. Leitch meant when he said "and may have a detrimental effect on the general public"? Was it that those who have been taken in by bank propaganda as to the "public services" rendered might be gravely disillusioned by the real figures? Or was it that if the public did understand the truth of the matter the banks would seek to put them through another 1893 experience? It has been a great convenience for the banks to quote figures making a feature of the moderate dividends they have paid during the "depression" years, stressing the "soundness" of their principles, earning a steady but safe profit—"such as is expected of the trustees of the public credit" etc. and naturally there would be some embarrassment in having to reveal that after all they had not been quite so pure. Unless they really fear that the public would demand payment

from the banks and find that they could get only about three shillings in the pound, the suggestion that the public might be harmfully affected is sheer camouflage; the real objection is that the banks themselves would be seriously affected in the eyes of the public, who would at once realise why we have heard so much newspaper talk about "confidence" and lose confidence in the banks, which confidence is the basis of the banking confidence trick in creating credit money and holding the community in pawn for it. That sounds a little involved, but it contains plenty of confidence, and if you will go over it again you will soon get its meaning.

As a matter of public policy, the practice of a private corporation withholding information on vital matters, which concern the welfare of the people as a whole, cannot be too strongly deprecated. It is a practice, which is indefensible on any grounds. If the banks really occupy the position of "custodians of the public credit," and are what they continually hold themselves to be—i.e., institutions which are animated mainly by a desire to ensure the maintenance of public welfare and to earn profits for their shareholders as a mere incidental to their self-imposed philanthropic duties—then complete disclosure of all the relevant facts should be made without any question at all. The backing and filling, the sparring and feinting, alternating with sulks and threats, only increase the doubts as to their actual bona fides. But then, of course, we have Mr. Leitch's own statement that he never did regard honesty as a policy.

THE ATTITUDE OF THE CHAIRMAN

A surprising, and to some extent a disquieting feature of the Commission to date is the rather obviously apologetic bearing of the Chairman (Mr. Justice Napier). Why should he say such things as, "I am obliged to point out . . ." "Whatever we ourselves might think . . ." "Our action is not inquisitorial; we are

merely seeking to do the duty thrust upon us"? It is obviously the duty of a Commission to inquire, and if Mr. Justice Napier is not prepared to carry out that duty he has no right whatever to remain as a member of the Commission, much less as its chairman. And did you note the words "thrust upon us"? Is it to be inferred that his Honour did not want the position? We know quite well that the Commission was not wanted by the banks and their apologists, and also that there appeared to be some difficulty in selecting a personnel which would be above criticism and yet sufficiently subservient not to press awkward subjects and questions. His Honour's professional reputation, however, would hardly allow him to pass by such an obvious line of inquiry, and so in deference to the banks he is "obliged" to point out, and shows the greatest reluctance to embarrass them in any way.

We are also told in the "Age" report that the Chairman said: "The question is whether the banks throughout the depression have been making unreasonable profits." The extent of bank profits is only a minor issue, and if his Honour does not know this he is occupying a position for which he is not fitted. It is much more important that we should know what they did with the profits. Distributed profits are purchasing power in the hands of those who receive them, but profits hidden away in secret reserves are frozen and no longer function as purchasing power. This latter is the most insidious form of deflation, and it is probable that the few genuine people with small holdings of bank shares would be disturbed to know that profits to the extent of 7 per cent, are being distributed to them, while profits to a much greater extent are being tucked away secretly. Even this, however, is still a comparatively minor point. The real point is—who manufactures the money that forms profit, and why was there a shortage of money at a time of expanding production? In other words, why did the symbols decrease when the real things were increasing?

"CONCOMITANT OF A FALL IN PRICES."

Mr. Leitch also said: "The depression is the concomitant of a fall in world prices." Concomitant means "an accompanying thing," and if we simplify the sentence we find he meant that when prices fall there is a depression. That does not sound very clear, nor does it even explain anything. It is the same as saying, as a medical student once said in an examination, "Diphtheria is a disease caused by the bacillus diphtheria;" or that "An archdeacon is a man who performs archidiaconal functions." The statement of Mr. Leitch must have dazed the entire Commission, for not one of them seemed to recover sufficiently to ask Mr. Leitch why world prices fell and who started the fall. May we emphasise that? Why and who? It did not start itself, and it is obviously no answer to say, as one prominent banker did say, "Prices fall because they fall."

Prices fall for one of two reasons. Either:

(a) The sellers of the goods lower the prices voluntarily because there are so many other sellers and so much merchandise that must be sold, or because buyers are scarce; or

(b) The sellers of the goods lower the prices of the goods because they are forced to lower them for the same reasons as in (a).

Was it because there was a glut of everything and the people of the world had all they needed that process fell so suddenly and so alarmingly in 1929? Or was it because, through a deliberate lowering of financial "values," the people of the world, though desiring intently to share in the abundance of

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of production, had not the wherewithal to claim the goods and so could not be buyers? That the latter was the explanation can be proved, and this immediately gives rise to the further question, "Why could the people not get what they needed when the prices were lowered?" The answer is that since the banking policy of deflation had deprived them of their money supplies they had no tickets of claim, and that no matter how low prices may fall (short of falling to nothing), the people of the world cannot buy unless they are first provided with money.

WHY THE BANKS WERE NOT DAMAGED.

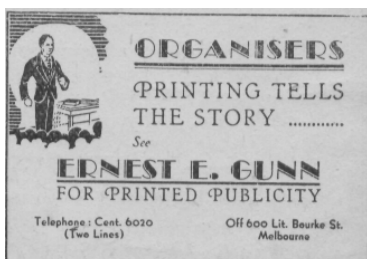
Now it stands to reason that the lowest level to which prices can fall is the figure representing cost plus the minimum profit which is necessary to make it worth while to continue in industry. Goods cannot be sold indefinitely below this price level without leading to the bankruptcy court, to liquidations, or to the writing-off of capital. It was because business houses could not get this minimum price level that the number of bankruptcies increased by more than 100 per cent, and unemployment jumped up 400 per cent. But while this disaster was overtaking industry and the worker, the banks were "nobly withstanding the shock." We are told now that the structure of commerce and industry has been maintained, "damaged, perhaps, but still intact." No one suggests that the banks have been "damaged"—that, apparently, is not likely to happen to them unless the truth "leaks out" (as suggested by Mr. Leitch). It is true that they did stand foursquare to the crisis. In fact, they were the crisis, and they were able to stand so strongly because, firstly, the crisis developed as they intended it should, and, secondly, because, where the banks are concerned, profits and losses are only matters of pen, ink, paper and figures. And it is only now that the Australian public is waking up to the fact that these private manipulations on paper have controlled, not only their goods and tangible assets, but the very activities of the people as well.

No wonder Mr. Leitch hesitated to be frank with the Commission and asked for the opportunity to consult with his un-Australian directors living in affluence in another country.

BOOKS ON MONETARY REFORM

Why Poverty In the Midst of Plenty? By the Dean of Canterbury. . . . 8d.
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Simple Interest for Simple Simons

"What is all this bother about interest?" asked the financial editor of the *Argus* a few days ago. Then, answering himself, he told us: "The truth is that those who see Australia emerging from the depression without their help need an Aunt Sally at which to aim utterances designed to impress a gallery."

Proceeding to particularise, the *Argus* editor drew a lovely little sketch: "A man saves £100. He does not put it in a jam-tin and bury it in his backyard. He looks round for somebody who can put the money to work and is willing to pay something for the use of it. . . . It is this man with his £100, and the thousands like him whose savings go to make up the pool from which all loans—Government and private—are obtained. Whether the Government or a private individual can borrow that £100 at a reasonable rate of interest depends in a great measure upon the confidence its owner reposes in the borrower. Confidence is the mainspring of the money market, and the amateur may destroy it."

As a fairy tale, this little confidence story may be quite suited to the Simple Simons who look to the *Argus* for their daily chapter from the gospel of *Sane Finance*. But if there be any such who may happen, by an untoward accident, to read this also, we would suggest to them that they ask the *Argus* editor, in his next fairy story, to explain also:—

1. Whose savings are a penny the less when a bank makes a loan?

2. How savings arise, unless a bank first makes a loan or a purchase?

3. What happens to "the pool from which all loans are obtained"

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when banks call up overdrafts or sell securities?

4. How can interest—whether "at a reasonable rate" or otherwise—be paid unless the banks create it likewise? Or does the editor of the *Argus* still believe that "money makes money"—and that Father Christmas comes down the chimney?

Certain Schoolmasters and Conscription

On page 1 of this issue we refer to the announcement in favour of conscription made by the Associated Chambers of Commerce in Adelaide last week. This is all in accordance with the war propaganda campaign, which was analysed at some length in our issue of March 6. And it may be worth noticing, as a sidelight in the campaign, how men in semi-public positions are now being drawn into it.

Immediately the Adelaide resolution was promulgated, the *Fink-Murdoch* paper in that city, the *Advertiser*, canvassed the heads of several Adelaide colleges for their views. Needless to say, only those were published which were entirely in favour. Needless to say, also, pride of place was given to a clergyman who could be found to endorse conscription, in the person of Rev. Guy Pentreath, headmaster of St. Peter's College. This reverend Guy gave as his reason that "it improved the smartness and bearing of the boy." His views were endorsed by Mr. J. F. Ward, of Prince Alfred College, who said that, from the medical examination point of view, compulsory training was important. Both of these gentlemen were inclined to think that voluntary enlistments were retarded because the cost of uniforms had to be borne by the parents of the boys.

Mr. N. M. G. Gratton, of Scotch College, said: "Such training gives youths an opportunity to command and be leaders, as well as allowing them to recognise that there is a constituted authority. Also," he added as an afterthought, "it improves their physique."

And Mr. K. W. A. Smith, the head of King's College, supported the proposal mainly because he considered that every boy should be able to shoot.

Taking first the last of the educators, it is apparently his conception of education that it should include a knowledge of how to kill—since proficiency in shooting, unless with that end in view, seems rather meaningless. The Scotch College gentleman glorifies militarism as teaching boys to command and to obey—the old "power" complex, as distinct from that of cooperation. Incidentally, in so far as a certain amount of dis-

cipline or self-restraint may be necessary in any well-ordered society, if the head of Scotch College and his staff cannot impart this without bringing in the sergeant major, it is surely time they acknowledged their incapacity and resigned.

The striking thing about the attitude of the whole quartet, however, is the manner in which they are content to blink the facts of life. Military conscription would improve boys' general physique; it would ensure medical examinations; it would provide clothing, and so on. Does the enforcement of conscription cause doctors, drill instructors, or wool to come into existence? Or does it merely, by removing *monetary impediments*, enable existing facilities to be made use of?

But canvass these gentlemen as to whether we should remove the existing monetary impediments without recourse to war preparations, and what result would you get?

Paying the Copper Piper

During the past week there has been a certain amount of criticism regarding the decision of Melbourne's Metropolitan Board of Works to allow only copper service pipes for water connections. This criticism—or that part of it which has been allowed ventilation in the daily press—has mainly concerned itself with supplies. We have not noticed much said about prices.

The general decision of the Board is an excellent one, and there would be a better water pressure and far less labour in tearing up and re-laying pipes if all domestic connections were entirely of copper from mains to taps. We have no complaint on that score. But, unfortunately, a very important question which intrudes itself on the ordinary householder who considers this and similar improvements is, how is he going to pay for them?

In the case of copper pipes, apart from the general shortage of purchasing power in consumers' hands, there is the added complication that the heavily protected copper industry of the Commonwealth is a virtual monopoly. The Port Kembla works of Metal Manufactures Ltd. are the only manufacturers of copper tubing in Australia. Metal Manufactures Ltd. is owned and controlled by the same interests as control practically the whole of Australia's zinc, lead and copper supplies. And its board includes the ever-recurring Collins House names of Sir Colin Fraser, Alec. Stewart, Colin Templeton, M. L. Baillieu and Sir Walter Massey Greene.

Before the consumer is forced to draw necessary supplies from a monopoly, it is surely appropriate that the monopoly's prices and marketing methods should be investigated.

THE "NEW TIMES"
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AN ADVERTISEMENT FOR AUSTRALIA

Who Is Responsible?

One of the most widely distributed commercial publications in the world is the yearly *Commercial History and Review*, published by the London *Economist*. Nor is this surprising, for it contains the principal commercial and financial statistics of some forty odd countries. The review of 1935, the seventy-third of the series, arrived in Australia last week.

Included in the issue, as would be expected, are advertisements for many financial institutions. An analysis of the complete list of notices in the 1935 *Review* shows the following: Advertisements for books on banking and finance, 1; advertisements for insurance companies, 6; advertisements for banks, 31. There is one other advertisement, which consists of a half-page headed, "Australia—*Sound Financial Position*."

The advertisement begins: "In 1931 Australia set herself the task of adjusting her financial and economic structure to the conditions brought about by the fall in world prices. The following facts and figures indicate the measure of her achievement."

"FACTS AND FIGURES"

The "facts and figures" are grouped under eight headings: Budget Results, Taxation Remissions, Sinking Fund, Interest Reduction, Railway Results, Trade Balance, Industrial Revival, and Trade With Great Britain. And here is how they are treated:—

BUDGET RESULTS

"In 1931 there was an anticipated combined deficit on Commonwealth and State Budgets of £40,000,000, but the budgeting position has since then progressively improved. For the year 1934-35 the deficit in the combined Commonwealth and State Budgets was only £3,050,000. On the Commonwealth Budget there have been four successive surpluses, that for 1934-35 being £711,000."

Apart from the manner in which the recent Federal surpluses are put in the front of the window, while the State deficits are modestly placed in the shadows, this statement is dishonest. Nearly the whole of the increase in our public debt (of which more will be said in a moment) should properly be added to our annual deficits, since it has resulted in very little addition to our real capital assets.

TAXATION REMISSIONS.

"These results have been accomplished despite substantial taxation remissions by both Commonwealth and State Governments. In the last three years the Commonwealth alone has remitted taxation to the extent of £9,980,000, and restored cuts in wages and salaries, Old Age and Soldiers' Pensions amounting to £3,318,000."

The following are the real figures of taxation (years ended June):—

Commonwealth: 1931, £50.4 millions; 1932, £53.9 millions; 1933, £56.1 millions; 1934, £56.4 millions; 1935, £58.7 millions.

States: 1931, £35.8 millions, 1932, £32.7 millions; 1933, £37.3 millions; 1934, £34.4 millions (decrease in N.S.W. only); 1935, £32.7 millions (decreases in N.S.W. and Queensland only).

SINKING FUND.

"£32,000,000 has been contributed to the National Debt Sinking Fund in the last four years, during which the annual payments have progressively increased. In the current year payments to sinking fund will amount to £9,100,000, compared with £6,768,000 in 1930-31."

This statement, like that of "Budget Results" above, conveniently ignores the increase in the public debt. At June 1931, the funded public debt of Commonwealth and States was £1,156 millions; at June 1935, it was £1,242 millions—an increase of £86 millions. During the same period the short term of "floating"

Debt increased from £53 millions to £78 millions—an increase of £25 millions. Thus, against the credit of £32 millions paid into sinking funds during those four years there is a debit of £111 millions for increased debt, leaving a balance on the wrong side of £79 millions.

INTEREST REDUCTION.

"While Sinking Fund payments have increased, the interest bill has been progressively reduced, due mainly to conversions of internal and external debt. For 1934-35 payments for interest were £14,500,000 less than in 1930-31, a reduction of £2/8/10 per head"

An example of these "progressive" reductions:—Interest payable in Australia on Commonwealth and States' funded debt was: 1932, £23.0 millions; 1935, £23.7 millions.

The statement also overlooks that £3.9 millions of the annual interest reduction represents suspended interest on our "War Debt" to the British Government.

Likewise, offsetting the temporary reduction in rate of interest was the increase in our capital debt during the same period of over £11 per head.

RAILWAY RESULTS.

"The railways of Australia are practically all State owned and controlled. The net earnings for the year 1933-34 amounted to £10,379,000, or 3.17 per cent, of capital cost. This compares with 2.12 per cent, in 1930-31. The results so far available indicate a still further improvement"

A trifling oversight in this recital is the omission of the word "trading" between "net" and "earnings." The true net earnings of our State railways, after allowing for a trifle of £13 millions for interest on capital cost in 1933-34, were an added debit of £2,739,954.

TRADE BALANCE.

"The overseas trade results for the last four years have resulted in the accumulation of funds in London greatly in excess of the amount required to meet overseas interest payments. The favourable balance for 1934-35 was £16,000,000, and, with the rise in wool and other commodity prices, a still more favourable balance is anticipated for the current fiscal year."

While you are gasping for breath at this, read the following extract from a financial editorial in the Melbourne *Argus* last week: "As £28,000,000 annually is required to service Australian overseas loans, the net deficit incurred in 1934-35 was £12,000,000 sterling, and on the trade figures for seven months of the current year it does not appear likely that there will be a surplus of more than £20,000,000 available in London."

Have you recovered your breath? Now ask yourself is it not a fact that the trading banks' London funds are so low that the banks have for a considerable time refused to disclose their figures? And is it not a fact that the reason publicly given for the latest deflationary move against the Australian people is the need to build up the same depleted funds?

INDUSTRIAL REVIVAL

"Industrial conditions have shown a steady improvement since (Continued on next page.)"

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1931. Unemployment has been reduced by 50 per cent and the number of employees at work in factories is now greater than at any time since 1929. The amount on deposit in the Australian Savings Banks at 30th June, 1935, was £218,000,000, an increase of £25,000,000 since 30th June, 1931."

The average deposit per head of population in the Savings Banks at June 30 was as follows: —1929, £35/5/3; 1930, £33/13/1; 1931, £29/12/6; 1935, £32/8/3. In any case, as our supply of legal tender money has not increased since 1931, increased bank deposits in some accounts merely mean increased liabilities in others—and it must be remembered that the liabilities carry a higher rate in the interest to be paid than the deposits do in the interest to be collected.

As for the improvement in industrial conditions, how much of it is due to a better and more assured standard of living amongst our people, and how much to the progressive increases in our governmental and municipal debts—the only department in which constant progress can always be reported? What would be the figures of destitute unemployment if government works were stopped? And to what extent, during this period of so-called industrial revival, have real wages been raised?

TRADE WITH GREAT BRITAIN.

"With the improvement in internal conditions Australia's purchasing capacity for British goods has steadily increased from £17,410,000 in 1931-32 to £31,440,000 in 1934-35. At the same time Great Britain's share of Australia's import trade has increased from 40 per cent, to 44.5 per cent."

Yes; and as a result we are now faced with two major crises:

- (1). The loss of our exports to foreign countries, which find it impossible to buy from us if we do not buy from them.
- (2). The loss of our general buying power, through deflationary bank action, because our sales to Britain have not increased sufficiently to preserve that margin which is necessary if we are to meet our annual obligations for interest and dividends payable to bondholders domiciled in Britain.

We have given every word of the advertisement. Is it a true statement?

We do not presume that the *Economist* singled out Australia, of all countries in the world, for this glowing and fanciful description entirely as a goodwill gesture. We presume the space was paid for by someone. And we presume that the bill, in due course, will be forwarded to the taxpayers of Australia.

Is any taxpayer sufficiently interested to forward this to his Federal member with the request that he ask in Parliament—

1. Who ordered the advertisement?
2. Who is responsible for its wording?
3. Who authorised such flagrant misstatements, and for what purpose?
4. What similar advertisements have been issued abroad, and at what cost?

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EXPELLING NATURE

By a Correspondent in the "Economist."

Most Governments, including our own, have now established, to their entire satisfaction, the principle that the human race at large is not to be trusted in economic affairs. It is less generally recognised that Nature herself is by no means a satisfactory performer on the economic stage. It is high time that she were subjected to a good deal more supervision and control than she has hitherto experienced. Private enterprise has meekly "accepted the universe." But in future Nature will have to reckon with Government departments, and she will find that sample of humanity rather less tractable.

For example, the report recently issued by the Eggs and Poultry Reorganisation Commission accepts the procession of the equinoxes, but is not prepared to lie down under the resulting tendency for eggs to be more abundant (and therefore cheaper) in the spring than at other seasons. Now, there are two ways of looking at seasonal phenomena. The unsophisticated citizen, in his gratitude that Nature at regular intervals makes things abundant and cheap, forgets the converse—that at other times they are less abundant and dearer. The ordinary man, on seeing June strawberries, may babble that possibly God could have produced a better berry, but certainly He never did. But a departmental committee would be bound to draw attention to the erratic behaviour of Providence in the matter of supplies.

The Eggs Commission, therefore, has recommended that the appropriate Marketing Board should store eggs in the spring and dispose of them later in the year. So far, so good. But another of Nature's shortcomings—the existence of foreigners—i.e., people with a lower standard of living, who are always more prosperous than ourselves. *Expellas naturam*, but the foreigner will rush in—if we let him. "Obviously the whole purpose of the plan would be lost if eggs from overseas were to flow into the home market to replace those that were removed for storage." The mobility with which, as a result of past neglect, the egg trade has been infected has even spread to the internal market. If, argues the Commission, to take an extreme case, eggs were stored in Scotland to maintain prices, but no storage were undertaken in England, an immediate influx of Sassenach eggs would rob Scotia of her anticipated advantage. In short, the English would "put one over" on the Scots, and before such a monstrous conception History veils her face.

Only in these enlightened days have we realised the enormity of the economic iniquities for which the spherical shape of our planet is responsible. Willy foreigners, wedged between us and the equator have for decades been taking surreptitious advantage of the earlier ripening of their vegetation. Here, as our leading journal has pointed out, is unfair competition at its fairest. Happily, however, "our indiscretions sometimes serve us well," and Britain's Tariff Commissioners, instructed to correct this vagary, have found a way of using even the internal unsophistication of the British people in order to circumvent the foreigner. The Commission found that the island race persists in wearing overcoats and winter underclothes for weeks longer than necessary, and has every year to be educated anew. The Commission might have recommended street processions in honour of Flora, or a stately pronouncement over the wireless: *Iam ver egelidos refert tepores*, but they had something better up their sleeve. "There is always," said the Commission, "a certain slowness on the part of consumers to realise that the season for any particular product

has commenced, and imports, even during the period when they are of a luxury nature, tend to develop the demand in readiness for home supplies." In other words, foreign fruits and vegetables might come in free so long as nobody bought them; but the duty must go on immediately consumers recognised the queer-looking object on the counter for a cauliflower. The rage of the foreigner at thus being used as bait can well be imagined.

But no one has yet pointed out that, *mutatis mutandis*, what applies to latitude applies also to longitude. Some time ago, the tendency of the depreciation of the yen to run ahead of that of sterling completely baffled the City. The explanation was simple. The Kobe Exchange opens ten hours ahead of London. The Japanese cotton merchant gets his orders and confirms them by the evening mail before Lancashire is out of bed. How can we keep any trade east of the Greenwich line? A Royal Commission, with power to co-opt the Astronomer-General, is imperative.

A PLEA FOR ACTION

By NEIL SMITH, Q'land.

Queensland is throbbing with the spirit of reformation, that same spirit which drove the Crusaders to the East... gaily bedight and caparisoned. A long-oppressed people are rising on their toes preparatory to making history in an age already historical. And this is a plea for action, not only to Queenslanders, or Australians, but to the wide world.

Look into the next-door garden, search your own hearts; meditate on poverty and plenty; go out and see the destruction of commodities, and the tragedy of the unploughed field. When you have read in the League committee's report that 2,400,000 people in 1934 died of starvation, and 1,200,000 committed suicide, read further and discover that 1,000,000 freight car loads of grain, 560,000 cwt. of sugar, 50,000 cwt. of rice, and 50,000 cwt. of meat were destroyed in the same twelve months. Read further still and learn that in this year of disgrace, 1936, 30,000,000 acres are to go out of production in the United States to do away with the vast crop surpluses, while, in the same country, 24,000,000 persons are dependent on relief. Read on and on until you find growing up within you a burning indignation and a will-to-do in the great cause of man's emancipation from such idiocy. You know it is wrong. Lord Bledisloe, when he said "35 per cent, of the inmates of New Zealand hospitals were there owing to malnutrition in childhood," painted a picture for you of a myriad starved faces, and a myriad little bony feet paddling in milk which had been poured to waste in the gutters.

The time is close for us to move into a new sphere of action. We dare not stay idle. Can we tolerate a day longer poverty in the midst of plenty—white slavery instead of marriage—the dole instead of the dividend—the hostel and its quicklime and its vermin instead of the University—depravity and degradation and misery instead of the beauty, laughter and freedom which are bound close in the chains of an archaic monetary system?

Dare we stand by while the place-seeking moralist points at man as the despicable victim of his own greedy passions, wallowing in animalism, and born with the dark cancer of sin under the baby skin, and the fierce lust for power in the infant mind? While the moron press spreads out for the illiterate in letters like those on a child's blocks rape and suicide, murder and destruction? While false rhetoric from the pulpit reverberates in denunciation of man,

the Caliban, and divorced from all reason chants the praise of an impossible and vengeful God in heaven rather than of the God of Love Who inhabits the hearts of men? And while finance twists tighter the chains upon the wrists of humanity? Dare we stand by?

As long as we remain idle critics, we are countenancing conditions, which are driving our citizens into the hands of the money-lenders, who tighten the net, and inspire fear, and drive to suicide. A press comment states: "It is not uncommon for circulars to be distributed through sections of the Public Service by money lending firms with the object of inducing officers to avail themselves of loans on apparently attractive terms and without tangible security, in the knowledge that the salaries of borrowers may be garnisheed without expense."

"In 1927 garnishee orders against officers in one department of the Public Service were 243. In 1933 they totalled 1800, 75 per cent, of which were in favour of money-lenders." And the Public Service Board can only suggest "a charge for collections, thus compensating the Commonwealth (Oh, gentle irony!) for the time and labour involved."

There is plenty in the world, and it is proclaimed alike by king and peasant, by all save those who benefit from scarcity. There is plenty of everything except money, and the dearth of money hangs man upon the Cross of Life, and crucifies him daily, weekly and yearly for the sake of a system, and to conserve the powers of a few hungry barbarians who have risen to omnipotence on the shoulders of science.

Ludwig Lewisohn said: "Science has put into the hands of the pagan—the ruthless industrialist, the mad nationalist, the professional militarist—(into the ultimate control of financiers) engines of power which would have made Rome shudder."

Dare we let such a state of affairs continue?

Act! Act now! For tomorrow means that one more brick has been cemented into that pyramid of power against which our strength must be directed.

All these multiples of critics spitting their venom at the poor, at drunkenness, at debauchery, at gambling, at adultery, at laughter, at dancing, at backless bathing costumes, at painted toe-nails, at extravagance, at art, at joy, at birth-control, at euthanasia, at the dole, at everything except that which Major Douglas has called "the Devil Incarnate, the Father of Lies," and which he alone has isolated from the ruck of petty wrongs for us to overthrow—all these petty critics, I say, are afraid to turn their venom against Mammon in his true character, which is not the Golden Calf of antiquity, or the Midas of fable, but which, today, is crystallised into the marble facades and the mighty arches of the Bank of International Settlements at Geneva.

Look into your own heart and let your conscience make your decision. The time for action is at hand. Dare you by indifference ally yourself with murderers, and baby-starvers, and abortionists? Dare you not come forth and join humanity in its march towards freedom, or are you to be dragged unwillingly, while all the facts of science and civilisation are denouncing you as one who bears false witness by proclaiming poverty in a world of plenty?

RAILWAYMEN AND MR. MASSEY

"The New Times" is found convincing by many railway men to whom the statements of Mr. Gordon Massey sound very much like the talk of a "bankers' drag-anchor."

A.R.U. MEMBER

The Fable of the Labour Costs and the Suffering Squatter

By MONTAGUE GROVER



There was a Lordly Squatter named Smith who owned Bungabidgee, one of the finest properties in the Riverina. During the Glad Years he shored a hundred thousand head, and when he came to Sydney his cocktail parties were at the top of the society notes. Then wool dropped to one and nine. But the interest he paid to the bank didn't drop in the same proportion, and the Immense Price he had paid for the station remained the same Immense Price.

But, being just the ordinary sort of squatter, he didn't think about that invested capital which was now going 'ca' canny. He attributed all his misfortunes to the High Cost of Labour, and when he lashed out at the Ingratitude of the Working Classes he spoke Trumpet-Tongued, while his admiring fellows at the Club stood round and murmured their approbation.

Then a body was formed which called itself The Grey Janissaries.

The Janissaries were to stand between this Fair Land and the Forces of Disruption. Many young men joined and took the oaths, mostly young men whose fathers were Well Off. They were decent young fellows who believed what they were told, and, after the manner of youth, they were content to become the Human Sacrifice demanded by their elders.

The leaders of the Janissaries conceived a Great Idea. They would get their forces to do the work for Smith and others like him, and thus would the Ungrateful Swine of the Working Classes be circumvented in their Evil Designs.

Smith thought it a Splendid Move. He sacked his station hands, and filled their places with Janissaries. When shearing came round, a detachment of Janissaries came up from Sydney in Rolls Royces and aeroplanes, and shored his hundred thousand head—that is to say, they got off some of the wool, somehow. Other Janissaries drove the bales to the stations. Others worked the railways, and others again carted it to the wharves, where the liners, manned by Janissaries, took it to Europe.

Smith rubbed his hands. Once more would his station be the profitable affair it had been five years ago.

But when the returns came in he got a Severe Shock.

The price of wool was still one and nine, and though labour costs had been Entirely Eliminated, he was still producing his wool at a loss. That night he spent many hours checking up his balance sheet. At last he realised the Awful Truth. He seized the 'phone and rang up the Lord High Janissary in Sydney.

"Bill; we've tumbled in up to our necks," he cried wildly. "We've bumped the wrong fellows. First thing tomorrow morning, mobilise all your men and bust the blasted banks. Yes—that's what I said—bust the blasted banks."

The Lord High Janissary could scarcely believe his ears; he got out his own bankbook and his own balance sheet and did a few sums.

"So it is. Too right it is. The cows," he muttered. He gave a few brief instructions to his myrmidons over the phone and next morning the Janissaries entered upon their Dreadful Task. Eyewitnesses describe it as the Worst Massacre in history. Moral: Beware of these who come bearing overdrafts.

BOARDS OF CONTROL

From the Johannesburg "New Outlook," February 1936

We have had more than one nasty taste of prosperity-by-regulation in this country. The mess made of the butter position by the Dairy Control Board last season will not easily be forgotten.

But our little attempts at regimented prosperity are mere comic relief to the tragic blunderings of the Roosevelt New Deal. The *Star's* American correspondent recently reported that 1000 million dollars had been expended to restrict production at a time when millions of Americans were starving. Farmers were paid 15 dollars for each hog they did not raise. In 1933 they were paid 40 million dollars for killing 6 million pigs. These pigs were turned into fertiliser (we mustn't let anything go to waste, must we? No, Daddy!), which was most welcome for the not growing of maize at 35 cents per bushel.

Now, for some recondite reason farmers are to be paid a bounty 100 million dollars for raising 15 million more hogs in 1935. Does that mean, that the Brain Trust had ceased functioning? By no means. They do not intend to dis-appoint us. They were merely tired of playing hogs, and have now started to play potatoes. The rules of this fascinating new game are that no farmer is to grow more than five bushels of potatoes on pain of a thousand dollar fine. Limitation of maize growing has driven agriculturists to other crops. Interference with production is always disastrous.

If the two billion dollars had been distributed as additional purchasing power to consumers, all this subtle planning would have been unnecessary. But we need not assume that this had not occurred to the brainy ones, that they were not aware of the essential flaw in this too beautifully simple scheme. The flaw is that fewer people would have starved, and so all the high moral and spiritual values of short commons would have been lost down the drain, as it were. In the interests of regimentation and interference with individual liberty, those stirring ideals, such a distribution of purchasing power would have been disastrous.

In the name of the same ideals we deplore the action of Mr. MacKenzie King, the new Prime Minister of Canada, in abolishing all the Boards of Control in that Dominion. This action can only leave a painful impression of mental confusion. How can the private business of citizens be interfered with if there are no Boards of Control? Where else are jobs for pals to be found?

We are fortunate to be living under a more enlightened Government, which would no more play ducks and drakes with our Boards of Control than it would attack any of our other hard-won rights and privileges. Not only has it cherished what Boards of Control we have already, but it has increased their number considerably.

Soon all of us will be on some Board or other, and can then interfere to our heart's content with everybody else. The Nazis, our mentors in so many things, have recently announced Boards of Control of taste in house furniture. This shows the lines on which we can proceed as soon as all the scope for interference in the purely economic sphere is exhausted. The list following (compiled by a eminent social worker) is only a sample of what can be done:—

Board of Control of Women's Headgear in Johannesburg:

Board of Control of Native Women's Leg Bangles:

Board of Control of West Rand Underground Mine Officials' Taste in Gramophone Records:

Board of Control of Sizes and Thickness of Retail Store Wrapping Paper:

Board of Control of Hikers' and Swimmers' Dress and Department:

Board of Control of Boards of Control.

WOMEN AND TECHNOLOGY

By LEONORA POLKINGHORNE.

Just as there has been much confusion of thought between the words "woman" and "women," so there has been a lamentable mix-up between "house" and "home." For instance, when fervid and noisy declaimers urge that woman should "go back to the home," they really mean that she should confine herself to the house, since it is clear that both men and women have homes and live there, more or less. There is really a tremendous difference in the spiritual implications of these two words.

A house is a place where a great variety of manual jobs have to be done every day. Shakespeare has said, "Man in his time acts many parts"—but nothing to the comprehensive duties expected of the housewife. Charwoman, laundress, cook, seamstress, nurse, house and chambermaid, all in one person, and very often gardener, too. When, as in a new country like Australia, she fills these offices unhelped, more often than not, it will be seen that there is little time left over for recreation, culture or politics. This almost inevitably keeps her down to a low mental level, which the lack of contact with other minds accentuates. Even the deep-drainage labourer has other men to talk to, both during work and lunch-time, and one often hears, in passing, remarks about "Joe Lyons" or "Jim Scullin" which might not be very profound, but at least indicate that the subject has some reference, however remote, to their country's welfare. This is denied the housewife, for she works alone. It is not difficult to imagine that there must be women to whom such life makes no appeal whatever, and some—artists, musicians and intellectuals—to whom it would mean the hell of frustration. Pegasus in harness does not necessarily refer only to the male. At one time, of course, weaving, brewing and many other things were done also in the house by women. The industrial revolution relieved her of these duties, and factories took charge of them. Logically, it should progressively relieve her of many other things now deemed an essential part of her education.

HERBERT AND ELEANOR.

Before proceeding to explain how effectually our present economic system defeats this natural evolution, let us pause to consider once more that strange confusion that exists in the average mind between "house" and "home." Home is a word that makes an irresistible appeal to most people, as is evidenced by the extreme popularity of all songs or poems devoted to its praise. And there is a sound reason for it. Home is that refuge from the outside world that enables us to carry on the fight with renewed hope and strength. It is there that Herbert is assured what a good thing it would be for his lodge if he, Herbert, were appointed Deputy Grand Master, instead of the incompetent person now holding that position, or how entirely misguided the sales manager was not to take his excellent and timely advice on an important matter; while Eleanor feels quite sorry for those other women who, according to at least one important authority, are put so hopelessly in the shade when compared with her grace and charm. This flattery is all the sweeter for being sincere, and so our self-respect is re-established, our wounds healed, and we are ready for the fray again. Then, also, when our daughter comes first in the Latin exam or our son makes top score at cricket, do we conceal our pride from them? Certainly not, for they look to that stimulus more than any other for future exploits, to

make us still prouder of them. To be deprived of that is an incalculable loss to any child. And it is this sort of thing of which the maiden dreams, and not of a house that is an unrelenting taskmaster.

The house, on the contrary, is a tyrant.

DOORS THAT ARE SLAMMED

When a man marries, it does not mean that henceforth he cannot hope to be anything but a husband or a father. On the contrary, within the limits of his abilities and opportunities, he may be anything else in the world he chooses, except a bachelor. That is the only door he has slammed on himself.

When a woman marries, however, she can never hope to be anything but a wife and a mother. It is true that some married women have done a few things that make the world sit up and notice, but unless ample means were at their control, those things were done under almost insuperable difficulties, and it is safe to say in an atmosphere of universal disapproval.

This is frequently illustrated when a woman comes out in any special field formerly reserved for man. Any woman candidate for Parliament knows that when she has given her policy speech, some male person in the audience will express a tender concern for the state of her husband's socks. Even Madame Curie was not spared that criticism, for when, on her husband's death, she was appointed to the position he had held as Science lecturer at the Sorbonne, by virtue of her having been the discoverer of radium (which many think to be the discovery of the century), at her first lecture, when asking if the audience had any questions, she was confronted by a Frenchman who rose heavily to his feet to say how much he disapproved of a woman departing from her proper occupation of darning socks to lecture on science. And no one even smiled!

If that gentleman were faced with a factory, which turned out socks by the million with next to no man-labour—or woman-labour either—what would his attitude be? Reason, humanity, common sense will not save human beings from undesired tasks, for the hand of tradition is heavy, but Technology will.

THE PASSPORT OF POTATOES

But, as things are at present, the tradition still reigns that a Passionate Preference for Peeling Potatoes is woman's only passport to love and happiness. How often we hear it said, "Well, women who don't like that sort of thing ought not to get married," or "That sort of woman should never marry"—that sort of woman meaning those with intellectual tastes or artistic yearnings, or a keen desire for public service. Thus we assume that the carrying on of the race is best left to those who have no special mental gifts, no breadth of outlook, nor any qualities that unfit them for the purely manual job. And yet it is pretty generally acknowledged that a man gets more from his mother than from his father, so, perhaps, there is something in Charlotte Perkins Gilman's stern lines:—

"the slow finger of heredity
Writes upon the forehead of
each mortal man,

"His mother was a cook!"

In case anyone should think that too much emphasis is laid on this insistence that woman should stick to the manual job and leave other things alone, here is a case of a

woman who expressed a desire to attend a French conversation class. As she had several children, she could only put herself right with her friends by explaining that she thought it might enable her to assist the children with their home lessons. As a matter of fact, that had not been her idea at all, for she loved the language and desired to perfect herself in it, but she could not face scandalised disapproval of her acquaintances without covering her act with a cloak of maternal solicitude.

TECHNOLOGY'S PLACE

Now, where does technology come in? Well, it should, but it doesn't.

A speaker over the air this year took for his subject, "Physics in the Kitchen," and laid stress on the fact that the kitchen was the last place to be considered when questions of hygiene, convenience, the right position of the sun, etc., were considered. In factories and such places, much attention was given to these things; science was revolutionising labour in the office, the workshop, and the field, but had scarcely touched the kitchen. Moreover, the woman who most needed scientific equipment was the one who was most denied it. A rich woman might have vacuum cleaners, electric washers, jugs, toasters, etc., but the poor woman with seven children had to stay back in the dark ages for lack of these things. This was the harder, as the rich may employ help, while the poor may not.

In vain are all attempts to solve the question of domestic drudgery without first destroying the lion in the path. Here, again, technology and science come to grips with the financial system. When that is realised, how futile appear the numerous attempts made to improve the situation! What is the genesis of the domestic servant problem, for instance? Why do we not accuse girls who refuse domestic service of showing a lamentable lack of the highest and holiest instincts of womanhood, of a desire to break the family tie, and to undermine and wreck society? All these charges have been levelled against the married woman who dislikes housework. But, no; the single girl or woman is not ashamed to state plainly that she has not a Passionate Preference for Peeling Potatoes, and she gets away with it, usually. Nevertheless, there is a move on foot in South Australia to conscript these recalcitrant females. It appears that many girls and women are receiving public relief while many mistresses complain that they can get no answers to their advertisements for maids.

NO JOB, NO RATIONS.

Mr. Butler, the Premier, intends taking a firm stand about it—to wit, no job, no rations. Not only the unemployed girls resent this, but women have written to the press stating that they would refuse to use conscripted labour. So the battle rages. There is a move on foot, too, to form a servants' association. Also, a couple of years ago, an optimistic lady tried hard to establish what she called a "Home School." The general objective was somewhat confused, but it appeared that girls were to be lured from banks and offices to train for the domestic job, either the paid or the unpaid one.

If for the paid one, they could qualify and receive a diploma, whereupon they would be called "domestic cadets," and employers would clamour for their services. They would wear a becoming uniform and be treated as equals. The obvious crack of course was in the absence of a training school for employers, of whom a great deal would be demanded under this idea, as outlined in the proposals. One did not hear of any demand for these

READ

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domestic graduates, as it appeared that most mistresses found the ordinary Abigail less calculated to disturb family relationships. Moreover, there was a conspicuous lack of girls who found the isolated manual job more attractive than the clerical, with its variety and contacts. There are, in fact, only two ways of making a manual job more attractive than the non-manual one—either to pay it better, or (as Bernard Shaw says) to offer it more leisure.

That is where all this talk of "raising the status" of domestic labour breaks down. If we desired to raise the status of a corporation labourer, we would not do it by giving him a pretty uniform and calling him "Mr.". We would have to pay him more than we pay an accountant or a bank manager. The failure of all schemes to solve the domestic problem lies in the fact that it is the worst paid of all jobs, and, on the whole, offers least leisure. During the depths of the depression it was quite common to read daily advertisements for maids offering 5/- a week, and many cases of offering a home in return for services. Some went further still, and advertised for "a woman on rations" who would be given a room in return for services.

To sum up, we should waste no more time in attempting the impossible, but concentrate on fighting the force that is keeping technological development from pursuing its natural course.

Housework, more than most things, lends itself to this reform. Good architecture, sanitation, and labour-saving devices beyond the dreams of the most optimistic housewife could render tasks that are now disagreeable a pleasure. Under these circumstances, there would cease to be a war between the words "house" and "home," for they could become one. But, as the lecturer on "Physics in the Kitchen" pointed out, no hope can be entertained of this desirable change while we are tied to an obsolete and idiotic financial system.

With the control of credit in the hands of the people, used for the people, such changes would appear very rapidly, while the cultural and intellectual standard of the whole community, and particularly of the next generation, would greatly benefit when the mothers of the race were thus released for mental pursuits.

Making Poland "Safe"

An important change has been made in the personnel of the Central Bank of Poland, the Bank Polski. The president of the Bank Polski, Mr. Wroblewski, has resigned, and has been succeeded by the Under-Secretary in the Ministry of Finance, Mr. Adam Koc, who is well known in London, where he negotiated several British investments for Poland, such as those of the Metropolitan—Vickers, English Electric, and Westinghouse Brake companies. Mr. Koc is known to be in favour of a "sound money" policy. No monetary experiments may be expected in Poland while he is president of the Bank Polski.—

The "Times," February 11

Can Gift Money be Cancelled?

(Concluded from our last issue.)

HOW THE SHORTAGE CAN BE MADE UP AND THE DIVIDEND PAID.

There can now be suggested the principles of a method of bookkeeping which appears to be a correct way both of distributing the dividend and of keeping the financial ledgers constantly in accord with facts.

A new factory and plant are about to be constructed. The necessary finance (a matter of bookkeeping) is provided as *new credit by the national credit authority*, which gives a fixed loan or capital overdraft (to be distinguished and kept separate from the current account or trading overdraft) equal to the full financial cost of the enterprise—say, £1000. This £1000 is paid out to the public in the ordinary way during construction. We now have new plant valued at £1000; against it is an overdraft of £1000 and the public is holding £1000 to meet the charge.

So far so good. The sale of shares can now barter to the public either in the individual industry or, what seems to be better, in National Securities Limited—the latter being merely an extension of the Investment Trust idea which has grown greatly in popularity of recent years, and which embodies the spread of risks through co-operative capital holdings. (More will be said of this later.) Whatever method be adopted, the scrip is issued by the national credit authority, which *does not destroy the money as received*, but holds it in a separate account. We have still, therefore, the money in existence corresponding to the new capital asset, though it has now passed from the public to the national credit authority through its being exchanged for scrip.

The new plant now comes into operation as a producer of consumable goods. Let us say that during the first twelve months it produces goods to the extent of £x—this amount representing sums either paid out through production or drawn by way of monetisation of the company's profits (as indicated earlier), and obtained by a current account overdraft. The position of the company's trading account is that it is now overdrawn £x, while a similar sum is available in the hands of the public (including the shareholders in the company or in National Securities Ltd., as the case may be). Goods are also available for sale. What will their price be? It will have to be £x, which includes the company's outlay and profit, plus plant charges representing wear and tear to be written off; call these £100, making total prices £x plus £100.

At this stage the national credit authority steps in and *distributes, by way of a national dividend to consumers* (that is, to the entire population) the £100 representing the plant charges. What is now the position?

Consumers, having £x plus £100, can buy all the goods. There are now no goods on the market and there is no money in the hands of consumers. The company, through the sale of its goods (for £x plus £100), has paid off its trading overdraft (£x), and for the moment is £100 in credit. But the plant, you will remember, has depreciated £100 in value, and is now worth £900 only. The company, therefore, reduces its capital overdraft by the £100, which it has in hand, thereby automatically causing the cancellation of the £100.

The final position is that the company's plant is now worth £900, its capital overdraft is £900, and the national credit authority, having disbursed £100 of its £1000 as a dividend to consumers, still has £900 in hand. There are no goods on the market, and there is no money in the hands of the public. Is the financial position thus disclosed, or is it not, a true reflection of physical facts? And where is the uncanceled money? Where is the inflation?

In order to make this example as simple as possible all sorts of side issues have been omitted, but it will be found that the same principle can be applied universally. You will note that Douglas's suggestion of the price discount has not been included. If you wish to bring it in you can imagine that, instead of giving £100 as a dividend, the sum given was say, £80 (thus giving consumers £x plus £80 in all), while £20 was credited to the company's trading account, thus enabling it to sell its goods for £x plus £80, instead of £x plus £100, but still leaving it £100 in hand at the end of the selling operation.

Depreciation Of Securities

There is one point, however, to which you might give your attention, and that is to the depreciation that has taken place in the value of the securities. Originally worth £1000, they are now worth £900 only, and will accordingly be written down to this figure. At first sight you may object to this. But why should you? The holders of the scrip have had their dividend from industry (it was contained in the £x), as well as sharing in the National Dividend. Why should their asset have an everlasting value? Had their money been outlaid upon a house, a motorcar, a horse, a cow—even a wife—or upon any form of consumable goods, all these must have depreciated through wear and tear. We recognise that mining shares depreciate in value as the ores are gradually exhausted, but there seems to be a widespread belief that industrial shares should never have to be written down through depreciation of the asset. To be sure, this belief is belied by the daily writing down of company shares, even to annihilation and without dividends, except in a few privileged cases, which are generally traceable to anti-social monopolies.

You may say, however, that the principle is correct, but that since people today buy securities in the hope of their appreciating, would they continue

to do so if they knew they must depreciate? To which the answer is that there appears no obstacle to allowing a rate of profit on turnover sufficient to provide a return to security holders that would amply recompense them for the declining value of their scrip.

Financing Maintenance

Before discussing this further, however, it may be well, for the sake of clearness, to trace the second stage of our industrial-financial operation. The writing down process, which has been outlined, could proceed, if necessary, to the point of extinction where you had no factory, no capital overdraft, no money held on the factory account by the national credit authority, and worthless securities. But this is obviously not in accordance with what is usually desirable, or what is likely to happen. The depreciation of plant and factory will be made good by maintenance.

We left the enterprise with a value on it of £900, and a £900 capital overdraft. It is now decided to spend £100 on repairs, bringing it back to its original state. Finance is again provided by increasing the *capital overdraft*, bringing both the asset and the overdraft up to £1000 once more. The £100 so outlaid is now in the hands of the public, who are again invited to purchase securities as before, to the extent of £100 this time. Total securities are now again worth £1000, and the national credit authority is likewise holding £1000. From this stage the production of consumable goods proceeds as before.

AN EXAMINATION OF SOME DETAILS

From what has thus far been written it should now be evident that—

1. It is practicable to pay a dividend to the community which, while a *gift* to individuals, will yet be cancelled upon the purchase of consumable goods; which will cause no rise in prices; and which, if desired, may in part be distributed in such a way as to reduce prices.

2. This dividend requires no addition to taxation, but will, on the contrary, rapidly reduce taxation.

3. The process indicated would at all times, and automatically, provide and distribute sufficient purchasing power to sell the whole of industry's output.

Before concluding, a little attention may now be paid to some of the details arising from what has been outlined.

Why Invest In National Securities?

It has been suggested that shares, instead of being taken up in individual enterprises, should be applied for in the combined grouping of all the industrial undertakings of the nation under some such title as National Securities Ltd.

At first sight this may be greeted with the cry of "Socialism," but on examination it will be found to be no such thing. Today the financial capital for nearly every big enterprise is sought nationally (or even internationally) from investors, so that the one notable change involved—since there would be no interference with private management—would be that there would be no picking and choosing, and that all investments would return the same dividend, since the industrial profits would first go into a common dividend pool. (This dividend, of course, is that paid to industrial security holders and included in industrial profits under the item £x above; it has nothing to do with the National Dividend.)

It is safe to say that the vast majority of investors would be attracted rather than repelled by such an arrangement, which would definitely ensure dividends. Today, apart altogether from the question of management, and even that of consumers' purchasing power, industrial investors run the great risk that their plant may be rendered suddenly obsolete by some new invention, with a consequent loss of their financial capital. In the endeavour to prevent this, new inventions are constantly being withheld, with an inevitable blockage of progress. Under the type of financing here outlined such bars would be removed.

Individuals, however, whose aim it is always "to be in on the ground floor" of something good would certainly have to forego the extra profit which sometimes accrues to them. But at the same time they would forego the entire loss of capital, which perhaps more often is debited against them. And in any case what right have investors, as investors, to claim such special rewards? Are not these rewards, in reality, little else than a sucking of the brains of some inventor or discoverer who, for the lack of financial bookkeeping facilities, is compelled to surrender a large part of his own just rewards?

No Outright Ownership Of Plant.

Again, it may be said that under the plan here envisaged no individual will ever be able to own outright his own plant and factory since it will always have against it a capital overdraft equivalent to its real capital value. But is this really a practical issue? How many individuals today can point to their productive businesses and say, "That plant and factory belong to me; I have neither shareholders nor a bank overdraft"? And, as for the few who can do so do they realise that the very fact of their having repaid their bank overdraft or installed plant through their own savings, as the case may be, helps automatically to bring about the money shortage which has ruined so many a sound business? The actual bookkeeping debit entered against each enterprise, it must always be remembered, so far from being a practical disadvantage, is an assurance that enough money will always be available to meet plant charges contained in the prices of goods. Moreover, the administrators of these industries

will no longer be faced with the fear that their capital overdrafts may be called up at any moment without notice, or that reductions may be demanded out of all proportion to true depreciation—a not infrequent happening under banker-controlled finance.

No Difficulty Over Industrial Dividends.

Another point, which arises, is the return to security holders, or the percentage of profit which industry would be allowed to charge in order to pay dividends. The Dean of Canterbury (Dr. Hewlett Johnson), himself an engineer, recently instanced an electric lamp machine which, he says, multiplies man's labour by 10,000 times, and which was made by thirty-seven men working six weeks! But without taking account of this or of others of the more notable instances of machinery—such as the mechanical grab and conveyor installed recently by the Metropolitan Gas Co. of Melbourne, which was reported in the press to have displaced 98 out of 100 men; or the automatic bank ledger-keeper which, with one girl attendant, does the work of sixty clerks; or the new coal-mining machinery of the Broken Hill Proprietary, which dispenses with about 90 per cent, of human labour; or the thousands of even more extreme examples—without taking such inventions as these into our reckoning, it is probably no exaggeration to suggest that the cost of a machine which will permanently displace a man now represents no more than, at the outside, a few months' work for the man who makes it. From this it follows that, even if you write down the machine, and the value of the security which represents it, at a rapid rate, and even if you pay the security holder by way of recompense a handsome reward considerably exceeding this writing down, the combination of the two will still be so small in comparison with the item represented by saved wages that you will be able to lower the prices of consumable goods enormously.

Adjusting Debts With Falling Prices.

In fact, the lowering of prices consequent upon the removal of the financial bar which alone prevents the installing of an almost unbelievable amount of labour-saving machinery would itself raise a new problem—prices would fall so rapidly that grave injustice might be inflicted upon long term debtors. This, however, permits of an easy solution. A simple table could be drawn up, based on the purchasing power of money at different dates, and in accordance with which long-term debt adjustments would be varied—a procedure, incidentally, that should have taken place long since in fairness both to debtors and to creditors. Apart from this, with the control of money supplies removed from the present private monopoly, you could if you wished always manipulate internal prices to keep them at any desired level. You could, for instance, instruct retailers to increase falling prices by any desired percentage, at the same time similarly increasing the National Dividend (or issuing the money through public works or social services), and then collecting it back from retailers when they sold their goods—much as is done today by the sales tax. It does not, however, appear that there would be any need for creating the extra amount of bookkeeping labour thus involved when a simple debt adjustment chart would suffice.

Provision for Necessary Savings.

It may be said that in a scheme under which the total amount of money available is precisely equal to the total prices of goods for sale there is no provision for those savings which are inevitable if people are to buy such things as furniture, motor cars, or any other of those innumerable articles which cannot be financed out of the weekly budget. This presents no difficulty either. In the first place there must always be stocks of goods on hand also, if industry is not to have empty shelves. And in the second, if the amount of money required to be withheld temporarily is greater than the prices of goods needed for stock, there is no reason why the deficiency could not be made good for the moment by a larger dividend, the money surplus that might subsequently appear being corrected by the opposite process. The endeavour here has been to establish the principle of equating fair prices and purchasing power; whatever practical modifications may be desirable could then easily be dealt with.

Would the Dividend be Sufficient?

Some people who are too tired to think may say, on reviewing these suggestions: "So the National Dividend, after all, is no more than the issuing of depreciation charges! How is that going to give everyone a sufficient income?"

The answer to this is that, in the first place, there is no justification and no sense in issuing more money than would be sufficient to buy all the goods available. And, in the second place, the issue of this amount of money *would* provide everyone with a very good and a rapidly increasing income. For production is daily becoming more and more mechanised; and, as already noted, with the removal of financial restrictions imposed by those who now hold the monopoly of credit, the installing of further machinery would be greatly speeded up; added to with great numbers of employers are deliberately holding up mechanisation out of sympathy with employees whom they do not wish to condemn to dole conditions. Hence, in a very short time we could look to the instances of machine use which have been here referred to as extreme, becoming commonplace.

So it follows that, with machines given their head everywhere from the farm to the factory, and even on the retail counter, and with useless or overlapping distribution costs—incurred only for the sake of employment—abolished, we would rapidly reach the position that machine charges

(Continued on page 8, column 5.)

" THE SIGN OF A TRAGIC FAILURE "

Irish Paper's Outspoken Criticism of Free State Policy

The following editorial appeared in the February issue of *Prosperity* (Dublin), the organ of the Irish League Against Poverty: — Shortly after the present Government assumed office they issued a statement in which they declared their determination to end unemployment in this country. There is no doubt that the declaration was sincerely meant, and, no doubt, an effort has been made to give it effect. There has been much activity, and this has produced a certain result; the numbers of those in employment have risen, but still unemployment remains a desperate social evil, undiminished in extent, and intractable to every remedy, which has been tried.

In order to get figures, which are strictly comparable, we will take the returns from May to December in the years 1934 and 1935: —

TOTAL ON LIVE REGISTER		
At end of month	1934	1935
May	94,420	124,920
June	90,408	130,244
July	89,736	82,371
August	98,253	82,697
September	113,068	83,191
October	117,507	123,705
November	123,890	129,403
December	128,084	133,319
Average number of registered unemployed	106,921	111,231

The very considerable drop in the numbers of those on the Live Register in July, August and September, 1935, is due to the non-registration during the summer months of small landholders whose annual valuation exceeded £4, and single men without dependents who resided outside of towns and urban districts. They were supposed to have, or to be able to get work at that time of the year, though how many of them ever succeeded in doing so is not recorded. It will be seen that in every month in 1935, except those in which the register was reduced by the exclusion of large numbers of the unemployed, the figures show a serious increase over the corresponding figures for 1934, and in spite of the lowering of the official numbers by the method referred to, the average number of the unemployed in 1935 was considerably greater than the average for 1934.

About ninety per cent, of the registered unemployed are men, and of these a great many have wives and children or other dependents to provide for, and in consequence the mass of very real poverty is always much greater than the official returns disclose. If the lesson of these sombre fig-

ures needed to be reinforced, the fact that the numbers of those most unfortunate of all, the very poor, who barely exist with the help of the Home Assistance under the Poor Law, have remained practically stationary during 1935 is sufficient. These figures are the answer to the optimists who believe that we are making steady progress: —

NUMBERS OF PERSONS IN RECEIPT OF ASSISTANCE IN HOME IN 1935.		
January 88,255	August 84,524	
February 88,771	Sept. 84,130	
March 86,773	October 84,041	
April 84,756	Novem. 86,193	
May 85,593	December	
June 85,187	(Not yet available.)	
July 84,727		

Almost half of these unfortunates are children, nearly a third of them are women. There is no sign of progress here; on the contrary, the numbers of those who are ostracised from the economic life of the community remain a scandal and a reproach to our professedly Christian civilisation.

If there were any lack of work for the unemployed to do, or if there was a scarcity of food with which the hungry might be fed, we might, however reluctantly, tolerate such inhuman conditions, but when there is food and clothing in abundance, and commodities of all kinds vainly seeking a market; when there is no lack of anything but an artificially restricted supply of money—a thing that could be remedied in a day—then the continuance of this mass of poverty and human misery is as unnecessary as it is discreditable.

In his broadcast message to the Irish people on Christmas Day, President de Valera said: —

"Society in every country is today faced with real difficulties. The economic mechanism within which the civilised world is working has grown so vast and complex that for the time being it has almost got beyond control. It is capable of producing in greater abundance than ever before material goods to satisfy the needs of men. Nevertheless it is doubtful if there were ever before so many people in utter want.

"There is there a problem to be solved. Of a certainty it will be solved ultimately. But in the meantime the present suffering must be relieved."

We expected more from the President. The complexity of the economic system to which he refers does not yet apply to Ireland. Here the problem is still comparatively simple. Are we to wait until it has become as complicated as it is in England or the United

States? There will then be a thousand new reasons for not attempting a solution, as well as some very real difficulties which do not exist here now.

President de Valera says the problem will be solved *ultimately*; but why not now? So far from becoming any easier, it will become more difficult the longer we delay. Are we waiting for England, or some other country to show the way? Are Irishmen in Ireland unable to face their problems, and to solve them; is the spirit of Sinn Fein quite dead? The reason why most intelligent people wanted an autonomous Government in this country was that they wanted freedom for the Irish people to solve just such questions as this for themselves.

The President has been in office for nearly four years, and to tell the unemployed, and the wretched people who are clinging desperately to life with the help of Home Assistance, that their needs will be attended to *ultimately*, is more than disappointing; it is the sign of a tragic failure. "Live horse and you will get grass" is a poor Christmas message to that large and most needy part of the Irish community, which ought to be, and which the Government promised should be their first concern.

The Eternal Lie

"The Demand is All for Cheap Lines"

By CHARLES JONES, in "Social Credit."

The commercial traveller rose from his breakfast table, folded a letter from the Head Office thoughtfully, put it in his pocket, and bade his wife goodbye with a wistful glance and absent-minded kiss.

Outside, he got into his car, drove a mile, then came to a standstill, and re-read his letter.

"Dear Mr. Haycroft," it ran. "We enclose advance lists of our new lines in first-class footwear which, as the illustrations show, are novelty patterns. The very best material and craftsmanship have been put into these hand-sewn models, and there should therefore be a good demand for them. National press advertising will pave the way for big sales, and we expect a minimum weekly return of a hundred dozen on your circuit.

"Commission on sales of these new models is 10 per cent. Please note that commission on all other sales is reduced to one per cent, as from this date."

He skipped a paragraph or two, and read the curt postscript.

"Noted. Your turnover is down again this month. This must cease. We refer you to Circular S.A. 26 explaining that intensive methods must be used in these days of reviving trade."

Haycroft started his engine, and trod the accelerator like a cinema organist until he came to his first "call." The shop was facaded in black and chromium plate, and the door bore a smart sign, "All qualities stocked."

Within, he made short work of salutations, and began his "Sales talk," that solemn nonsense which converts the plain speech of honest men into stammering hyperbole, but, of course, provides silk-lined jobs for "efficiency" experts. He displayed a single sample of the shoe, which bore a new gloss, which was hand-sewn, which was a craftsman's job, with lines of beauty and suppleness for comfort. It was a joy to show—and there was a new gloss on the commission, too. . . . But the eternal lie defeated him. They were not wanted, he was told. "No, no, no, won't touch 'em," said the buyer. "The demand is all for cheap lines."

So Haycroft booked the small order, which reduced his commission to small change, and went away, wondering why beauty and good work were being banished from the earth.

As he replaced his sample in the travelling case, he balanced it in his hand for a moment, and despite the disappointment like an anguish at the bottom of his mind, he enjoyed the touch and the look of a perfect piece of work, the visible joy of craft.

"The demand is all for cheap lines! The demand is all for cheap lines!" . . . it drummed in his ears like a tune that cannot be forgotten. A truth to the shopkeeper, a truth to him, but a lie before Heaven! For all men with the power of free choice choose the best, the most comely, the most useful; qualities, which admit no divorce. Such choice is the half-stifled instinct of civilisation. But the purse is the final arbiter of demand. Cheap lines are the limits not of free choice, nor of "demand," but of the purchasing power of credit from the pawnshop.

About the Great Revival

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

The most important events of the moment are the increase in armaments and the great Trade Revival.

Some people say they are one and the same thing. This is absurd. If armaments were the cause of the trade boom, the experts would have said so. But the experts do not know where trade comes from. They have been looking for it for years, and have turned so many corners that some of our leading economists began running in circles and had to be put into a Home. Or else in the House of Commons.

This, at last, is the genuine Trade Revival, see brand on bottle. The *Express* proves it by saying that the figures for this year are nearly up to those of 1931. No more need be said. You all remember how rich we were in 1931. Ah! those were the days; when there were no unemployment, and no worker had less than £500 a year, and the miners went down the pits in top hats and white spats.

I have studied the papers carefully, and find there are three reasons for rearmament: (a) the safety of our homes; (b) the safety of the Empire; (c) Collective Security.

NIGHT STARVATION.

All three are equally near to the British worker's heart. First, the knowledge that our homes will be safe between air raids has already cured many people of night starvation. Secondly, a man who hasn't a home can take comfort in the assurance that his Imperial interests will be safeguarded; the thought of his far-flung Empire will console him for his far-flung wages. Thirdly, so long as Britain is strongly armed, the peace of the world is guaranteed until somebody breaks it, and the nations will live in harmony for the duration.

We did not, of course, wish to increase our arms. The foreigners are, as usual, to blame. We should have been only too pleased to spend less. Time and again we offered to reduce our forces if the others would reduce theirs even more, but they refused to see reason.

The present increase is directly due to Japan, who, refusing to admit that it is the duty of a Christian nation to keep all the others in order, walked out of the Naval Conference.

That is nothing new. Japan is always walking out of conferences. The first thing the Japanese delegates do when they arrive at an international conference is to look for the emergency exit and get seats near it. Then, while the conference is on, they get under the table and plan their next war. It's not cricket, but you know what Orientals are.

Personally, I don't mind the Japanese leaving our conferences.

I am always a little relieved when any foreigners leave. They only lower the tone of the place. I say, keep the party clean. I think Britain ought to hold all the international conferences by herself. After all, we are the only people who know how big everyone's fighting forces ought to be.

Many people are objecting to the expense of armaments. I say it should be some compensation to know that if the cost of living is rising, it's nothing to the increase in the cost of dying. In the last war, I read, it cost £5000 to kill a soldier. That proves how valuable a man is in these democratic days. If your country can't afford a quid to keep you alive, at least you know someone is ready to pay £5000 to get you out of the way. It shows that you can't be ignored.

A GENEROUS OFFER

I'm told that when that figure was published a deputation of unemployed ex-soldiers called on the Government and said that as they had saved £5000 by not being dead, could they have the money now? They offered to take half.

The Government replied that the money they spent was for killing Germans, not Englishmen, and they had better apply to the German Government.

So the deputation went to the League of Nations to see if anything could be done in the way of exchanges. I don't know what came of it, but I notice that my old sergeant, an unemployed glass blower, has got a new hat.

However, the expense need not worry us. The Government has announced that the armaments loan won't mean any new taxation. That means there will be none for us, but only for our children. That is only fair. Children have things too much their own way nowadays and parents deserve some compensation.

And if they have any decent feelings, future generations for the next 500 years will gladly go on paying the interest for which their fathers fought and died. They will carry on the good work of making the world safe for moneylenders by a permanent loan to end loans, and proving to other nations less free that democracy is a good investment at 5 per cent.

CAN GIFT MONEY BE CANCELLED?

(Continued from page 7.)

would represent nearly the whole financial cost of consumable goods. With chemical fertilisers, with power-driven tractors and harvesters on the farms, with automatic machinery underground and in the factories, we would witness an ever-growing dividend as wage costs progressively decreased—and, incidentally, with the decline of these latter there would be no need to quarrel about paying high wages. Go back to the cigarette machine, the ledger-keeping machine, the mechanical grab, the electric lamp machine, or any other of our recent labour-saving devices, and you can easily work out the figures for yourself.

There has also to be taken into calculation the removal of all those forms of taxation imposed to provide doles and pensions for members of the community who today are not otherwise provided for, as well as to furnish an ever-increasing fund for interest on the borrowed money used to supplement our chronic monetary deficiencies.

Remove in practice the barriers that are no longer necessary in fact, but which are perpetuated only by a system of finance, which has long been outstripped by invention, and you advance at one stride into a co-operative Commonwealth. Just as you replace manpower with sun power, and labour charges with machine charges, so do you substitute the dividend for the wage.

(Conclusion)

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