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The Strange Attitude of Mr.

John Curtin

Will He Ever Lead Labor
Out of the Desert?

When Mr. John Curtin, the Victorian from Western Australia, was elected to the leadership of the Federal Labor party, many people in Australia expected that at long last Labor would begin to see the wood, instead of the maze of trees that had so troubled Mr. Scullin. No one ever doubted Mr. Scullin's sincerity—which is about as poor a compliment as his intelligence could receive. A man who, when in office, would not even go so far as to institute the perfectly harmless "inquiry" into our mismanaged monetary system to which his late lieutenant has consented; a man who, as soon as he lost office, stumped the country attacking the banks; and yet a man who has never got down to the fundamentals of money at all—is it any wonder that the obsequies of Mr. Scullin looked like being the obsequies of his party also?

With the advent of Mr. Curtin, however, it was confidently predicted that Australian Labor would at once set out on the path which has given New Zealand Labor an outstanding political success, and which, if the definite promises of its new Prime Minister are put into effect, will make the present New Zealand Parliament a milestone in world history. For Mr. Curtin was credited with being a thoroughly sound student of monetary principles.

But what showing has Mr. Curtin made thus far?

WHAT MR. CURTIN MIGHT
HAVE SAID.

He had an opportunity of giving us a taste of his mettle last month, when he moved a censure motion in the Federal House in connection with the Government's attitude to the Commonwealth Bank's peddling out of Treasury bills to the public—or, rather, to such members of the public as had loose sums of £10,000 lying around.

In bringing this motion forward, Mr. Curtin might have been expected to offer certain detailed criticisms and to support certain general principles.

Amongst the former, one would have expected him to protest against the policy and personnel of the Bank board, and particularly against such incidents as the outrageous appointments to the board by the present Government of a private bank director and a deflationist University professor. One would have expected him to protest strongly against the whole Treasury bill racket, whereby the credit of the entire Australian nation is hawked at a discount to private financiers whose own real credit is a minus quantity and who are, in the most literal sense, nothing more than a pack of insolvent swindlers—since they could not, now or ever, meet a "fraction of depositors' lawful claims against them.

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On wider issues, one would have looked to Mr. Curtin's seizing the opportunity, when he had the sympathetic attention of the whole Australian people, and when even the bankers' press was constrained by an angered public to make some show of protest—one would have looked to the Labor leader to make a slashing attack upon the wicked policy of deflation now again begun. One would have looked for an exposure of the "London funds" ramp; for an explanation that the necessity for such funds arises only from our paying a toll to international financiers who have sent their leeches amongst us to suck the life blood out of our veins; for a declaration that there must be no further exploiting of our people under the guise of overseas "investment of capital" (otherwise compounding of interest); for a statement that, if we are to meet existing claims, the bondholders must negotiate a means of accepting payment in goods, by establishing a separate pool or otherwise. One would have been entitled to expect this from Mr. Curtin, and to expect also at least the outlines of a monetary policy which would enable the people of Australia to have access to that real prosperity which surrounds them, but which is now denied to well over ninety per cent of them.

WHAT MR. CURTIN DID SAY

What did Mr. Curtin say?

He gave us little more than the dead echoes of Mr. Scullin's faded voice. We quote from Hansard:—"We know that the immediate effect of this action is to... slow down the momentum of recovery to which it was so difficult to give the initial impulse. This action might very easily increase the difficulties of business to such an effect as to reverse that momentum of recovery and bring us back to a condition from which we had emerged, or were emerging."

What is this but the jargon of "sane" finance? Let Mr. Curtin have another look at our national debt before he talks any further balderdash about "momentum of recovery."

"It is incontestable", he also said, "that the trade position during 1934-35, as compared with previous years, was due, not only to low export prices, but also, and to a greater extent, to the increased importation into Australia of excessive quantities of luxury goods, or,

THE MUTUAL LIFE AND CITIZENS'.

After a careful reading of the annual meeting of the Mutual Life and Citizens' Assurance Co. Ltd., as reported in the Sydney and Melbourne daily press some days ago, we note that the company's chairman, Mr. James Ashton (who is also chairman of the Commercial Banking Co. of Sydney Ltd.), omitted to take the public into his confidence on one point. He mentioned the prosperity of the company, its income from interest of £1,000,000 a year, and quotes a number of other matters. But the press makes no reference to the rate of dividend apportioned to the company's shareholders—including its banker chairman.

We presume, however, that it is not less than that paid to shareholders in the company's less prosperous years, viz.—EIGHTY PER CENT.

alternatively, goods which this country could manufacture for itself, or which, in the present state of Australian finances, this country cannot afford to pay for if they are produced outside Australia."

The keynote of that hotch potch is "the present state of Australian finances." And because of the state of those finances Mr. Curtin appeared to accept without question that the people of Australia, although they are actually producing a higher living standard than

ever before, cannot afford to pay for "luxury goods." The one thing that apparently escaped him was an investigation of the reason for the state of our finances.

Here is his summing up:—"The movement can be stated as follows: Increased imports, having regard to the amount required to meet overseas obligations and other payments, unaccompanied by either increased export values, or a greater volume of exports, imperil the internal stability of Australia, as well as threatening the credit of the nation abroad."

Internal stability! Credit abroad! One could be pardoned for imagining that a banker was speaking, or that bankers' echo, J. A. Lyons. Is it any wonder that the Prime Minister, speaking after Mr. Curtin, paid him the compliment of saying: "Our experience of him is that he is fair in debate"? Why did not Mr. Curtin, instead of uttering these abstract platitudes about internal stability, cry out that the oppressed and harassed people of Australia were to be driven still nearer to starvation? Why did he not, instead of accepting the bankers' phrase of "credit abroad", explain that this "credit" means nothing else but that we must sacrifice everything in life worth having merely to pay their perpetual toll of interest on the impudent "loan" to us of our own real credit by means of entries in ledgers? And do you note his ready acceptance of the alternative of "increased export values or a greater volume of exports." Increased "values" means nothing but the release of more money by the bankers; failing this, Mr. Curtin denotes his willingness to have our bankrupt farmers toil still harder to produce goods and then to leave their appraisal entirely to those who produce nothing in the world but book-entry money, liens and mortgages. And he utters not a single word of protest against the whole swindle.

Instead, he talks about "the present congested state of the world's markets."

THE FOUNDATIONS OF
LOANS

But Mr. Curtin's worst break is yet to come.

"The public", he said, "is asked not to take up a new issue of Treasury bills, but, in effect, to employ deposits now serving as the foundation of banking advances generally...."

Had Mr. Curtin qualified this statement by explaining that the limitation to the banks' creation of ledger money is their holding of sufficient notes and coin to meet the usual demands; had he explained that in order to lessen those demands they endeavour to turn as big a percentage as possible of current account deposits (immediate claims against them) into fixed deposits (deferred claims)—had he done this, his phrase would have passed. But he made no such qualification. He allowed himself to be put on record as believing that bank deposits are the foundation, instead of the superstructure, of bank loans. Again, is it any wonder that Mr. Lyons complimented him?

THE REAL MR. CURTIN.

Did this lamentable exhibition proceed from the real Mr. Curtin? Is Labor's new leader merely another shallow politician, ignorant of or incapable of understanding money and the principles which should govern its issue and withdrawal?

He is not. Mr. Curtin has in the past shown himself to have a very sound knowledge of this vital subject. Here is a sample of his knowledge. Writing in the *West Australian* in 1932, in the course of a lengthy article, he said:—

"When Sir Otto Niemeyer was here he said that our standards were 'artificial.' The *London Morning Post*, commenting approvingly on the statement, remarked on the 'unreality' of life in Australia. It said that 'wages had soared and abundance had appeared to flow like milk and honey.' To its mind, presumably, there never was abundance. Record wheat crops, record wool clips, record-manufacturing output was all as nothing. What is a wheat crop? Is it a farmer's phantasy? What is wool, and meat, and goods? They are, according to the *Morning Post*, 'unreal' when money is 'short.' This means, in a nutshell, that the standard of existence is not measured by capacity to supply homes and goods, but by the volume of money at command. To raise the standard of life measured in goods, therefore, becomes what is described as 'artificial.' To reduce it measured by the supply of money is what the economists regard as

The Members of the Federal Parliament,
Canberra

Dear Sirs,

Like most other people, we have noticed the suggestion that the last of your salary cuts should be restored to you. We are entirely in agreement. What is more, we think that, as the principal executives of a very wealthy nation—which we are—your salaries should be doubled or trebled. No men exercising similar powers in private business would expect to be paid a salary of less than two or three thousand a year, on top of which you are subject to many calls that are not made on private citizens.

We have just referred to men EXERCISING powers. The burden of our complaint against you is that you do not exercise your powers, but sit around moping and talking while the real powers of the sovereign people, delegated to you, are exercised instead by a hidden and sinister power which acknowledges no allegiance and which has no responsibility. You know quite well to what we are alluding, viz., the

power of finance, to which you openly cringe every time you say to an exasperated people, "Where is the MONEY to come from?"

This country, thanks to the labours of its citizens, is growing wealthier, in the real sense of the word, every day; but, thanks to your spinelessness (and ours, too, we admit, in not prodding you along) it is also being taxed and mortgaged and run into debt to the hidden power at a rate which is far more rapid—since interest, having the secret of perpetual motion, never takes even an hour off.

Our interest bill on the national debt alone is now a million pounds a week. More than half our total taxation is absorbed in meeting its claims. You are preparing next month to add to it by a new "loan" from the hidden power, which you could defeat forever by a simple Act of Parliament. And as long as you adopt this attitude you are traitors to your country, and, instead of getting a rise, you should get the sack. What is more before long you will.

If you don't believe us, read the *New Zealand papers*.

THE NEW TIMES

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'natural law.' But as the money supply is a managed supply, and as it inflates or deflates as the banking policy determines, it is clear that the progress of industry has to contort itself to such bottle-necks as the monetary system periodically produces . . .

"A consultation of industrialists and producers, therefore, must take as its chief subject the problem of the purchasing power of the community. If it is to accomplish any good the survey must keep in mind the fundamental importance of increasing the power to buy goods. That is axiomatic. In section III of his evidence before Lord Macmillan, Major Douglas graphically declared that while it was conceivable that an industrial system might operate without money, it is inconceivable that a money system could operate without an industrial system. Our immediate need, therefore, is the right relationship of the one to the other.

"It cannot longer be denied that the real basis of credit is the producing and consuming power of the community. And this being the case it appears hard to justify a condition of affairs in which this credit is loaned to the community as an act of grace, even though a charge for the cost of its mobilisation may be readily allowed. Major Douglas put the proposition. "A financial system which separates the ownership of credit from the community is self-destructive, since only the community has the requisite consuming power to maintain production at its maximum." At present the community is destitute of the means to express its consumption power."

"THE VIEWS OF LABOR."

Mr. Curtin wrote a great deal more to the same effect in, a regular series of articles, which appeared from week to week in the *West Australian* under the heading, "The Views of Labor." Why, then, now that he has the opportunity to put these views forward as the leader of a national party, does he not proceed on the same sound lines? Why is he coming out, in his latest remarks at Adelaide, as an exponent of high taxation—which adds nothing to the community's consumption power, but merely redistributes what he knows to be an existing insufficiency—instead of leading an Australian-wide movement to increase our purchasing power? Surely Mr. Curtin, if he has been able to perceive our "momentum of recovery", has also noticed the momentum of the demand for monetary reform. To give him but two recent instances, conferences in Victoria during the past few weeks of those conservative bodies, the A.N.A. and the United Country party, have both carried resolutions in accordance with his views in the *West Australian*.

Now is the acceptable time for him to show decision and statesmanship. If he will not, or dare not, then indeed the day of salvation for Australian Labor is further away than ever.

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"BANKER IS COLOSSAL COUNTERFEITER"

An article written by an Auckland barrister, which appeared in the "Standard" (N.Z.) of March 25

Those who enthusiastically support usury which has been condemned through the ages will confidently maintain that it is on all fours with other loans; that money is a commodity and loans of it should be paid for just as we pay for loans of furniture, houses, horses and other things which wear out or have a limited existence. The slightest investigation will show that *money is not a commodity* and that loans of it do not depreciate it; on the contrary *the borrower renders a service to the lender*, the service of keeping safe or preserving the money undamaged, intact and undiminished. We are required to pay storage for our real wealth, but the money-lender demands payment from the keeper of his money.

There is no such thing as secondhand money and the borrower of it does no harm to it. The borrower of money should more aptly be called the custodian of it, and like other custodians he should be recompensed for his service.

It is the banker's autocratic but utterly false claim that money is a commodity. If he is wrong regarding this fundamental, then *his whole system is based on something contrary to truth*. It is true that there was a time when we believed that it was necessary for us to obtain gold or silver or copper and to have metal coins minted before we could have any money. Backward nations still believe in the gold standard and the principal bankers of the world, for their own selfish purposes, lose no opportunity of extolling its virtues.

GOLD NOT MONEY

The truth of the matter is that gold is not money any more than is any other commodity, for money is purely and simply authority to claim goods and services. Money being only a certificate, it is surely incontrovertible that there is no need to express it on a rare material such as gold. Pen and ink and paper provide all the materials necessary for the most convenient money. The banker knows this, and yet he insults our intelligence and our principles of truth and honesty by maintaining that money is a commodity.

The reason for the banker's deception of the people is that it enables him to maintain his charges of interest for the use of his fictitious commodity.

The greatest wonder of these times is that the banker "gets away" with his money trick, and we continue to believe that only the banker is to be trusted to provide money and that it should not come into use except at the bank rate of interest.

There is not the slightest shadow of doubt that the banker and the banker alone, is responsible for the burden of interest under which the civilised peoples of the world are staggering to-day, and it must be clear to all thinkers that we have ourselves to blame for allowing the banker to collect from all of us a tax which he has no legislative authority to levy. For it is beyond question that no Parliament in New Zealand ever conferred on a trading bank the right to create fictitious money and to charge interest for the "loan" of it.

NO DEFINITION OF BANKING.

It is true that our Banking Acts authorise trading banks to carry on the business of banking, but if you search through every Act, you will find no definition of the word "banking" and you will find nothing that gives the banker the right to create or counterfeit the King's money. It is therefore no strain on our language to say that the banker is a colossal counterfeiter, for he multiplies the King's money over and over

again with pen and ink and paper and lends it at interest.

Further, he insists that his pen and ink money shall be repaid with interest in King's money or money provided by the State; and if you fail, he makes you bankrupt and puts your property under the hammer and buys it in to sell again when prices rise. This is no stretch of the imagination but the solemn truth about banking as it is carried on in the British banking system which the Right Hon. Mr. Forbes would have us believe is the finest in the world. No wonder the world is in a mess and no wonder the late Sir Basil Blackett, a director of the Bank of England, gave it as his opinion that the nations would never be able to pay their debts. "No one is ever going

Under our present system the wealth of the country increases only as debt increases. We live under a debt economy, whereby our only recourse is an impossibility and an absurdity that is to borrow ourselves out of debt and into prosperity. Some die-hards actually favour debt repudiation rather than realistic reform of the money system. Apparently, they realise that the only terms on which the game can continue to be played is by the continuous breaking of its major rules. Why not alter the rules?

—Major Douglas.

to pay anyone any more," he said, and shortly after Britain stopped payment to America.

And what of the future in New Zealand?

SHALL WE TRUST HIM?

Are we to continue to trust the banker's fictitious money because he pays us a bit of interest when we get too much of his counterfeit for his safety? Are we to allow him to keep on fooling us that his interest-bearing pen-and-ink money is sound finance because it provides millions of interest for him and his unnecessary shareholders, and about half as much for "fixed" deposits of his make-believe money, to prevent depositors from demanding the King's money which the banker never had?

Are we yet intelligent enough and sufficiently informed about the mechanism of money to understand that a State bank could begin business without any capital, that it could buy out all the shareholders in the Reserve Bank and in all the trading banks in New Zealand? Do we now understand that money is not capital but only figures in books? That real "dinkum" capital is the goods and services which capable workers can provide, and that the only limit to our real capital is the ability of our people, the use of our machines and the bounty of nature in our wonderful land?

Then let us to our task, too long postponed, of preparing instructions to our bankers to use the pen-and-ink money system, not to provide interest for a few of the people, but to provide tax-free money for the proper distribution of all the goods and services that can be made available by our industrious people.

Let us thank our lucky stars that at long last New Zealand has a Government which understands the money business and which will waste no time in providing "running shoes" for all bankers who cannot in the future use their money-creating skill in the interests of all the people to enable them to consume the wealth which their willing service can render available in measure so lavish as to banish forever from our beautiful land and people the bank-begotten and dreadful spectre of poverty.

THE PEOPLE'S MOVEMENT TO ABOLISH POVERTY

Demand Your National Dividend

A Higher Personal Income For All

It is obvious, to all who have eyes to see, that the reason the peoples of industrial nations suffer poverty and insecurity in the midst of plenty is that their incomes are too small.

Therefore, what the people need, in order that they may enjoy the plenty that is almost bulging out of shop windows, is larger incomes.

Everyone is striving all the time to get his income increased, but nearly everyone is failing. Not merely is it extremely hard to increase one's income, it is getting steadily harder even to keep it at its present level.

Every day people are losing their jobs because of cut-throat competition and the development of machinery. Every day, therefore, people are losing their incomes, and their ability to buy the things they want.

On the other hand, the producer cannot sell his goods. There are, of course, a few industries working all out, but there are many more languishing and dying because the incomes of the people, who want to buy their produce, are too small.

Thus, if people's incomes were increased, their greatest problem—both as consumers and as producers—would be solved. Always provided the increase was effective, that is, that prices or taxation were not allowed to rise.

Now, who is to blame for the present absurd and intolerable state of affairs? Who is to blame that people's incomes are not enough to buy the goods that are for sale?

Let the blame be fixed: let the responsibility for our present unsatisfactory situation be brought home to everyone.

WHO IS TO BLAME BUT YOU AND US? What have we done to put things right? What can we do?

Yes, what can we do? This is the important question.

Well, startling as it may seem at first, we can put things right by taking a very simple, straightforward, constitutional action. We can simply tell the Government that we want higher effective incomes—NATIONAL DIVIDENDS, in fact.

But how, you may ask, can we tell the Government that? And

how could we be sure that the Government would do as we tell them?

The answer is that we have votes on which our Members of Parliament depend for election. We therefore have the power to make our Members of Parliament do as we tell them.

If any candidate for Parliament refused to do as his constituents told him, he would not be elected. If, after promising to do as he was told, he was elected and did not carry out his promise, he could be unseated by his constituents.

The Government consists of selected Members of Parliament, selected to form an executive to carry out the instructions of the ordinary Members, who, in turn, are elected by the people to carry out their will.

Now, is it not plain where the final responsibility for poverty amidst plenty lies? The people themselves are to blame because they have not told their elected representatives in Parliament that all they really want are bigger, effective incomes.

Therefore, the plain duty of the people is to vote against any candidate for Parliament who does not agree to do the people's bidding.

The people must tell their Members of Parliament—by means of their votes—that they want a National Dividend and the abolition of poverty.

In commanding their Parliamentary representatives to do this, the people are not asking for the impossible. They are, on the contrary, demanding that what is obviously possible shall be done, and done at once.

Until electors do this—until electors demand and insist upon having their will carried out—they will continue in their present insecurity and misery despite all efforts to remove them.

This is the official weekly bulletin of—

THE PEOPLE'S MOVEMENT TO ABOLISH POVERTY

Room 8, The Block, Elizabeth Street, Melbourne

SECOND EDITION

The Story of Money And Its Management

How many times have you been asked for a short, simple explanation of Social Credit? How many times have you found your chief difficulty in your questioner's ignorance of the very elements of to-day's monetary system?

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Give "The Story of Money" to your friend and you will have no difficulty in making him understand Social Credit.

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WOMEN AND LEISURE

By LEONORA POLKINGHORNE.

One must admire the smug complacency with which some people, notably those with fixed hours of leisure, repeat the old saying that "women's work is never done." A few years ago, the editor of one of the South Australian weekly papers quoted this in a leader, wherein he deplored the increasing part women were taking in public affairs, and he blamed this activity for small families, a decreasing marriage rate, and many other evils. Just another instance of taking the blame from where it truly belongs, i.e., to the financial system, which is most unfavourable to many marriages and large families, and placing it on the shoulders of women. That sort of blame placing began in the Garden of Eden. Ignoring the possibilities of technology, as all supporters of the present financial system invariably do (they do not seem to be aware that there has been an industrial revolution), this gentleman said: "It is as true as ever that women's work is never done." That put the lid on it, so to speak. That rather more than 50 per cent, of the adult popula-

tion should never know the blessings of leisure seems to these comfortable people just one of the inscrutable decrees of Providence, which must be accepted as such. "The busy housewife plies her evening care", chants Gray melodiously, in his pleasing picture of rustic life, and this is *after* "the ploughman homeward plods his weary way." His task is definitely done for the day, and now he sits back to be waited on. No doubt the said ploughman would strongly oppose any attempt on his wife's part to take any share in civic affairs, if there were any in that village, as "women were hysterical creatures." He would not consider that a leisureless life is apt to cause a pathological condition of the nerves.

WHAT WE MEAN BY LEISURE.

When we talk of leisure, it must be understood that we mean well-defined periods of leisure in many occupations there must be many odd moments when one is not actually working. We often see businessmen, for instance, engage in lengthy conversations on subjects other than business in business hours, but they would not regard that as leisure. Similarly, one may suppose that many housewives have odd half-hours when they are not actively engaged on household affairs, if they have good methods, but one also knows that however well one calculates, odd jobs have a way of cropping up in the household when it would seem that everything has been done. As a woman said to me recently, "We had come home late from a bridge party, and I found that I had to sit down and darn my schoolboy's socks before I went to bed." You can't guard against an active lad's habit of tearing his socks. Little things like that, springing out and smacking you in the face when you are longing for rest. Now side by side with the laments that women are neglecting

their God-given duties to "interfere" in public affairs, we hear severe criticisms of "the poor use women make of the vote." It seems a little paradoxical, but usually it is the same people who make both charges. If someone suggests that "home duties" (they really mean "house duties") take up too much of women's time to give the proper leisure for the study of political problems, they say: "That is all very well, but we see plenty of them on the croquet lawns and tennis courts." This seems a facer till you remember that, in all walks of life, leisureless people almost invariably use these brief periods for recreation rather than for study. This is human, not feminine. Such critics have no conception of what leisure is, what it can do, nor the important part it plays in human affairs. They appear to regard it as a thing to be taken in homoeopathic doses, as, like money, a general diffusion of it would have an alarming effect on society.

MAKING THEM "RESTLESS."

A German professor was recently quoted in the daily press as deeply regretting the tendency of modern scientific development to set women free from household tasks. This would be very bad for them, Herr Professor concluded. For one thing, it would make them "restless." We have observed that persons emerging from the influence of a narcotic drug show signs "of restlessness." They are coming alive again! What is it to be "restless"? Is it not one of the indications of mental alertness, a desire to be up and doing at something really interesting?

The same doubt is felt regarding the spread of leisure to the "working classes." It would be too strong for them, their weak heads could not stand it. A similar objection was raised against the spread of education. It would make them (i.e., women and the working classes) discontented and restless. Far better and safer to keep them as "dumb, driven cattle." In these days the tremendous opposition that the higher education of women met has been more or less forgotten, as have the woeful prophecies that were uttered when it was suggested that the "working classes" should be taught to read and write. (We are all the working classes, of course, and the term should be manual labourers and unskilled workers.) But then, what a storm of protest almost overwhelmed the scheme of steam-train transport! The impious speed of it! Twelve miles an hour, no less! A tempting of Providence.

And now this dangerous leisure. What will they do with it? Something that will wreck society, for sure. It is truly astonishing how alarmed this type of obstructionist becomes about the safety of society. One would really imagine that it was a thing so stable, beneficent and satisfactory that it oughtn't to be wrecked. When we regard it as it really is we confess to a wonder that some exasperated person doesn't try to wreck it and start fresh.

In vain we point out to these people that we already have leisured classes in the world, and that they are not all given over to debauchery and crime. On the contrary, so far from unlimited leisure having injured them morally and mentally, it has bestowed on them qualities that cause them to accept their superiority as a matter of course. This is denied those who have to scratch for a living.

"Their manners have not that repose
That stamps the caste of Vere de Vere."

That "repose only comes from leisure and economic security, a bland certainty of the whereabouts

of the next meal without any effort on our part. But it appears that most women and *all* other manual labourers are so innately vicious and weak that leisure must be kept from them. Satan is sure to find mischief for them. Yet, when we ask what is the real difference between the classes and the masses, do we not find that it is just this—leisure, the refiner, the civiliser? As Edward Markham has said in "The Man with the Hoe,"

"Slave of the wheel of Labour.
What to him are Plato and the swing of Pleiades,
The rift of dawn, the reddening of the rose?"

It is only leisure that enables us to appreciate these things. Yet every Social Creditor is being constantly told with portentous wags of the head, "Yes, you just give these people leisure, and *what would they do with it?*" Just as though it were a bottle of poison or a loaded pistol.

WOMEN'S "RIGHT TO WORK."

Mr. Bruce Brown's criticism of Muriel Heagney's book on "the right of women to work" is just, but one must remember that what that author was really trying to say was the right of women to economic independence. Like *most* members of the Labor party, Miss Heagney cannot visualise independence and security without work, so to her the whole fight centres round the "right to work." Unfortunately, the whole body of advanced women in Australia has come no further, as Mrs. Lillie Beirne recently pointed out in the *New Era*. This is the more regrettable, as these members of the Federation of Women Voters are, as Mrs. Beirne says, undoubtedly the picked women of the Commonwealth. Even the *Bulletin* has said that many of them would be far more useful in Parliament than those men who are there at present—not a very staggering compliment, unfortunately.

As a matter of fact, we want no persons in Parliament who have not discovered the flaw in our ac-

To New Readers of the "New Times"

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

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

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

counting system, and are not determined to have it altered. All other attempts to improve the position of either men or women is but whistling up the wind. There are, of course, individual members of the Federation who are staunch Social Creditors, but so far their influence has not permeated the body as a whole.

MEN IN "WOMEN'S" JOBS

With regard to the competition for work, it is interesting to note the complete complacency with which women met the influx of men cooks and dressmakers. Did they shriek protests of, "they are taking our jobs"? Not a word. There was not even the slightest semblance of jealousy at men's superior achievements in these lines. On the contrary, I suspect a quiet amusement, and perchance a secret hope that the interlopers would "invade" all other avenues of women's work as well. The achievement of men in the culinary art is understandable, as men take food far more seriously than women do. Witness the solemn care they take over meals when batching or camping, whereas women hail the departure of the men folk as a chance to substitute for cooked meals something easy on a tray. It is just a clutch at the vanishing skirts of leisure, so much dearer to them than gastronomic satisfactions.

BANGING THE DOOR.

Leisure, to be worth the name, means not only odd half-hours off of uncertain schedule, but a clean banging of the door on the task. That is the eternal difference between the paid job and the "home" one. In the latter, one cannot escape the atmosphere of responsibility and watchfulness. It has not the nerve relief one gets in locking the office door and forgetting all about it till 9 o'clock tomorrow morning.

That is what makes real concentration on any form of study so difficult for the housewife. She knows very well that whatever she takes up is subject to innumerable interruptions, in which the continuity of thought is broken.

Without adequate leisure, therefore, we cannot become what we ought to be, viz., the sort of citizen that makes a democracy what it ought to be. Unhappily, however, whenever we talk about leisure, we are instantly up against the pedagogic attitude of those who imagine that human nature is so hopeless that it can be saved from destruction only by unremitting toil. We are so concerned about other people's morals! In the Social Creditors' Paradise, is it too much to hope that we shall have a good majority of people who will mind their own business, and who will be content to allow others to work out their own destiny in their own way?

Anything short of this is not freedom.

A Few More Signs of Prosperity

The company was already leaning heavily on the bank, and it would be unwise to increase the overdraft, particularly in view of the impending curtailment of bank advances.

—The chairman of Wunderlich Ltd., at annual meeting on April 16.

* * *

He did not think the company's losses were at an end, and so he dissented from the proposal to write off £15,000 of the company's £100,000 capital in order to eliminate accumulated losses.

—Mr. W. B. Paxton, director of H. Perry & Co. Ltd., boot manufacturers, Richmond (Vic.), April 20.

* * *

Directors of Bebarfalds Ltd., Sydney furnishing house, announced on April 20 that ordinary shareholders would be asked to write off 5/- per share (involving £53,350), and that preference shareholders should agree to forfeit accumulated arrears of dividends up to June 30, 1935.

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The Queensland Abolition of Poverty Campaign

This is an entirely non-political movement to demand results with out indicating methods. There exists a prima facie case, which needs neither evidence nor argument that the goods are here but distribution has fallen down. Instead of being used they are being destroyed, or contraceptive steps are taken to prevent their production, while countless thousands are in dire distress and deprivation.

Through no fault of their own, men stand idle while machines do the work, and there is no means of putting into the hands of the unemployed the necessary purchasing power to buy the products of the machines, except

the dole paid for out of loans and/or special taxation.

WHAT BRUCE'S CONVERSIONS HAVE COST.

Statement by R. G. Casey in Federal House, March 26, 1936:

"Since October, 1932, loans aggregating £181,961,873 have been converted, resulting in annual savings for interest and exchange of £3,398,972 (Australian), equal to £2,711,044 (sterling). The expenses of conversions of these loans, including underwriting commission, were £2,477,250 (sterling)."

The Electoral Campaign simply asks the Democracy to recognise these facts and demand of their representatives that they deal with them or else give way to those who will. It says this to members of all parties and of none. It declares that the essence of democracy is that supreme power resides in the people, and it will ask the people to sign a demand that unnecessary and preventable poverty shall be abolished.

The Campaign Director asks you to follow the late King when he said that it cannot be beyond the will of man to distribute the great abundance which the development of machinery and the industrial arts have brought about. No arguments are entered into as to how that distribution shall be made. The Campaign is simply to get the electors to demand that experts who are at the service of the Crown shall be given orders to achieve it. The function of the people is to indicate policy or aim. The function of their representatives in Parliament is to employ the best brains in the country to bring the desired result about.

We want YOUR help, donations, and/or services.

All communications to the Hon. Director, Abolition of Poverty Campaign, Room 14, Second Floor, 142-146 Adelaide-street, Brisbane.

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THE NEW TIMES

Published every Friday by New Times Pty. Ltd., Elizabeth House, Elizabeth and Little Collins Sts., Melbourne, C.1. Postal Address: Box 1226, G.P.O. Melbourne.

Telephone: M 5384.

Vol. 2. No. 17.
FRIDAY, APRIL 24, 1936.

What the Bank Figures Show

Once more we are granted the usual farcical glimpse of Australian banking figures—farcical because our laws do not compel the banks ever to show us a complete statement, but only those figures, which cover their assets and liabilities in Australia. Obviously, like any branch or departmental statements, these are quite susceptible of manipulation if desired, and at best cannot present that true or complete picture which the public, being so vitally concerned, are entitled to have. For instance, as is now openly admitted, the state of the banks' London funds is one of the great factors determining whether or not the Australian people are to be subjected to further deflation, with all its cuts and slashes—yet the banks are allowed to, and do cloak this item in complete secrecy. Repeated attempts have been made in Parliament to obtain information as to the banks' total funds in London, but each inquiry is met with the stereotyped answer that the banks do not make these figures available.

It is only in their aspect as a balance sheet, however, that the banks' latest returns are farcical. In every other way they are tragic. Here are two items which the figures reveal: (i) During the last three months the banks have called in loans in Australia amounting to £2,272,000—this means a destruction of that amount of money, (ii) During the last twelve months the banks have sold securities to the extent of £8,256,000—this also means a destruction of money to a similar amount.

Thus is amply proved what we have repeatedly contended in these columns when others were cheering for prosperity, that the banks have definitely been forced,

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by their own insolvency, to embark on another bitter policy of deflation. The reason is, as we have also shown previously, that a private bank is the only type of business enterprise which cannot stand up to prosperity; which, in fact, is liable to be ruined by real prosperity. Make the people, or any considerable number of them, a little bit prosperous, and they will naturally tend to carry more notes and coins in their pockets and tills, and to let the figures of their current account deposits mount up. More money in the people's pockets and tills means less in the banks; bigger current accounts represent bigger potential claims to legal tender money (notes and coin) from banks, which are now holding less. And as these fraudulent institutions are always really bankrupt; as they never at any time possess more in notes and coin than the merest fraction of the deposits which come into being through their own creation (i.e., by means of their interest-bearing overdrafts) they are naturally compelled, on the least fear of prosperity, to start calling up overdrafts or selling securities in order to extract from the people portion of their legal tender money and to destroy the people's current account claims. This process the banks must continue until they once again reach the position where they have destroyed enough of the evidence against themselves to feel reasonably safe against detection by the general public.

Of course, the banks do not put this in quite such candid terms as we have used. The Commonwealth Bank board, for instance, which is an accessory to the whole business, referred in its report a few weeks ago to "such disequilibrium as now exists" a term which, one ventures to say, it would frown upon if used in explanation by a defaulting teller on its own staff—and proceeded to say that "some improvement in the liquid position is called for and will, no doubt, in due course be brought about." The figures we have already quoted are preliminary evidence of the beginning of that "improvement" and of a restoration of "equilibrium."

The trading banks' average figures for the March quarter show current account deposits at £114 millions and fixed deposits at £178 millions. Banking practice (or, more truly, malpractice) shows that the banks are not reasonably safe against detection unless they can keep current account deposits down to about one-third of the total. This was the position three years ago, when the figures were: Current accounts, £90 millions; fixed deposits, £187 millions. The same applied up to December of that year, when current accounts were

£94 millions and fixed deposits £184 millions. But from that time on, and especially during the last eighteen months, the position of the banks has been slipping. Hence we must "put a brake on recovery." And so the banks, in the endeavour to postpone claims against themselves, have offered a higher rate of interest to those who, by transferring current accounts to fixed deposits, will agree to defer their claims to non-existent cash. Hence, likewise, the rate of interest charged by the banks goes up. And hence also, in the sacred name of "sane" finance, the banks are calling up overdrafts, selling securities, and bringing about a fresh deflation.

How far will the process go? Look again at the March figures: Current accounts, £114 millions; fixed deposits, £178 millions. These have got to come back to the proportions of one to two. With any different mixture of the ingredients our beautiful banking structure is liable to collapse. There is no alternative—unless the Australian people decide to alter the foundation of their banking structure so that it may reflect prosperity instead of destroying it. This does not necessarily require any great interference with banking administration; but it requires a radical change in monetary policy.

And the first step to that change is for the people to take back from the banking ring the control over their own real credit, and over the financial credit, which is issued against it. If you won't do that you have no right to cry over this new depression. If you will do it, tell your M.P. what you want.

A Hospital is Opened

"Built of natural brick, with white facings, red shutters, and a blue door, the new hospital cost £8,000, and contains an operating-room, dispensary, office, board-room, consulting-rooms," and so on. Thus the Melbourne *Argus* of last Friday described the "splendid modern building" which was opened on the previous day by no less a person than Sir James Barrett, K.B.E., C.B., C.M.G., M.D., M.S., F.R.C.S., of Toorak and the Melbourne Club, and to which the major portion of the cost was contributed by Lady Lyle, wife of Sir Thomas Lyle, Kt, M.A., D.Sc., F.R.S., and also of Toorak and the Melbourne Club.

In declaring the hospital open, Sir James Barrett said that he almost wished he were a dog, or a monkey, or a kangaroo—a sentiment which one is almost tempted to echo. For this new hospital in North Melbourne, built of natural brick, with white facings, red shutters and a blue door, has been erected, not to care for the poor and sick of North Melbourne and its vicinity—of whom God knows there are thousands—but to provide diagnosis and treatment for such animals as Sir James Barrett almost envied.

With that nice regard for the fitness of things which has always distinguished it, the *Argus*, immediately underneath the report of this new hospital

AN ECONOMIST OWNS UP The University of Queensland and the Premiers' Plan

Under the heading, "Premiers' Plan a Mistake," a remarkable article, signed by J. L. K. Gifford, M.A., Lecturer in Economics in the University of Queensland, was published in the Brisbane "Telegraph" of April 7. We reprint some of Mr. Gifford's candid admissions on the sorry part played by our professional economists.

"We Australian economists in 1931," writes Mr. Gifford, "had a remarkable chance of impressing the political and business community by supporting a plan which came to be called the Premiers' Plan; or, rather, some of us did, with the tacit agreement of the others, the present writer being among the others. A great and earnest effort was made to get us to sink our differences of opinion on details and even on fundamentals. Each of us was urged to give up a little of his aim so that we could present a unified front, and give the utmost weight to our advice. Finally, what was arrived at was a curious inconsistent mixture of little bits of all the remedies which had been proposed, a hotch-potch of 'cut and spend.'

"Now, some of the advice was bad, and since the Commonwealth Bank is already acting in such a way as to bring on another depression, we should prepare to

for animals, published a statement by a member of the board of management of the Royal Melbourne Hospital, who said that he had inspected the hospital recently on a wet day, and had found that its conditions were disgraceful. Male and female patients in the septic wards had to be pushed into the centre of the rooms to avoid the water coming in, and, even with waterproof sheets, men on the verandahs could not get shelter from the rain. The hospital, he added, was working continuously under emergency conditions.

Following this, the *Argus* through its editorial columns made an appeal on Monday for a public subscription of £2000 to complete the cost of the animal hospital. "It is expected," concluded the appeal, "that the new hospital will ultimately be an influence towards general appreciation of animal welfare, and that in the meantime it will be of sound service in caring for sick or injured horses, dogs, cats, and other creatures belonging to people who are not able to afford veterinary treatment."

To all of which we would wish to add this: Kindness to animals is an excellent quality, in its right place. But the spending of money, and the appealing for money on behalf of animals by those who will not lift one finger on behalf of justice towards our own destitute and unprotected citizens; by those who, like the proprietors of the *Argus*, can view with perfect complacency that people should as it recently put it, pick up a living somehow and sleep in the Domain; and by those who, like Lady Lyle and her circle, should go to great trouble on behalf of a tramp's dog while displaying the utmost indifference towards the fate of its sick master—the spending of money and the appealing for money by such people in this way makes one seriously wonder whether their new "lethal chamber to deal with unwanted cats" could not be put to better use in dealing with other unwanted animals—and not quadrupeds, either.

manage the next depression better than the last.

"That the advice was partly bad is not entirely the fault of the economists, or, shall we say, it was the result of a little human weakness. Some of them, there is no need to mention names, believed that the best way of relieving a depression, and of curing it, was to expand credit, have an active policy of public works, and let the sterling rate of exchange rise as far as was necessary to correct the balance of payments.

"But they were afraid that if they gave this advice they would be mistaken for currency cranks; they were afraid that investors in Government bonds would be alarmed and would reject their advice; they were afraid that business men would be displeased if the economists did not recommend reduction in wages. Consequently, they gave, not the best advice of which they were capable, but a second best, what seemed expedient.

NEEDLESS COMPROMISE.

"If a university economist is asked to give private advice to the Government he may quite justifiably advise what he thinks is expedient. But when he gives advice publicly let him give the very best. There are always politicians to adopt compromises. It is the business of the expert to recommend the best. It cannot be doubted that the reputation of the science of economics has suffered from the depression (and may we say depressing) compromises of the Australian economists.

"There was no need for compromise among the economists. Probably the same policy would have been adopted no matter what the economists had said, no matter how much they had contradicted each other; although, if those who favoured the 'spending' policy had spoken out, there might have been more spending and smaller 'cuts,' and we should have recovered earlier . . .

FALLACY OF CUTS

"The economists I am thinking of realised that the price level had fallen, and they assumed that because of political difficulties it could not be raised again to the 1929 level. They, therefore, recommended a general reduction of fixed costs (wages, rent, interest, and public expenditure). But they either failed to see that a general wage reduction would necessarily lead to a temporary worsening and a quite unnecessary prolongation of the depression, or else they failed to do justice to the fact."

A PUBLIC WORKS POLICY

Mr. Gifford then goes on to discuss in detail the effect upon business of reduced spending power in the hands of wage and salary earners, and after dealing with the benefits of low interest rates he proceeds to say that these "can be helped by the policy of 'priming the pump,' the

(Continued on next page.)

policy of starting public works. The object of the public works is partly to increase the demand for consumption goods through the payment of wages and salaries, and partly to increase the demand for certain raw materials and certain other goods used in production."

You will note particularly that Mr. Gifford does not suggest for one moment that the object of public works should be to provide the community with such things as roads, bridges, schools, or anything of the kind. It is to enable suppliers of raw materials to sell their goods, and to distribute wages and salaries so that the public may be enabled to buy consumption goods. In other words, the object is not public works at all, but the making up of the shortage of money in the hands of the public.

Mr. Gifford is quite right in insisting that this extra money should be provided—but why not issue it direct to the people, and why not issue it as national, interest-free money, instead of allowing the bankers to create it on their books and then charge a perpetual toll upon it? We commend this further line of thought to Mr. Gifford.

POOR PROFESSOR GIBLIN.

Mr. Gifford is delightful in his allusions to Professor Giblin, whose newspaper advice to "John Smith" will be remembered.

"In this connection," he says, "as in the matter of stimulating output and employment, the wage reductions (and, in fact, all the other cuts) were quite unnecessary. All the earnestness and all the Ruskinian eloquence used to persuade poor John Smith to accept wage reductions could have been put to a better use. It could have been used to persuade employers and investors that it was far better not to have any 'cuts' at all, but to employ a suitable credit policy and a suitable policy of public works.

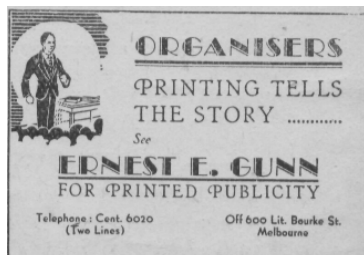
"If the economists had agreed on a credit and exchange policy designed to maintain the level of money incomes, there would have been few harmful repercussions from the decline in export prices, little unemployment, and few hardships. Imports would have been dearer and foreign travel, but there is no way of escaping that unless Australia could control world economics as well as Australian economics.

"There may be some excuse for the economists in 1930 and 1931. It may be said that the Australian economists as a body were no further behind than the economists in other countries. The science is also in a state of flux, with violent controversy in all countries, except, possibly, Australia. The depression was unusually severe and people became panicky.

BE PREPARED.

"But there is no excuse now for a hush-hush policy. The economists should be trying now to arouse public opinion to the need for defence against the depression with which the movement towards high interest threatens us. We have probably over a year for preparation."

We should like to offer our congratulations to Mr. Gifford. After hearing the hopeless blather put forward by our professional economists for years, it is a relief to find at last that one of them, in however veiled a way, is beginning to say what people of ordinary commonsense have known for years—is beginning even to warn the people that another unnecessary depression is at hand, even as we have been doing in this paper for months.



NEW ZEALAND NOTES

Finance Minister on Credit Control

The intentions of the Government with regard to a monetary policy were further emphasised by the Hon. W. Nash, Minister of Finance, in moving the second reading of the Reserve Bank Amendment Bill, now duly passed through all stages.

"We affirm," said Mr. Nash, "that the first step toward achieving co-ordination between material and idle labour is the control of the credit and monetary system. That is why we affirm at this point that there is one step that must be taken before anything worthwhile can be done.

"It is imperative, if we are to achieve the amount of progress that is necessary and justifiable from the resources of this country, to take control of the monetary system. What is the objective? The objective is the organisation of credit resources so as to ensure the maximum utilisation of our natural resources and the distribution of products in a manner that will ensure the maximum standard of life to all who render services.

"We want control of our credit and we want to be able to control the transfer of money from this country to other countries. We want to control the credits that are built up overseas. We want to ensure that all the exchange that is produced by the sale of commodities in this country for export overseas goes through the Reserve Bank, and is under the control of the governor of that bank. Having done that we will make the exchange available to the trading banks in the quantity that is necessary to enable them to do the work we have set out to achieve.

"We propose, when circumstances justify it," added Mr. Nash, "to utilise all the powers we might have to obtain all the necessary credit, shall we say, to build homes and to do the things that are necessary. There is a difference between the procedure we propose to follow and the raising of money by way of loan. It is not the money that matters in the ultimate. What matters is that we bring more goods into being. We live on goods, not money.

"We will bring into the economic body of the country new life-blood so that life comes into its arms, its head and its legs, and as blood is to the physical body, so is credit and currency to the economic body. There must not be too much of it, or else we will have the same difficulties that occur in the human body when blood pressure is too great. It is not beyond human capacity to determine how much life-blood is required, and if we watch the symptoms we will have a better Dominion than we have ever had before. I believe we can do that; I don't think it is beyond human capacity."

"UNFAIR TO NED KELLY."

In the debate on the second reading of the Bill, Mr. J. Hargest (Opposition), said that it was unfair of the Prime Minister, when referring to those in charge of banking policy, to have spoken about Ned Kelly.

The Prime Minister: "Unfair to Ned Kelly."

Mr. Hargest: "The Prime Minister has compared people in New Zealand with a cold-blooded Australian murderer."

The Prime Minister: "Ned Kelly never robbed a poor man in his life."

"CAPITAL" FROM OVERSEAS
Discussing the same Bill, Mr. Savage in a press interview said: "We do not anticipate any difficulty, but if the directors of the bank say that the financing of our proposals is impossible within the framework of the Bill, then it will be necessary for the Government to find another way."

Mr. Savage added that questions of finance, as he saw them, were entirely a domestic consideration. The Dominion had surplus labour and a surfeit of raw materials. It was ridiculous to suggest that for the

employment of labour and materials any Government should have to go overseas for the necessary money.

"I want to give a straight-out assurance that it is not the intention of the Government to sit down and merely turn the handle of the printing press," Mr. Savage said "In my view such a course, as well as being dangerous, is unnecessary. All the resources we need are here in New Zealand. We aim to develop the country in such a way that assets will be brought into being equal in value to the total expenditure."

NEW INDUSTRIES.

The Prime Minister announced on April 9 that the completion of the Napier-Gisborne railway would be put in hand within three weeks, absorbing between 1000 and 1500 men. Other works to be instituted as soon as possible are a housing scheme; improvements to mental hospitals ("although," as Mr. Savage says, "the ultimate goal of our policy, improved living conditions for all, might well mean a falling off in the number of patients"); the building of new post offices.

THIS WEEK'S GEM!

"Investigations by my Federation have shown that the displacement of men through labour-saving machinery is almost unknown. If we admit that a shorter working week is desirable for social purposes under changing conditions, let us wait for it in the normal process of time."
—E. F. Ryall, President of Employers' Federation, addressing Constitutional Club, Melbourne, April 20.

and similar undertakings. It is understood that the Government will also assist the development of the Onekaka deposits, where it is estimated that there are 60 million tons of iron ore, in addition to 15 million tons of limestone and three million tons of coal. The New Zealand press is also discussing the probability of rubber tyres being locally manufactured (New Zealand produces none at all yet), and of the wood pulp, sugar beet, and other industries being begun.

MR SAVAGE MAKES A "TALKIE."

The Prime Minister has made a newsreel "talkie." The text of his words, addressed to the people of the British Commonwealth of Nations, is:—

"We are the first Labor Government in the world to receive overwhelming mandate from the people to give effect to an advanced programme of social and economic reform. New Zealand was looked upon at one time as the social laboratory of the world. We are again looking forward to occupying our place in the vanguard of human progress. It is our intention to make New Zealand a nation of buyers as well as sellers, and to make science, the machine and money the servants and not the masters of the people."

"CAN GIFT MONEY BE CANCELLED?"

Few people can any longer pretend that, except by such devices as increasing the national debt, any community is able to buy the whole of what it produces.

Hence those whose interest it is to oppose monetary reform are now contending that, if new money is issued by governments to make up the shortage, this must continue mounting up until it causes extreme inflation.

"Can Gift Money Be Cancelled?" deals with this assertion. It explains why, where and how new money must be issued and how it may also be withdrawn as goods are sold, so that the money supply will always be kept in proper relation with the supply of goods for sale.

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COMMERCIAL POSSIBILITIES OF GALES

[This article is equally applicable to fires in Australia and to floods in the United States.]

Following the recent gales (says "Social Credit") reliable statistics show that very considerable damage has been done to private and public property, shipping, telegraphs and what have you?

Few people seem yet to appreciate this undoubted blessing. Perhaps a few years ago there might have been some reason for viewing the gale damage with alarm, but today every sound-thinking person cannot fail to receive news of the damage with joy.

It is estimated in one large town that all the local joiners, slaters and bricklayers will be busy for at least four and a quarter working days, making good the havoc of the elements. This is indeed a welcome sign, more especially, too, when it is realised that in this particular town unemployment in the building trades has caused great anxiety.

It is reported that arrangements are being made by no fewer than three local clergymen for a "Gale Thanksgiving" service to be held next Sunday. One spiritual leader is said to be arranging a stand showing dislodged slates, tiles, and chimney pots, each of which will be clearly marked, in hours and minutes with the amount of employment created by the replacement. One cannot but praise such laudable and public-spirited gestures.

To those who are far-sighted enough to see in gales their beneficent qualities, it will be apparent that the latest triumph of invention, the Controlled Gale Blower, heralds the dawn of prosperity.

The device is simplicity itself, consisting of a series of high-powered portable engines driving gigantic propellers. It is estimated that a fleet of government lorries fitted with the apparatus could create a local gale of approximately 100 m.p.h. velocity at normal temperature and pressure. I understand that the idea will have full support in political circles, especially as the fleets would be nationally owned. It is doubtful whether the public realise the immense possibilities of this Gale Blower. One enthusiast drew for me the mental picture of a futuristic machine—a 5000 h.p. Eight-engined O.H.V., high compression piston, dual windscreen wiper job, capable of the colossal output of a 956.075 m.p.h. gale, extending over a ten-mile area.

This indeed conjures up unlimited possibilities. In ten minutes, every semi-villa of the £475 or £5 down class could be completely stripped of tiles, chimney pots and wireless aerials, and the earth stripped of such villas. And this within a ten-mile radius! As one pro-

The Fable of the Alchemist and the Gold Standard

By MONTAGUE GROVER



The Boojum's Court.

One day as the Boojum of Wok was giving audience to his loyal subjects, a strangely attired man approached and made obeisance.

"Sire," he announced, holding up a piece of blue metal, "I have here the Philosopher's Stone, besought through the centuries of the ancients."

"What's your lurk?" demanded the Boojum suspiciously, for the last pilgrim who bore a rock had concluded by casting it at the Royal head. Even now, the Official Slicer was adopting the correct stance and getting the orthodox grip on his snickersnee.

"Properly manipulated, Sire," explained the Pilgrim, "it has the property of turning anything into gold."

"How come?" inquired his Majesty? Then, indicating the Official Slicer, said, "Have a go at him."

The Pilgrim remarked "Abracadabra," waved his hands on high, and touched the Negro sword bearer lightly on the shoulder.

His ebony torso turned to bronze, from bronze to russet, from russet to brilliant, luminous gold.

"Good-oh," cried the Boojum ecstatically. "Now we'll all be rich. Have a go at that mountain."

As the Pilgrim turned there was a sudden rush towards the throne. The President of the Associated Banks clashed up, followed by the Treasurer of Wok, the Chairman of the Chamber of Commerce, and other Leading Persons.

"Stop him, Your Majesty," they cried. "If he reaches that mountain, what'll become of our gold standard? And then where will we all be?"

"Bravely spoken," observed the Boojum, clapping his hands.

The deputy Slicer sprang to attention, did a smart fifty yards to the Pilgrim, and neatly swept off his head with one blow.

"Excellent," commended the Treasurer.

"That'll learn him," said the Monarch.

"And this?" asked the Treasurer, pointing to the golden statue of the ex-Official Slicer.

"Have him melted down for the Privy Purse," ordered the Boojum.

professor of economics laughingly remarked, we shall, have an "employment" problem before long.

When fitted with the concentrator device (Pat. No. A276543) this remarkable addition to our scientific power can be guaranteed to bring down every telegraph wire within five miles. A prominent official stated that by discriminate use, or "wise galing," a staff of linesmen nearly treble that now employed could be kept continually up the pole.

The public must be made "wise-galing" minded to ensure full co-operation. It may be necessary in the interest of national progress to make any form of double nailing of slates or tiles illegal, but it is felt in political circles that sufficient *esprit de corps* can be generated by the wireless and press to render such actions beneath the dignity of the Britisher, and to stigmatise the perpetrator as a cad of the first water. The time will come when the patriot will be content with the noble epitaph; "He always had a tile loose."

We may well look forward to the dawn of a new era, the last corner has been turned, the bottom touched. Surely it would be a fitting tribute to bestow upon the originator of this epoch-making invention the honourable title of Lord Gale Blower.

John Hogan's Victorian Campaign

Victorian readers of the *New Times*, particularly those in country districts, will be pleased to learn that the long looked-for visit of Australia's most famous young orator, John Hogan, will definitely commence in the second week of next month.

Writing from Sydney on the 18th inst., Mr. Hogan says: "I leave today with a particularly hectic itinerary ahead of me, and am arranging everything to be at Albury on either May 7 or 8."

After leaving Albury the following Victorian towns will be visited: Wodonga, Yackandandah, Beechworth, Wangaratta, Benalla, Shepparton, Euroa, Seymour, Broadford, Kilmore, Lancefield, Romsey, Woodend, Macedon, Gisborne, Sunbury, to Melbourne.

The journey from Wodonga to Melbourne will take approximately ten or twelve days.

Other tours, embracing Gippsland, the Western, Northern, North Central, Wimmera, and Mallee districts have been provisionally arranged, and Mr. Hogan will also address meetings in the city and suburban centres.

Although the success of Mr. Hogan's visit to Victoria is assured—his brilliant oratory, resourcefulness, and organising faculties make it undoubted—in order that the campaign may achieve the great success and lasting results that are looked for, the assistance of every Social Creditor throughout the State must be unstinted and promptly forthcoming. There has been a generous response to previous appeals, but a great deal more is needed.

You can assist in any or all of the following ways: In the formation of a local or district group to arrange and advertise meetings, engage halls, and/or arrange other suitable meeting places. In interviewing leading citizens and arranging for Mr. Hogan to meet them. In arranging for billeting Mr. Hogan whilst he is in your district.

Last, but not least, there is the all-important question of finance! Advertising matter, travelling and other expenses have to be paid for, and those who may not be able to assist in other ways can at least make a donation, large or small, that will help to provide the sinews of war whilst others are planning and carrying out the campaign.

Reports of the campaign will appear in the *New Times* from week to week.

In the meantime, please forward your contributions, marked "The John Hogan Campaign Fund," to the treasurer, the Douglas Credit Movement of Victoria, Room 8, Block Arcade, Elizabeth-street, Melbourne.

For further information and offers of assistance please com-

LETTERS TO THE EDITOR

DEMOCRACY OR HYPOCRISY?

During the recent Allandale election campaign it was claimed in no uncertain manner by the Labor candidate and his Parliamentary associates that any legislation of a beneficial or advanced character passed by the Dunstan Government was done as a result of the power and support of the Labor party. The Government party, in their turn, claimed the credit, but added it was with the help and support of the Labor party. That being so, is it not time that the Labor party in Parliament, seeing they hold the dominating position, made an attempt to introduce a Bill to give effect to a much-voiced plank of their platform? I refer to item No. 41, page 49, of their constitution, State Platform, which reads:—"Realisation of the principle of one vote one value," etc.

According to their own statements during the campaign, they hold the dominating position, and can dictate. If that is so, let them cease their procrastination and show some sincerity by making such a Bill a vital measure at the very first opportunity. They have preached Democracy for a number of years, let them show some sincerity now and act.

I read in a recent issue of your paper that they were sleeping on the doormat. I think that statement is not altogether correct. I say they are sleeping *under* the doormat.

BILLY MUGGINS.

LABOR AND SIDE ISSUES.

It is a pity that the conference of the Labor Party spends so much time arguing on subsidiary-matters that really cannot be given effect under the present private control of the money supply, i.e., of the tickets, which give access to goods.

One important direction for A.L.P. attack is on the ideals behind the articles reported a few days ago in the press, where the "Financial Times" and the "Economist" (both in England) seek to induce fear in the people about "printing-press money" because the Sovereign Government of New Zealand has taken command of the Central Reserve Bank there. These bankers' papers do not mention that most of the money we now use is "fountain-pen money." We all remember the "howl of fear" instilled into the people of Australia when Mr. Theodore suggested 18 million extra Government notes, but the creators of this fear did not advertise the fact that very soon afterwards no less than 75 millions of fountain-pen money was privately manufactured by themselves and "lent" to the people as debt. Labor would be well advised to drop all side issues (and Mr.

communicate with the campaign secretary, G. R. Trenoweth, 123 Rennie-street, Coburg, N.13.

Blackburn) and attack this money swindle.

As previously hinted in your correspondence column, the comedy of the recent Treasury Bill rumpus is leading to higher interest on another "Loan."

"NO NONSENSE."

COUNTER PROPAGANDA.

The following suggestions are made with the hope that they may be of help to administrative workers of monetary reform organisations.

The leader writer of the "Argus" stated a pitiable psychological fact in the following excerpt ("Argus," April 9): "One of the first results of better times should be the disappearance from the public and Parliamentary platform of the economic witch-doctor. . . . It is a matter of great congratulation that these people were warded off and that a balance has been restored by the simple, homely methods of economy, self-sacrifice, and hard work."

It matters not—for the moment—that the stuff is received as balderdash by monetary reformers. The point is that his psychological analysis is correct. The propaganda to instill a belief that the depression is a thing of the past, and that prosperity is fast arriving, is succeeding, and with its success the "witch-doctor" loses his appeal. An effort is urgently needed to counter this evil.

Granted our prospects look bright: the U.C.P. and Labor are nibbling at the bait of public opinion. But a flux of munition making, or war, and the politicians will scuttle back to their seats in the chamber of their masters. To retain the hopeful trend of the reform movement it is essential that the public be kept informed as to the true state of affairs. With this end in view the following suggestions are offered:

(1) A Commonwealth convention be called to formulate a Propaganda Campaign.

(2) A hoarding campaign posturing current happenings. Examples: "New Zealand has enacted legislation to control her own credit." "Victorian Country Party pass resolution to alter our monetary policy." "Government must borrow to keep the country going. Borrowing increases taxation. A change in financial policy must be made."

(3) A series of articles, such as that by Henry Ford in the *New Times* of April 10, to appear in each issue for, say, three months, the object being to have such an authority always accessible for Social Crediters to pass on to prospects, with the added benefit of the paper itself.

(4) The compilation of authentic utterances by prominent men into a concise, neat edition, and having an introduction bearing the editorial signature of a local man of standing, to be forwarded to the annual meetings of industrial concerns.

KEITH CAMPBELL.

Caulfield.

SOME VICTIMS OF FINANCE

Several articles and letters have at various times appeared in your columns drawing attention to the injustice inflicted, by salary cuts and the stoppage of promotions, on the great body of Victorian State school teachers. In a recent issue of the *New Times*, a writer under the above heading drew attention to the injustice inflicted on a small body of teachers who, in 1930, were relegated by the Government then in office to the scrap heap—where they were left by each succeeding Government, whether brindle, brown, or piebald.

For this little tragedy of a man made depression we are not blaming any particular politician, party or Government. The majority of teachers temporarily in charge of country schools, prior to 1930, as well as a number of assistants in town schools, had no departmental

HOW KIND WE ARE!

By D. IZZIE.

It would appear that the first requisite of a "Herald" special correspondent is a flair for unscionous humour. For this let us be thankful, for we have little joy in our lives. Consider this gem from last Friday's issue:—

"At a time when most European nations are marking the advance of civilisation by building bomb-proof shelters for their civilians, the question is being raised in Britain, 'How are we going to protect our animals from enemy air raids and gas attacks?' The Royal Society for the Prevention of Cruelty to Animals is in touch with the Home Office in an attempt to work out a scheme for saving dumb creatures from the effects of man's inhumanity to man. Ours is a kindly race."

A Briton, of course, could not do without his bacon and eggs for breakfast, and so the raw materials must be protected. Our kindly chemists must devise some sort of gas masks for the chickens and pigs. They have already perfected a container for baby. Father and mother, suitably masked, pump pure air into the container. If they became victims, then baby must also perish, which is only right, as orphans are a charge on the community.

The beneficent gentlemen at the War Office have described for us the effects of their best poison gases. One is not really poisonous. It merely fills the victim's lungs with mucus so that

"rights" - therefore no "legal" claim on the Government for continuity of employment. But, by passing an amendment in our favour in 1933—with almost complete unanimity - Parliament made the definite admission that certain of these teachers had at least a *moral claim* on the Education Department for employment in such positions as they had previously filled. And the very nature of the legislation incorporated in the Bill, together with the debate on the matter in the House, left no doubt whatever as to the mind of Parliament concerning us and our immediate future. We were given *priority over all other persons for employment* in suitable temporary vacancies.

Please note carefully the effect of the direction given by Parliament in the Act referred to above. Neither in letter nor in spirit has any attempt whatever been made to observe the direction. Although there are between 300 and 400 vacancies each year in the Education Department, which must be filled temporarily, not one teacher has been appointed to a position under the provisions of Section 13. This in disregard, too, of what the present Minister of Education *would like to do* as being the fair thing. How are these positions filled, then? Mainly by young student teachers—under the age of 21, where practicable, *because the services of such teachers are cheaper*. The power that can thus make a law void, and of absolutely no effect, is as mean as it is malignant. Our problem is just how to circumvent that power. But we are determined to make yet another attempt.

What can we do in the matter? Social Crediters may say much! Social Credit is, beyond doubt, making its voice articulate in the community, and the *New Times*, by its strong and fearless advocacy of Social Credit, is becoming a factor which will have to be reckoned with by the Power that is. Moreover, some Social Crediters and their friends are certain to have children. Those children may be in need of special tuition. If so, and they consider that we have some little justification for asserting a "moral claim" to our chosen "occupation", will they kindly communicate with the undersigned.

ARTHUR O. T. ELRICK
Hon. Sec., "Temporary"
Teachers' Association.
29 Clyde St.,
Chatham, E. 10.

he is drowned in his own exudations. There's kindness for you. Also we have recently been told of thermite bombs. Natty little chaps—one plane could carry about 2,000 and make a bonfire of any city. Such is our kindness that before we use them we will no doubt send over a few planes to scare the sparrows away and save them from the flames.

We Australians are also British, and so bask in the reflected glory of our kinsmen's kindly acts. But at the same time we have our own kindly feelings. The previous evening, another "Herald" special correspondent told us how kind we are to a different sort of beast. Not being in any immediate danger from gas raids, we don't have to bother about our domestic animals. We are equally as kind as Englishmen towards our unemployed, our sick and our infirm, but of course, we don't boast about that. According to this writer, we entertain the most kindly feelings towards the financial birds of prey and the carnivore of the commercial jungle. He informs us that our National Debt is now £1250 millions, on which we pay £50 millions a year in interest. To soften the blow, however, he then describes how the Sinking Fund is wiping off the debt. Since 1923 this fund has redeemed £92 millions, and at that rate by £52 million will be extinguished. This is a most unkindly act, for it will deprive our financiers of quite a lot of interest. It is well known that these helpless creatures could not turn out one really useful article with their present stock in trade (excepting, of course, those darts we used to make at school from pens and a bit of folded paper). The prospect of these unfortunates dying in their dens just because we won't pay them interest is more than our kindly nature can bear. The "Herald" writer neatly restores our self-esteem with this paragraph:—

"As the debt total has risen by £142 millions since 1929, however, it seems extremely unlikely that the National Debt will be any less 50 years hence. Probably it will be more, because the borrowing rate greatly exceeds the rate of redemption."

So our self-respect is saved, and we can go to bed full of kindly thoughts. It is "extremely unlikely" that the bankers will be getting less interest, and it is "probable" that they will be still creating more debt for us. We will be caring for these helpless fauna forever.

Now I lay me down to sleep. I thank God that I am British and so kind to others, but most of all I thank God for the "Herald."

MOVEMENT TO ABOLISH POVERTY

Meeting at Warragul

On Tuesday, 14th inst., a meeting to further the movement to abolish poverty was held in the Masonic Hall, Warragul, the speakers being Messrs. G. Maltby and T. Ramsay, of Melbourne. In the absence of the Shire President, who was unable to attend, the chair was taken by Councillor Logan.

The close attention paid to the speakers amply demonstrated that the people in the rural districts fully realise the necessity for urgent action to substitute a sound distributive system for one which has proved so hopelessly inadequate to the world's needs.

After the addresses a number of questions were asked, and a vote of thanks was moved by Mr. W. Strachan, president of the Warragul Social Credit Study Group, and seconded by Mr. W. B. Gibson a retired farmer and one of Warragul's pioneers.

At the conclusion of the meeting the visitors had the opportunity as guests of Mr. and Mrs. Strachan of meeting a number of the local towns people for local action in the campaign.

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TAXATION

By BRUCE H BROWN

2. —THE ATTITUDE OF THE MELBOURNE "ARGUS."

A study of the editorials of the Melbourne *Argus* would be amusing were their contents not so tragic. They are consistency itself in opposition to progress and always resist any improvement for the rank and file. Their prophecies are seldom fulfilled, and they repeat worn-out and ridiculous theories in utter disregard of present-day facts. They are always preceded by the caption:

"I am in the place where I am demanded of conscience to speak the truth, and therefore the truth I speak, impugn it whoso list."

The words "conscience" and "truth" appear to be misapplied, for many of the statements appearing in the editorials are quite untrue, and when a correction is suggested there is stony silence. In 1933 I was one of three who proved to Dr. Cunningham (as he then was) and Mr. Curthoys, the editor, that certain statements, which had been made in the leading articles were not true, but they were not rectified. Indeed, a few weeks later they were actually repeated.

It may not be generally known that there are certain connections between the *Argus* and the forces, which have us in subjection. It is associated with the National Union, which in ways unknown to the community exercises a controlling influence in politics, and represents the private financiers who secretly control the affairs of the nation to the detriment of its people. As Mr. Duncan said, the U.A.P. may not have the men but it has the "cash." Mr. R. O. Blackwood, a director of the *Argus*, is financially interested in more than one of the bank-owning monopolies, and at the same time is president of the Melbourne Club, which is the rendezvous of the money controllers. Membership of this club is extremely exclusive, and one of the main objectives of those who assemble there is to keep the community enslaved to a fraudulent system of finance which condemns thousands of Australians to the torture of semi-starvation and hundreds of thousands to financial and mental insecurity in a land over-flowing with the bounty of God.

AN "ARGUS" LEADER

In its leader of 5/3/36, the *Argus* said: "Unfortunately in modern conditions there is no party in Parliament on the side of the taxpayer." That is perfectly true, but why limit the reference to Parliament? Neither the *Argus* itself nor any of the great dailies is on the side of the taxpayer. They have supported and encouraged the swindle against him. Every one of them is totally silent about the origin and function of *money*, the improper control of which makes tax paying necessary. In most cases it is even against their policy to discuss the subject, and in this they are supported by those comfortable persons who get money that others actually earn. Any mention of the "money system" causes these people to bristle, and thousands of employees of big business who know of the swindle that is going on are afraid to mention it because of the fear of losing their job. This sacred stuff called *Money!* It has a greater influence over the so-called "civilised" Christians than the medicine men and witch doctors exercise over the black races. It is this ignorance of the people about money which makes it possible for them to be taxed at all, for once they realised that restoration to the Crown of the control of the community's credit would remove the necessity for taxation, our politicians would have to relieve us of the fraudulent burdens or get out, and the *Argus* would be obliged to adopt a different attitude or go the way of the *Star* through lack of patronage and sheer inability to meet its financial costs. Under community control, the creation and cancellation of money would be the function of a statutory authority, which would be obliged to have regard to the production of the nation and the needs of the people.

PRACTISING ECONOMY.

"The first argument for the reduction of Commonwealth taxation", the leader went on, "is that while revenues are superabundant there will be no sufficient inducement to practise economy." Economy of what? What is it we are so short of that we must be sparing in its use? The Commonwealth Statistician tells us that since 1930 we have produced greater quantities of wheat, oats, hay, sugar, apples, bananas, citrus fruits, tobacco, cotton, sheep, cattle, pigs, wool, butter, cheese, bacon, milk, gold, silver, copper, lead, tin, coal, iron, and so on. With more of these things available, and produced, mark you, with less and less human labour, there can surely be no call for economy in *their* use. It must be economy of finance the paper is advocating, i.e., we must have fewer figures in our accounting books! People who urge economy and sacrifice in the midst of material abundance are either rogues or they are in need of examination by a mental specialist.

RESTORATION OF SALARIES

Another statement in this truth-telling article said: "Full restorations were made in the salaries of the Commonwealth Service... because the money was in the Treasury waiting to be spent." The truth is that full restorations were *not* made, and the money was *not* in the Treasury waiting to be spent. Many members of the Commonwealth Service are still suffering salary cuts for which there is not the slightest justification.

THE SALES TAX

"Worse things still" it went on, "can be said about the Sales Tax, that monstrosity in imposts..." But that was a

bad guess, for only a few days later the Associated Chambers of Commerce at Adelaide declared that this monstrosity is democratic, and that the Government's practice of "borrowing" what it already owns is quite in keeping with good business as they understand it. Since then the *Argus* has been strangely silent about this terrible monstrosity, and, as was to be expected, has fallen into line with the policy dictated by the Chamber of Commerce, which, representing the private money manufacturers, seeks to increase the burden on the poor and remove it from the rich.

How could any paper whose editorial staff regards money tickets as wealth possibly contribute any constructive ideas towards the solution of our troubles? These supposedly educated men wrote: "Only the political troglodyte now hugs the delusion that there can be any return of prosperity apart from that which the land can give directly or indirectly", and yet the fact stares them in the face that, notwithstanding the great increase of the products from the land, the community, instead of being benefited, is actually *worse off*. Even Ramsay Macdonald knows the explanation of this, for in 1931 he said: "A few financiers...pursuing their own ends and looking after their own fortunes, are able to destroy the fruits of good harvests and the productive accomplishments of human energy." That is exactly what the irresponsible financiers have done in Australia. But consideration of the operation of the money part of our national economy, which alone gives people access to the prosperity of the land, is taboo where the *Argus* is concerned.

AN EDITORIAL ON APRIL THE FIRST

On April the first there was another editorial on taxation. By specious reasoning it sought to place the responsibility for taxation on the shoulders of the Labor Party. Courtesy prevents our saying anything about the revenues obtained from taxation before the Labor Party was thought of. This April the first article declared that "excessive taxation is an instrument of socialism... it is the method by which all governments acquire the means by which they exercise power." Note particularly that even the *Argus* now admits that *money* is the means through which power is exercised. No money, no power; control of money, control of power. As governments can do nothing without *money*, and as money is not controlled by the National Government, the National Government must, *ipso facto*, be controlled by those who privately control money and its manufacture. Could that be truthfully denied? We congratulate the *Argus* on this important admission, but doubt whether the significance of it has yet pierced mental fog in which its writers move.

AN INSTRUMENT OF THE MONEY MONOPOLY

As a matter of fact, excessive taxation is an instrument of the Money Monopoly, and is the clearest evidence of the utter absurdity of the existing money system. It is one of the chief agencies whereby the finance dictators crush the resistance of the private capitalist. In England, for example, the extortionate probate and estate duties whittle down the individual fortunes so that after two or three successive deaths the greater part of the fortune has been confiscated to government revenues. The race of millionaires is becoming extinct, but the community is obtaining no benefit whatever from the process, because the millionaires are being replaced by trusts and combines dominated by private financial institutions. In much the same way, even here in Melbourne, the legal profession is being rapidly ousted from all lucrative business by the trustee and insurance companies. You can check this up for yourselves by asking your own legal friends and by investigating how the directorates of these companies interlock with the directorates of the trading banks.

WHY FINANCE WIPES OUT PRIVATE CAPITALISTS AND LAWYERS.

You might ask—"But what are the advantages of wiping out the private capitalists and the private members of the legal profession? It is from these two groups that the finance monopoly has the most to fear. The independent businessmen seldom adopt the ruthless tactics that companies can pursue. A company has no soul, and the existence of the private capitalist exercises a constant restraining influence on the predatory activities of the Trust. We are reminded in this respect of how the bankers tried to snare Henry Ford by the offer of "loans" when he was temporarily stuck for money. It has also been said "you can always lynch a profiteer, but what can you do to a company?" If you dispose of one manager two or three spring up to take his place. Hercules met the same difficulty with the Hydra. When he cut off one of the heads of the many-headed snake several more immediately grew in its place.

Those of you who do any thinking have noticed how the power tentacles of the Money Trust extend into the key committees of all other public institutions, which hold any degree of control over the people. We see politicians, university professors, medical censors and presidents, retired judges, military generals, and others all provided by the money controllers with lucrative sinecures on directorates and commissions, so that climbing aspirants in these professions dare not spoil their chance by saying or doing anything against the swindlers and pretenders who keep the community in financial bondage.

As to the legal profession, it is common knowledge that men with legal training are apt to be difficult to handle when things reach social upheaval or revolution point. Australia's Greatest Son, otherwise known as Mr. S.M. Bruce, who betrayed the people of Australia when he emasculated the Commonwealth Bank has recently

told us that things are looking very ominous. "A social upheaval is inevitable unless the people are given the benefits of science," he said. The only thing that stands between the people and these benefits is the murderous financial system, which refuses to give us the necessary tickets of claim. Not only would the members of the legal profession be difficult to handle in an emergency of the nature even Mr. Bruce is expecting, but when they get into Parliament they cost a lot of trouble to keep tame. Another important consideration is that the particular aspects of legal practice, which are being absorbed by the trustee and insurance companies, are probate and conveyance, both of which deal with land, buildings, business and finance. It is the ultimate object of the Money Monopoly to gain exclusive control over all these, and it will come as a surprise to many Australians to know that already in England the financial ring controls 75 per cent. of the country's assets, and that a similar position is rapidly developing in Australia while we, its citizens, have been mentally asleep.

BLAME THE LABOR PARTY.

The same editorial made the following additional observations: —(1) that "the Labor Party has set the standard for taxation"; (2) that, notwithstanding the hesitancy of non-Labor parties to afford relief, "due acknowledgment must be made of the relief given since the Lyons Ministry came into office"; (3) "that non-Labor parties succumb to the temptation to raise revenues the better to fortify their Parliamentary position instead of remitting taxation"; and (4) that, instead of boldly following that course, "Ministries look beyond their immediate responsibilities and the pledges which they have given, and endeavour to estimate the risks of the next election."

These points are interesting and instructive. The *Argus* represents conservative interests, including, presumably, the private wealth-owners of Victoria, and consequently, as a matter of policy, does not care to be too offensive to the National Government. On the other hand, the individuals whose interests the paper is reputed to safeguard are chafing under the high taxation, and want relief if it can be obtained. The leader-writer has notably succeeded in a difficult feat of fence sitting, and has established (with sufficient logic for an April Fool's Day leader) that the Labor Party is to blame for it all really!

And when the *Argus* said that under better economic conditions revenue has expanded absolutely from indirect taxation and relatively from all forms of direct taxation, what do you think it meant? It referred glibly to "absolute" expansion and "relative" expansion, but gave no explanation at all. The only "absolute" form of expansion in this connection is the expansion of credit-money by the banks, to which apparently there is no limit. When the volume of this credit-money reaches large dimensions the banks urge the Government to float a public loan. The proceeds of the loan are used to repay Government indebtedness to the banks. The banks underwrite the loan and generally take most of it themselves, thus getting Commonwealth bonds in place of the overdraft. So they get the bonds as well as the proceeds of the loan!

"A NECESSARY EVIL."

The *Argus* went on to say that "Governments which regard taxation as a necessary evil... are expected to reduce the rate as the yield increases..." There is no question at all that taxation *is* an evil, but it is *not* a necessary evil. As things are, the really evil aspect of taxation is that the proceeds are not distributed *in toto* to the public. A large part of the stream is diverted into the bottomless pit of cancellation of the overdrafts, which are due by Governments to the banks, to say nothing of other pleasantries known as "Sinking Fund" and "Amortisation Payments." More appropriate adjectives could hardly be conceived. The trouble is that money is cancelled before the costs arising from its use have been liquidated.

THE GUARDIANS OF OUR FINANCE

Then we come to this gem: "Cautiously at first, but recently with rapid advance, the Commonwealth Parliament has taken upon itself the guardianship of the finances of the States." Well, *someone* must take the blame for taxation. If it is not the Labor Party for its precedents, which "continue to project themselves long after the party itself has been defeated by the elector," then it is the States for being bankrupt or the Commonwealth for continuing to tax so that it can help them. It is all so confusing and difficult; you don't know *who* to blame. But never fear; leave it to the bankers. They will put everything right, provided you don't breathe on the works, and you continue to give them a free hand with plenty of secrecy. They believe they are specially endowed by Providence to watch over us. One of them has actually said so. You will get a good idea of the position and the efficiency of their management from the following figures, showing the state of affairs for the year 1923-33: —

Charges on State Debts.....	£42,462,821
Total State Revenue from Taxation ...	37,325,609

You can see from that who owns Australia! It certainly is not the taxpayer.

The article ended on this note: "There can be no doubt that the money derived from taxation, if left under the control of those who could usefully employ it, would be an aid to recovery." Excepting the payments for interest, we do not agree that money collected by Governments is not "usefully" employed, but we so agree that no one could employ it more usefully than us from whom it is filched. It would certainly be an aid to the individual, but if the inspired

(Continued on page 8, column 3)

CAPITAL AND INCOME

By JOSEPH T. HOLLOW, M.B., Ch.B.

(Concluded from our last issue.)

(13)

PREMATURE CANCELLATION OF CREDIT

As shown in section 11, credit is prematurely cancelled by new issues of shares, and as shown in Section 9 the average life of a bank loan can be estimated in terms of weeks. The figures used in Section 9 were not arbitrarily chosen, but were taken as representing approximately the credit statistics of Australia in so far as these statistics could be obtained. Short-term loans are usually adequate to transfer goods from one section of industry to another, but are not adequate to cover long periods of depreciation of capital goods used in the processes of production. Obsolescence of capital goods must also be included with depreciation. The premature recall and cancellation of credit influences cost accounting in that the depreciation rate of capital goods, accounted in terms of money, is greater than the realistic rate of depreciation of capital goods. Money in the financial-economic cycle is functionally cancelled at a rate greater than goods are consumed. The premature cancellation of credit is by far a more potent factor in making costs greater than incomes than is the capitalisation of savings and profits, though the premature cancellation factor is much less evident in any superficial examination.

(14)

NATURE OF A CAPITAL COST

There is only one primary cost in production—labour cost. Capital cost is a re-embodiment or duplication of a past labour cost. If we turn to the illustration of Section 12 we will see the total labour cost is represented by 1600 plus 2400 = 4000 units. Of this labour cost, consequent upon the distribution of 4000 units of potential income, 2000 units were spent, with 2000 units of goods consumed, while 2000 units were saved and capitalised. On the market 2000 units of goods were left unconsumed, and if these goods were purchased on capital account for retail sale or use in production they would generate 2000 units of capital cost—a past labour cost embodied or duplicated in additional costs. Hence, when there is a demand for reduction of costs in production, labour costs must first be reduced, for present capital costs are equivalent to past labour costs which cannot be reduced, and future capital costs will be equivalent to present labour costs. It is of no use for the worker to kick against the wall of fact, which stands between the producer on one side and the consumer on the other. Producers and consumers should wake up and direct their kicks elsewhere, for the producer is not less guilty than the worker of misdirecting his kicks.

(15)

INTEREST AND PROFIT

Under the existing financial system, where capital is issued for production, interest and profit cannot be obtained from any programme of production without equivalent losses affecting part of the production. Labour costs are distributed in their own financial-economic cycle, but interest and profit are allocated costs which can only be fully met by appropriating future issues of credit and in this respect can be classed with capital costs.

When considering any reform of the existing financial system, investigators should not be sidetracked by concentrating their attention on interest and profit, which can be made distributed costs as are now labour costs. Attention must be concentrated on capital costs, which cannot be made distributed costs, for they represent costs already distributed in the past; and capital used for purchase on capital account never becomes, and cannot be made to become, income in its own financial-economic cycle.

(16)

SIMULTANEOUS PRODUCTION AND "CAPITAL INFLATION"

It is sometimes assumed that during a period of production sufficient potential income is issued to cover the total costs of production of the period because production of capital goods, which proceeds simultaneously with the production of ultimate consumption goods, provides potential income to supplement potential income derived from the production of ultimate consumption goods. Both sums of potential income are then sufficient to purchase ultimate consumption goods, and when this purchase has been effected the producers of ultimate consumption goods are able to pay for the capital goods and all producers have recovered their costs. This means that at the end of a producing period—say, a financial year—each section of industry can produce a satisfactory cost balance sheet and proceed to the next period with similar anticipations. This condition could only exist if: -

1. There were no profits.
2. There were no capitalisations of profits and savings.
3. There were no premature cancellations of credit.
4. Consumption was proceeding at the same rate as production.

Under existing financial conditions, profit, capitalisation of profit and savings, and premature cancellation of credit are inevitable. Moreover, and herein lies the fundamental crux of the problem, we do not consume at the same rate as the rate at which we produce when industry is normally and effectively functioning. Industry must always carry an ever-growing capital and fixed capital overburden. Machines, factories, tools, means of transport, and more than a thousand and one other things do not await their reproduction until existing fixed capital is consumed. From the production of this fixed capital overburden proceeds the potential income which, in the immediate present, and associated with the lesser rate of consumption, makes possible profit, capitalisation of profit and savings, the payment of depreciation costs leading to premature cancellation of credit, and the purchase of new shares of joint-stock companies. The fixed capital overburden must be covered by uncancelled issues of credit, partly made to Governments for production which does not come to the market for sale, and hence the growing taxation consequent upon ever-increasing governmental debts, which are eventually funded and passed on to the community.

The fixed capital overburden represents the excess of production over consumption, and represents the growth of national wealth, which is progressively coming into consumption. The main problem is to finance this fixed capital overburden, and increase in production, with new credit so that potential income derived from it will not be capitalised or prematurely cancelled, and at the same time conserve equivalent credit so as to be cancelled only at the rate of consumption. Then, the fact that production involves capital cost (duplication of labour cost) introduces a subsidiary problem, the nature of which has been suggested in the foregoing sections—i.e., consumption must be adequately financed. In connection with this, the displacement of human energy by mechanical energy in economic activity is a condition, which must also be considered. In these problems financial, economic and cultural factors are intimately associated.

(17)

PRICE.

Price contains three elements: —

1. Profit.
2. Capital Cost.
3. Labour Cost.

Normally, the lower limit of price is cost, and the upper limit the amount that will be paid. Price always absorbs effective demand. Profit is an element allocated in anticipation; capital cost is an element represented by a cost distributed in the past and allocated in the present in anticipation; and labour cost is an element distributed in the present and available for spending. Profit, when acquired, is the potential income of the entrepreneur and, in a society not yet perfectly altruistic, profit is an incentive for increased and better organised effort. An entrepreneur cannot be blamed for capitalising part of his profit any more than can a worker for doing the same, for, like the rest of society, he lives in a world of financial domination and in a world of economic insecurity. The producer's capitalised profit does give him some temporary say in the direction of his financial policy and insures him to some extent from emergency. Those who would divert attention from the main issue are quite content when the attack is directed to profit.

Capital cost is a demand for maintenance of capital and in a money economy is a necessary and inevitable claim, whether production be under private ownership or under State control. It will always make the cost of production greater than income, and hence the statement of Professor Bowley which showed that national income is equal to the money value of goods and services produced and rendered, the cost of maintaining capital being deducted.

* * *

Readers of the foregoing statements are urged not to regard them as correct, or otherwise, until they have honestly and impartially considered them to their satisfactory self-conviction.

At the request of many friends, a simple explanation of the mechanism of overseas loans and interest payments is appended.

Overseas Loan.

1. Loan floated in England. English people buy £x millions Australian bonds. £x millions paid into English bank, establishing corresponding credit on behalf of Commonwealth Bank.
2. Australian importers need £x millions' worth of English goods. Through trading banks importers with £x millions buy credit from Commonwealth Bank. Commonwealth Bank has now £x millions of Australian money.
3. Importers with credit in English bank buy £x millions' worth of goods with English money. Goods imported into Australia.
4. Government spends £x millions of Australian money for goods and services and pays Australians £x millions.
5. Australians buy £x millions of imported goods and repay importers.

6. Government has £x millions of debt and pays interest indefinitely.

Those who are sufficiently interested should learn how the East-West (transcontinental) railway was financed and compare this financing with the above.

Payment of Overseas Interest

Overseas interest is paid through the agency of an export surplus—say, £x millions' worth of wool.

1. Australian pastoralists sell £x millions' worth of wool to an Australian agent and receive £x millions of money and pass out of the transaction.

2. Australian agent sends wool to English agent who sells wool to English manufacturers for £x millions. £x millions paid into English bank.

3. Against £x millions in English bank English agent draws a credit instrument which he sends to Australian agent.

4. Australian agent sells credit instrument to Australian bank and recovers his £x millions.

5. From revenues and taxes Commonwealth Government has collected £x millions, with which it buys the credit instrument from Australian bank, which recovers its £x millions. With credit in English bank, Government pays interest to English bondholders in English money.

Jubilee Joe and His Menagerie

WHAT THE CIRCUS HAS LOST ON TOUR.

At the request of a correspondent, we publish for reference the following details of overseas trips sponsored by the Lyons Ministry, but paid for by the Australian people (as taken from Federal Hansard of March 13 last):—

	£
	1932.
Ottawa. Bruce, Gullett and eleven others.....	6,326
Disarmament. Latham, Rylie and four others. (Latham also at Reparations).....	6,532
League of Nations. Bruce, Hughes and five others (Hughes on private business; expenses paid at Geneva only).....	1,344
Mandates Commission. Cameron and one other. (Cameron's expenses at Geneva only).....	114
	1933.
New Guinea. Marr and three others.....	188
	1934.
Postal Congress. Parkhill and two others.....	2,953
Japan. Latham and five others.....	5,038
Waitangi Celebrations (N.Z.). Stewart and four others.....	470
New Zealand. Massy Greene and five others .. .	860
New Zealand. Pearce and two others.....	84
	1935.
New Guinea. Pearce and one other.....	177
Norfolk Island. Pearce and one other.....	26
International Labor Conference. Stewart and four others (Stewart paid own expenses, except at Geneva).....	1,327
The Big Circus to London. Jubilee Joe, Menzies, Gullett, Thorby, and eleven others.....	17,768
	1936.
Sugar Conference. That Was Not Held. Page and four others (to March 13, on account).....	1,867
Privy Council Appeals. Menzies and one other (to March 13 on account—not including the £2,000 retainer from Victoria).....	94
Total.....	£45,168

"WATCH US GROW!"

TAXATION

(Continued from previous page.)

newspaper articles which are now circulating in America are true, Australia has not only recovered, but has proved for all time the unapproachable virtue of balanced budgets! When Professor Copland goes over he had better say nothing about the State budgets, as that would spoil the picture. The great divergence of opinion is as to who can "usefully employ" the money. We think we can; the Government thinks it can; but the banks declare that the possession of money is bad for both of us—we either spend it riotously or hoard it, and in both ways we are in the wrong.

As industry must languish unless Governments are spending freely, we must regard all economy cranks as enemies of society. Additional *new money* must be brought into existence to correspond with our increasing wealth production, and it must be brought into existence by a Commonwealth authority as the property of the people instead of being manufactured by the private banking system as debt *against* the people. When that sensible change has been brought about, we can then proceed to secure the *abolition* of taxation, but until we do, do that, taxation must inevitably increase.

THE "ARGUS" IN 1911

Foolishness could hardly have gone further than the editorial comment of this same truth-telling journal about the Commonwealth Bank in 1911. This is what it wrote:—

"The whole scheme is conceived in idiocy. It constitutes a malicious use of public funds to compete with private activities—activities that enjoy the fullest confidence of the public. There is not the slightest justification for it, and its failure from its inception is so much a matter of certainty that the whole proposition will be abandoned after a few months of inglorious experiment."

Its comments on taxation, 25 years later, are equally foolish, and it is not to be wondered at that a wise man once said: "If in any financial or political matter you don't know what to do, read what the *Argus* says, do the exact opposite and you will be right."

(To be continued.)