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# THE NEW TIMES

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MELBOURNE, FRIDAY, MAY 29, 1936.

Every Friday, 3d

## We Charge the Federal Ministry

### What the Anti-Japanese Tariff Means

The action taken by Federal Cabinet last Friday in following up Sir John Latham's Goodwill Mission to Japan with a savage blow against our purchases of Japanese goods will not have come as any surprise to *New Times* readers. For some weeks previously we had been drawing attention to this threatened move and endeavouring to explain its tremendous significance, not only to Australia, but as a part of that financiers' plot to crush Japan which is heading us directly into the next great world war.

At this stage we would wish to make four particular comments upon the Ministry's action, or, rather, to lay four particular charges against the Ministry on account of its action. These charges are that

1. The Cabinet's manner of carrying out its action was one of disgusting cowardice.

2. Deceitful and untrue words were used in the endeavour to cloak the significance of what was being done.

3. The action itself was a betrayal of trust.

4. The policy adopted was one of deliberately flouting the principle of parliamentary government.

We realise that these are very serious charges to make, and we shall therefore amplify them.

#### HIT-AND-RUN METHODS.

Taking first the manner in which the Government put its new duties into effect, was not this as cowardly as that of the motorist who, knocking a pedestrian over, accelerates to top speed till he is out of sight?

It is now some months since the Japanese press was able to warn its people that what has just happened was impending. Yet the Australian Government during all that time would tell its masters, the Australian people, nothing at all. Modelling its attitude on that of Montagu Norman, of the Bank of England, it adopted the policy of "Never explain, never discuss."

Then, on the afternoon of the very day on which Parliament was due to curl up and go to sleep for the winter, the bomb was thrown. Fittingly enough, the announcement was deputed to that member of Cabinet who has signalled his office of Minister in Charge of Trade Treaties by being the negation of everything his title stands for. And so Henry Gullett, the one-time war correspondent, read out a document that was tantamount to a new declaration of war.

The Minister having made the announcement, it was further decreed by Cabinet that the new duties should come into force immediately—and then, without giving Parliament or the constituencies one day for consideration, discussion or protest, both Houses were put into recess for a period of several months.

Are we not justified when we declare that this is one of the most cowardly incidents in our Parliamentary records? Does it not bear every sign of being the action of men who were well aware of their own guilt and who fled for cover in the hope that before they would have to face public and Parliamentary criticism, the storm should have blown itself out?

#### "NO WAY DISCRIMINATORY"

Both in the house and in "semi-official" (otherwise anonymous) announcements since, the Govern-

ment has deliberately tried to mislead the rank and file of our people as to what the anti-Japanese tariff will mean.

To begin with, Henry Gullett had the colossal impudence to say of the new duties "they will increase our exports of primary produce", that "they will make a significant indirect contribution to defence", and that "the duties will in no way be discriminatory."

Bearing those statements in mind, look at these figures:—For the year 1934-35 we imported in piece goods 72 million linear yards of artificial silk, of which 59 million yards came from Japan and 10 million yards from Britain. The Japanese imports were valued at £1,391,000 sterling and the British at £715,000 sterling. Duties paid were based on values, and were: British, 20 per cent; Japanese, 40 per cent, with a primage rate against both of 10 per cent. Under the new tariff the rates are:—British: 1½d per square yard; Japanese, 9d per square yard; primage: British, nil; Japanese, 5 per cent. You will note here that the new rates are not based on values (*ad valorem*), lest the low priced Japanese goods might still get in, but on a flat rate per square yard.

Are we right in suggesting that Henry Gullett departed from the truth when he said, "the duties will in no way be discriminatory"? Is he not convicted by his own words in the same statement, that "the total value of our import trade which we expect will be diverted almost immediately will be £2,290,000. Of this it is estimated...that the manufactur-

ers of the United Kingdom will benefit by £1,310,000 sterling." Compare this with the figures just given of our imports of artificial silk piece goods and the old and new duty rates. Remember that the new duties against Japan are fixed on the basis of quantity and are *over*

#### BANKS' "INNER" RESERVES

"Included in deposits not bearing interest are the Bank's inner reserves amounting to upwards of £100,000. Shareholders are aware that inner reserves are held by most, if not all banks throughout the British Dominions, the amounts varying in accordance with the volume of business and other circumstances. They are set aside out of profits during prosperous times in order to provide for unforeseen contingencies which, experience shows, are inseparable from banking business, however carefully conducted. The practice with regard to these reserves is not uniform, some banks showing the amounts in bills payable. It is unimportant under which heading they appear, but we have included them in the current account balances under the advice of our solicitors."

—Mr. Duncan McBryde, M.L.C., Chairman of the 43rd ordinary general meeting of shareholders in the Commercial Bank of Australia Ltd., held on August 6, 1914. (From the "Argus," August 7, 1914.)

six times as heavy as those against Britain. No way discriminatory!

#### BETRAYING THE PEOPLE.

Our next charge is that Cabinet's action was a betrayal of its duty as trustee for the Australian people. In support of this we would bring

forward, first, the position of our wool and wheat growers; second, our respective trade balances with Japan and Britain; and third, our defence policy and the efforts being made to squeeze Japan out of the world's markets, and so to precipitate general war.

Regarding the present position and future prospects of our exports of wool and wheat, there is no need for us again to traverse the ground recently covered in these columns, or to stress the enormous importance to us of Japan as a customer. In our issue of May 1, in particular, we showed that, after deducting shipments of goods to Britain in payment of our interest bill to her financiers (properly regarded as *taxes* rather than as sales) our net sales to Japan are now little, if anything less than our net sales to Britain. And the attempt of the Lyons Ministry to block Australian purchases from Japan is an attempt to block Japanese purchases from Australia; it is therefore a deliberate betrayal of Australia's primary producers.

The matter is seen in fuller gravity when we examine our trade balances with the two countries:—

1. During the ten-year period ended June last our average sales to Japan exceeded our purchases from Japan by about £6 millions sterling per annum.

2. During the same period our average sales to the United Kingdom exceeded our purchases from the United Kingdom by about £10 millions sterling per annum.

3. Against this last item must be offset our tribute of taxation to the British financiers (interest on

government and municipal loans, dividends on British "capital" in Australia, etc.) amounting to about £30 millions sterling per annum, and making our net United Kingdom balance unfavourable to the tune of something like £200 millions over the ten-year period.

On top of this the Lyons Ministry proposes to divert still more of our purchases to the United Kingdom (relatively a very bad customer) at the expense of Japan (a very good customer). Is this, or is it not, an act of betrayal to Australia?

The Ministry may defend itself by saying that our sales to the United Kingdom were five times as great as our sales to Japan. To which our answer, as already indicated, is: Our *shipments* to the United Kingdom may have been so; but after deducting interest dues and making other adjustments (for transshipments, etc.) our *net sales* to the United Kingdom did not greatly exceed our net sales to Japan. And Japan is ready and anxious to expand her dealings with us to an enormous extent if we indicate our willingness to accept her goods for our goods. The financiers in control of the United Kingdom are not. Britain's High Commissioner, Sir Geoffrey Whiskard, as noted on this page a fortnight ago, advanced as proof of Ottawa's magnanimity that Australia's sales to Britain had expanded by £7 millions while our purchases from Britain had increased by £11½ millions—making our trade balance worse than ever.

#### "A SIGNIFICANT CONTRIBUTION TO DEFENCE."

We come now to the issue of defence, and to Sir H. Gullett's statement that the new duties "will make a significant indirect contribution to defence." Defence against whom?

Openly and covertly the attempt has for years been made to persuade us that Japan has long cast envious eyes on Australia, that she is our obvious potential enemy. Only on that assumption would most Australians accept a policy of defence, which involves our being taxed at a present rate of about £1000 an hour. Remove this popular belief, and you cut the ground from under the feet of our Australian jingoes.

What will be the effect of the new tariffs? Even our Australian daily press—that press which devoted enthusiastic columns to Britain's reaction to the duties, and is only now belatedly beginning to refer to Japan's—even this press admits that Japan has greeted the duties as "the first shots in a new trade war." We said weeks ago that the duties were part of the plot, engineered by the monopolistic financiers who misrule both Britain and Australia, to squeeze Japan out of the world's markets. Their net is now closing about Japan. Our attack synchronised with the imposition by America of a 42 per cent, duty against Japanese goods. Much the same financial group, which dictates British policy, dictates American policy (Montagu Norman, as you will remember, was sent to the Bank of England from Wall Street, with which he still keeps in very close touch).

The logical upshot now, as in 1914, will be WAR. Australia is being involved in this war against her

(Continued on page 2 column 1)

Mr. A. W. Relph,  
President, Melbourne Chamber of Commerce  
Dear Sir,

Don't you think you really ought to see a couple of doctors?

In your presidential address at the Melbourne Chamber of Commerce on Tuesday it was not surprising to find you upholding the Government's new tariff policy. It was not at all surprising, seeing that that policy, like the general policy of the Federal Cabinet, has been framed in the interests of private financiers rather than in those of the Australian people, and seeing that the office-bearers of your Chamber include five directors of the private banks. But surely you could at least have put up the pretence of a case that made some rhyme or reason!

Yet you and those whom you represent are now reduced to such desperate straits that you warn us of danger to Australia because "other nations are already looking for new fields for their expanding populations and for their primary products." How in the name of common sense, Sir, can a nation have a problem of surplus population AND a problem of surplus primary products? Such a statement on your part is the most damning admission of incompetence, or worse, on the part of your banker friends who control the mechanism for distributing products to population, i.e., MONEY.

Having thus begun your address by talking nonsense, it was not to be wondered at that you should proceed to baseless insults. Speaking of immigration, you are reported to have said: "The proportion of Southern Europeans coming into our country during recent years has been much too great. Like Britain, we are too complacent, for many of these people are breeding disloyalty..." Without inquiring what this has to do with the Chamber of Commerce, by Southern Europeans we presume you to mean Italians and Greeks, principally the former. During the twelve years between the census of 1921 and

that of 1933 the Italian-born population of the Commonwealth increased by 18,000—the total combined population of Italian and Greek-born residents of Australia in 1933 being 34,000 out of our entire population of 6,600,000, or about one person in every 200! What a menace to our loyalty! And to what loyalty do you refer? Loyalty to Australia and its proper ideals, or loyalty to the financiers' monopoly which keeps two-thirds of our male bread-winners on an income of under £3 per week, and causes half of Britain's population to suffer from an insufficiency of food caused by poverty? We don't know if you have any first-hand knowledge of Italian settlers in Australia, but we have a good deal, and we can assure you that in such places as North Queensland, where you will find them in largest numbers, they constitute as loyal, industrious and inoffensive a body as any section of our population—not excluding your chameleon financier friends who assume a different hue of loyalty in every country to which they penetrate.

Space does not permit comment on all the points you raised, Sir, so we shall conclude with your brilliant case for the exclusion of Japanese goods. Your argument was: (i) The goods concerned are not competitive with local manufactures; (ii) the Japanese goods, "equal in quality, to British in most cases, have been landed here at such extraordinarily low prices as to make it quite impossible for the United Kingdom to compete against them"; (iii) therefore, "as no one wishes to see Japanese living standards adopted here," the goods of Japan should be excluded in favour of those of Lancashire. Would you mind explaining how our being able to get more goods of equal quality from Japan than we can get from Lancashire in exchange for our exports is going to lower our standard of living in Australia? Not being members of the Chamber of Commerce, we should have thought the effect would be the opposite.

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DON B. FISKEN, Baker. 122 Douglas Parade.

say so—a Fascist bureaucracy for Parliament. And here (for perhaps the first time on record) we find ourselves seeing eye to eye with the Melbourne *Argus*. Let us press our charge in the words of that paper, as set out in its leading article of last Monday, entitled, "A New Tariff Policy": —

"There is scarcely an important provision not dependent on the discretion of the Minister. International relations and Empire relations are to become a matter of everyday Ministerial discretion as licences are granted or refused. . . . The member now holding the Customs portfolio is the latest in a long succession of men who have waded to the right with one hand, to the left with the other, and who have established an equilibrium by waving both hands to the centre. . . . Bureaucracy flourishes under such a system until the time comes when political audacity knows how to pervert it. . . . It would be well if Parliament found a means by which some of its lost power could be restored."

(We might also remark that the *Argus* said on Tuesday, ". . . it will grow increasingly difficult to apply narrow and jealous economic practices based on suspicion and mistrust without causing wars or at least intense bitterness.")

### THE RESTORATION OF POWER

How is Parliament's power to be restored? *Only by Parliament resuming its control over the nation's purse, over the nation's money supply.*

What is the real nature of this crisis? It is an attempt to keep goods out of Australia—in this case to keep out Japanese goods rather than British goods. Why? Is it because we Australians cannot or will not produce enough goods to pay for both the British and the Japanese goods? Certainly not. It is because we cannot produce enough money. If the whole of our production, actual and potential, were monetised, there is no reason why there should not be friendly relations and expanding trade between the Australian people, the British people and the Japanese people. The overwhelming majority of the people of each country could do with far more of one another's goods—to say nothing of their own.

The only obstacle is the shortage of money brought about by the private monopoly of finance. As even Sir Henry Gullett himself admitted some weeks ago (we dealt with this in our issue of February 7), "Australia has not enough purchasing power to buy oversea manufactured goods on such a scale as to take them in payment for its great wool clip"—or to take them in payment for the rest of its exportable production.

And herein lies the kernel of the betrayal with which we charge the Federal Cabinet—that they have stubbornly resisted every suggestion of restoring to the people the control over the nation's money supplies, even to the present stage, when they are prepared to enter upon a trade war, with its consequence, a military war, rather than see justice done to the Australian people and to their customers.

One and all, the members of Cabinet must share this responsibility. Remember their names. These are the men we charge:

Joseph Aloysius Lyons.  
Earle Christmas Grafton Page.  
George Foster Pearce.  
Robert Gordon Menzies.  
Robert Archdale Parkhill.  
William Morris Hughes.  
Thomas Paterson.  
Alexander John McLachlan.  
Thomas Walter White.  
Richard Gardiner Casey.  
Henry Somer Gullett.  
Thomas Cornelius Brennan.  
Harold Victor Campbell Thorby.  
James Aitchison Johnston Hunter.

Fourteen men, constituting the Government in the fourteenth Parliament of the Commonwealth. We charge them with acting against the vital interests of the Australian people, with betraying their sacred office and their solemn oaths.

### PARADISE.

Of all countries he had visited Australia was the nearest approach to an earthly paradise, said Rev. J. Golder Burns, visiting preacher to Scots Church, at the Empire Day luncheon of the Royal Society of St. George, yesterday.

\* \* \*  
Returning a finding of suicide, the Coroner said it was a tragic case. The widow said her husband had registered for relief employment five years ago, but had received only a fortnight's work. After paying the rent the family (parents and three children) had to live on 17/9 a week, and they often went hungry.

—The "Age," May 26.

## The Song of the Bloke

The king saw the power of England,

But he saw much more beside;  
He saw the damnable contrast  
Of the slums down by the Clyde.

He spake to his elder statesmen,  
And asked them to use their brains

To stop surplus production  
From being poured down the drains.

The elder statesmen were sorry;  
It has taken twenty years  
To see that this production  
Was not a thing for tears.

They admitted there was plenty,  
Sorry it had to be burnt;  
How distribute this surplus  
Was a lesson they hadn't learnt.

They thought that the best solution,  
Either a plague or a war,  
Might prevent revolution  
If it wasn't carried too far.

But the clev'rst bloke amongst 'em  
Said it didn't matter a cuss;  
They're too busy fighting each other,  
They'll never combine against us.

In time, if we're only patient,  
Unemployed will all be dead;  
Usurers will still rule England.  
So what more need be said? —  
"Dalarm," in "Social Credit."

## FURTHER REBUFF TO BANKING COMMISSION

### Queensland Social Credit Association Declines to Give Evidence

Following similar action in New South Wales, the Douglas Social Credit Association of Queensland has sent the following letter to the Secretary of the Royal Commission on the Monetary and Banking Systems: —

"I have to thank you for yours of the 6th May, in reply to ours of the 29th April.

"I have to inform you that my Executive regrets that it is not prepared to submit evidence before your Commission on the terms set out in your letter.

"My Executive feels that the very necessity for such an inquiry into the Monetary and Banking Systems as you have the honour to be secretary of, as well as the widespread criticism of the existing financial system, constitute an argument for the failure of that system.

"If the present system is not functioning satisfactorily that system should be put on its trial and those giving evidence before your Commission should have the unrestricted right to cross-examine witnesses who stand to defend the present system.

"Assuring you of our regrets that the Commission is not constituted in such a way as to make any contribution we could make of any avail,

"I am,  
"Yours faithfully,  
(signed) "Mrs. I. Bonner-Smith,  
"State Hon. Secretary."

## LIFE AMONG THE HOPELESS

### III.

By E. C. B.

"The prevalence of street pests in the city has led to the appearance in the dock of many young women charged with vagrancy."—Press report.

I walked steadily along the silent city street. The evening was far too pleasant to be indoors. Keen, bracing night air filled me with fresh strength, the bright stars twinkled down, and the soft pale light of the moon bathed the tall surrounding buildings in a flood of black and silver beauty. I felt contented and filled with the sheer joy of being alive. As I paused to light a cigarette, the deep distant sounds of the city came, wind-borne, to my ears—a mighty symphony of soft-purring machines. The thought came to my mind:

"God's in His heaven,  
All's right with the world."

"Have you a match?"

I turned. Facing me was a girl. "Of course," I said, and struck a light for her. As she leaned towards the flame, I saw fair hair, clear blue eyes, a face that was pretty and could have been beautiful. Her clothing was neat, but inexpensive.

Her cigarette aught, she looked furtively up and down the street. "Are you looking for a girl?" she asked huskily. I came down to earth so suddenly that I blurted out, "You poor kid!" and then stood there stupidly, not knowing what to say, and unable to walk away. I saw her face change—my involuntary exclamation of sympathy seemed almost to have hurt her. "Yes, I think so, too," she said, "but that doesn't pay my rent."

"What went wrong?" I asked. "You're too decent a type of girl to be on the streets."

"Thanks for that, but aren't we all?"

The moonlight showed her face, no longer furtive, no longer pretty, but filled with such appalling wretchedness and such utter hopelessness and shame that I looked suddenly away and could not speak. She calmed herself and in a low even voice, she talked.

Her name was Peggy and she was just twenty-three. She had worked at a frock shop as a junior. When she was nineteen she had become a mother. "The boy friend left me to it," she said. But Peggy worked on and kept her child and herself—her parents would not recognise her. At the age of 21 she was discharged, as her wages were due for a substantial increase. Jobs in frock shops for those over 21 were few and far between, as Peggy quickly found. Her money was soon spent, there was no job,

no room rent and not much food for her little girl. "So one night. . . ." She stopped and we were silent. I was wondering if there was ever anyone braver than little 21-year-old Peg on that night. We honour men who give their lives for others. Peg gave more. She had loved the "boy friend." She loved his child and for her baby's sake she sacrificed her pride, her self-respect and her memories.

I took off my hat in front of Peggy and felt better. Peg knew why.

"How much could you live on, with baby?" I asked. "A pound a week, easily—we don't need much," she said.

"Then why on earth don't you get a job?"

"Don't you think I've tried and tried?" she answered. "Always someone knows about this, and 'deems it their duty to tell.' I've been off the streets three times and back again each time. I don't care so much now. Don't you understand? Men can go down and out and laugh about it when they climb back. But girls can't climb back—society sees to that. If I thought my baby would be as I am-----" her voice rose hysterically.

"Steady, Peg," I said. "Things will be different by the time Baby Peg has grown up." To comfort her I told her of the Social Credit proposals. I stressed the fact of an income independent of employment. I pointed out that the principles underlying Social Credit were such that they would not cause girls to lose their employment merely because they were 21 years old. How eagerly Peggy listened! Suddenly, her small hand closed over mine. "Goodnight, Mr. Man, I'm going home—straight home—just to dream of things as they'll be when little Peg grows up."

She was gone.

\* \* \*  
Sick of soul, I walked steadily homewards along the silent city streets. I shivered as the night air chilled me. The stars looked down, hard as diamonds. The cold moonlight threw menacing shadows; black and evil, around the ugly city buildings. From the distance the harsh discordant clamour of the city traffic jarred my nerves. I paused to light a cigarette. In my brain hammered the thought: "Oh God, that bread should be so dear,  
And flesh and blood so cheap!"

\* \* \*  
Peggy lives in every large town and city. Find her comfort her with the message of Social Credit. She, too, has a vote.

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(Continued from page 1.) friendly neighbour and her good customer. And, if war comes, a likely diversion of the campaign will be air raids by Japan upon such Australian centres as Sydney and Melbourne. Is the Ministry's action, or is it not, a betrayal of the Australian people? A FASCIST MINISTRY  
Our fourth charge against the Ministry is that it is flouting the principles of democratic government by substituting—through the system of licensing imports on a Minister's

# PEOPLE'S MOVEMENT TO ABOLISH POVERTY

## A Critical Period

### The Responsibility of the Social Credit Movement

The affairs of men are fast approaching a crisis. It is being more keenly realised every day that a change—a great change—confronts civilisation. No one, looking out upon the world today, can but realise that conditions are extremely unstable. It is a natural law that a condition of instability cannot continue indefinitely. A crisis is reached when a change for the better or worse ensues.

MAJOR DOUGLAS'S VIEWS Speaking to a gathering in Canada, Major Douglas said that a change in present conditions was inevitable. Some people

self has formulated. At a dinner of welcome given him on his return from Alberta he uttered these memorable words: "What is urgent in this world, with an urgency that transcends any other urgency, is a study and practice of social dynamics." It is the duty and responsibility of the Social Credit Movement—to everyone professing Social Credit principles—to make that study and to carry out that practice. How many Social Crediters, in this country at any rate, have read and studied the Buxton speech, and the others that have followed on it? How many have read "Authoritative Democracy," "Faites Vos Jeux," "The Decisive Battle," and "The Approach to Reality"? Yet in each of these great speeches Major Douglas eloquently pleads the cause of the new politics. He urges the Social Credit Movement to take immediate action, whilst action is still possible. He points out the foolishness of devoting the main energies of the movement to mere propaganda. "It is no use," said Major Douglas in the speech quoted above, "at the present to put forward schemes for Social Credit, or any other scheme, until you have got the dynamic power to make those people in control apply it. I am convinced, after fifteen or sixteen years of continued experience in these matters, that the attractions of those usurped powers, used for anti-social purposes, are so great, even to men who, otherwise, appear to be men of common decency, that they will never give them up until forced to do so."

The task that lies before the Social Credit Movement today is to make itself thoroughly conversant with the political philosophy of Major Douglas; to spread by every means in its power knowledge of the true nature and powers of democracy. This is no idle rhetoric, but the command of the founder of Social Credit—of Major Douglas himself: "If you do not regard this matter merely as a parlour game to be played as a good substitute for bridge, I really urge you, not merely to think or write about it, but to do something, and do it quickly."

And he goes on to condemn the mistake of merely indulging

"There must be a radical reconstruction of our social and economic system. The problem of scarcity is a thing of the past; our problem is a problem of starvation amidst plenty. The Church has a duty to the man who is unemployed, and if there is no work available for a man who is willing to work, it is a Christian duty to insist that adequate maintenance be provided for himself and his family, and to keep on insisting until this is done."

—Rev. Professor R. G. Macintyre, C.M.G., O.B.E., M.A., D.D., at the Presbyterian Assembly in Melbourne, May 1936

in propaganda—of merely spreading a knowledge of Social Credit technique. "For anyone," Major Douglas says, "to suppose that any useful purpose can be served at this time by putting forward Social Credit, much less any detailed proposals for its application, without a clear idea as to the powers which must be invoked for its success is absolutely childish."

#### THE INSTRUMENT TO EFFECT A CHANGE FOR THE BETTER.

Major Douglas does not do things by halves. In addition to laying down that political action must be taken at once, he has devised the method such action shall take. "So far as I am aware," he says, "and so far as my thinking will take me, certainly in this country there is no better method (in fact, as far as I can see, it is the only method) by which you can achieve results, than to take action along the lines of the electoral campaign, and insist that your Parliamentary representatives shall do what you want, and that you shall not be asked to vote on something that they want you to have until you have made your own agenda."

Yes: it lies within the power of the Social Credit Movement to control the tremendous change, which is so imminent, and it is on that movement that there lies a great responsibility.

"I am making an appeal to your selfishness," says Major Douglas, "but not only to your selfishness; I appeal also to your altruism to place yourselves at the service of the change. The fact is that a change can be made without any shadow of doubt, a change which, in the real sense of the word, would benefit everyone and hurt no one, but that change on the lines of which I am speaking will not be made as a result of hearing people talk, and it won't be secured unless you take a hand in it. A change more unpleasant and with far worse consequences to everyone will take place unless you live up to the responsibilities placed upon you."

#### ELECTORAL CAMPAIGN

BELOW is the form Parliamentary electors are being asked to sign. Please read it carefully, sign (if you have not done so already), and send it (1d stamp) to: THE PEOPLE'S MOVEMENT TO ABOLISH POVERTY, Room 8, The Block, ELIZABETH STREET, MELBOURNE, C.1.

#### WE WILL ABOLISH POVERTY Elector's Demand and Undertaking

1. I know that there are goods in plenty, so that poverty is quite unnecessary.
2. I want, before anything else, poverty abolished.
3. I want, too, national dividends distributed to me and every Australian so that we can buy all we want of the goods that are now destroyed and the production that is restricted.
4. These dividends must not increase prices or taxes or deprive owners of their property or decrease its relative value.
5. In a democracy like Australia, Parliament exists to make the will of the people prevail.
6. So I pledge myself to vote for any candidate who will undertake to support the abolition of poverty and the issue of national dividends and to vote consistently against any party trying to put any other law-making before this.
7. If the present M.P. here won't undertake this I will vote for some other party and keep on changing until my policy has been achieved.

Signed.....  
Address.....  
(Signatures will be treated confidentially)

## CASES IN THE DING BAT COURT

From Our Foreign Correspondent, WILLIAM BLACKSTONE

In the Central Police Court at Ding Bat yesterday William Whatsthis was charged with possession of property suspected of being stolen, namely—one alarm clock, two wristlet watches, a volume of Stroud's Judicial Dictionary, one lawn mower and seven bottles of port wine.

Constable Heliogabalus gave evidence that he arrested the defendant in some street or other, that the defendant had the goods enumerated in his possession and that he, the constable, knowing the requirements of the Act, naturally suspected the said property to have been stolen.

The defendant gave evidence on oath and stated that all of the articles enumerated had been honestly obtained. The alarm clock had been presented to him by a publishing firm as a payment in advance for his autobiography. He intended to write His autobiography at some time. The two wristlet watches he had received from the editor of the *Wuk Wuk Worker* as a payment in advance for a novel he intended to write for that journal. The volume of Stroud's Judicial Dictionary, the lawn mower and the bottles of port wine had been given to him by way of advance payments by various editors and publishers for poems he intended to write at some future date.

In convicting the defendant, Mr. Hogwash, P.M., stated that the explanations given by the defendant constituted an audacious attempt to imitate his betters. In sentencing the accused to 12 months' imprisonment, Mr. Hogwash added, he was being very leniently dealt with. It was obvious that the defendant might well have appeared in court to answer a further charge of impersonating a Cabinet Minister.

#### APPLICATION CONCERNING A COMPANY

Before Mr. Justice Doggsbiskit, an application was made on behalf of the Crown for an order for the

### Douglas Credit Party of Australia (Queensland Section)

Activities in the country go on continuously and the Barea district is the latest to form a new branch; Moonmera is about to form up, following a visit from Messrs. Pugh and Duffield, of Rockhampton.

The Holland Park branch met on May 14 and finalised arrangements for a big meeting at the Hollywood Theatre in June, which will be addressed by the State President, Dr. Streeter.

The State Executive decided not to offer any evidence before the Banking Commission as soon as its personnel were disclosed. Nothing has occurred to alter its decision and the party will make no attempt to influence the Commission's decisions. It is not considered possible that the members could display true judicial temperament with regard to the matters being inquired into.

The speakers' class at headquarters has resumed its activities and all are welcome. The meetings take place every Tuesday at 7.45.

At the last Board of Management meeting office-bearers were appointed to fill the vacancies, which existed in the State Executive. Mr. R. Ford was appointed vice-president. Mr. G. H. Gray, State Secretary.

On Friday night May 22, the State President addressed the members of the East Brisbane branch. Great interest was shown by those present and many points were cleared up by the speaker.

winding up of the Mercantile Bank of Galapagos, Tristan d'Acunha and Ding Bat Limited. Mr. Dimwit, K.C., who appeared for the Attorney General, stated that the investigating officers' report showed an appalling state of affairs. It appeared that the bank held deposits to the amount of £250,000,000, all of which was payable on demand to the depositors.

Although there had been no rush by depositors to withdraw their money from the bank, it was an undisputed fact that the total amount of money in the community amounted to only £50,000,000. A small portion of this was held by the bank. It would appear, therefore, that the bank was in an insolvent condition. The only way in which the bank could carry on its business was by manufacturing currency in the form of cheques or by creating credit—which amounted to the same thing and put the bank in the same position as a counterfeiter.

Mr. Goatmind, K.C., stated to his Honour that all the banks in the community were in the same position.

His Honour: "Do you suggest, Mr. Goatmind, that all of the banks are insolvent?"

Mr. Goatmind: "Yes, your Honour, but I think we can wriggle out of that. We can, if your Honour thinks fit to grant an adjournment, procure affidavits from Baron Munchausen, Messrs. Ananias and Bill Adams, which will prove to demonstration that the bank will be in a position to meet all its liabilities by drawing cheques upon itself and that the community will be in no way harmed thereby. I therefore ask for an adjournment of 14 days."

In granting the adjournment his Honour stated that he reflected the voice of the community in saying that he had hitherto been unaware of the actual financial condition under which the banks carried on but he would endeavour to educate himself before the application came on for re-hearing.

### Broadcast Next Sunday by L. H. Hollins

The address, "Money and The Masses," to be delivered on next Sunday afternoon, May 31, by Mr. L. H. Hollins will be broadcast from station 3AR.

Mr. Hollins will be the speaker at the Melbourne Forum, held at the Unitarian Church, Grey Street, East Melbourne, to which Social Crediters and their friends are especially invited. The broadcast will begin at 3.30, and the address is timed to commence at 3.55, finishing at 4.30.

SUNDAY, MAY 31.  
JOHN HOGAN will speak at a Pleasant Sunday Afternoon at Ivanhoe Hall, at 3 o'clock.  
Chairman, Dr. Hollow Soloist, Kingsley Bethel

Phone: F 1996.

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## THE NEW TIMES

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FRIDAY, MAY 29, 1936.

### All Why and No How

In accordance with its policy of "first with the latest" (and last with what matters) the Melbourne *Herald* has started a new series of the every - picture - tells - a - story variety, under the title, "Why Melbourne Needs Better Homes." As with most *Herald* features, it is an appeal to the emotions rather than to the intellect; Mr. Fink's paper does not cater for the intellect except in such limited ways as "score-words" and similar tests of skill.

Tuesday evening's slum illustration had the nicely sentimental caption, "Who can look at this picture without feeling a tug at the heart?" followed by, "These three bright-eyed children are the youngest members," etc.—you know the sort of stuff if you read the Brisbane *Courier-Mail*, the Melbourne *Herald* or *Sun*, or the other syndicated Fink organs which now practically girdle the Continent.

But nowhere was there a suggestion as to *how* the slums are to be rebuilt.

In the same issue the *Herald* starred the terrible report of Dr. Hilda Bull, Melbourne City Council's Infectious Diseases Officer, which stated that of over 1000 children between two and six years examined in Melbourne last year—and representing "a fair sample of the pre-school children of the metropolitan area"—only 17 per cent, were deemed to show no defects. The majority of the children, the report added, were in poor circumstances.

The *Herald* was able that evening to devote an editorial to the need for defence recruiting, but there was no editorial calling for recruits to defend these mites against disease brought on by unnecessary poverty.

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In the same issue the *Herald* had the usual appeals for funds for free milk for destitute school children and for blankets for "needy families who face mid-winter with little or no bed-covering" — but nowhere was there the suggestion of a plea for justice rather than for charity. On the contrary, the appeal was to "relieve the pressure on other charitable institutions."

Among other items of news was the announcement that Brazil has just destroyed another 1,099,000 bags of coffee, making a total of 36,581,000 bags since 1931, and that, "despite these drastic measures, average prices of Brazilian coffee are likely to be lower than those realised last season. Brazil will most probably have to destroy coffee for many years to come."

There were also statements that Australia's wheat farmers "are still receiving about 4d a bushel less than production costs"; that train fares will have to be made cheaper if people are to be enabled to live in the healthier suburbs; that New South Wales is the highest taxed country in the world; that there is hope that we may shortly be able to get rid of more of our beef in the United Kingdom. And, to round off the news, there was the inevitable appeal from that unwitting comedian, the Premier of New South Wales, that "Britain should invest in Australian development."

All these things, if you will think over them a little, indicate the same unchanging undercurrent—a *shortage of money*. Money would enable the slums to be abolished; the health of the babies to be attended to; milk to be supplied to the school children and blankets to those who "face mid-winter with little or no bed-covering"; coffee to be consumed in half a million homes in Australia where it is a rare luxury; a fair price to be paid for wheat; train fares to be paid by those who seek healthier surroundings; taxation in New South Wales (and throughout the Commonwealth) to be cut to the bone; genuine surpluses to be disposed of abroad through our capacity to buy imports in exchange—and, last but not least, Australia to be developed by using our own labour upon our own materials without any investment of overseas "capital."

Only one thing stops the issue by the nation of sufficient of its own money to do all these things. That obstacle is the strange hold of the usurping monopolists who are cheating us of our constitutional rights.

But that is the one subject to which the *Herald*, like the rest of our financiers' daily press, *never by any chance refers*.

### The C.S.R. and Wages

In its application on Tuesday to the Court of Industrial Appeals (the decision of which has not been announced as we go to press) the Colonial Sugar Refining Company applied for an all-round reduction in the wages it is compelled to pay adult males, adult females, apprentices, improvers and juvenile workers.

For the information of our readers we append the following information about the company:—

From 1890 to 1915 it paid a uniform dividend of 10 per cent, plus various bonuses.

Bonuses paid in cash include: 2½ per cent, in 1905; 2/- per share in 1911; 5/- per share in April and October of 1912, 1913 and 1914, and in April of 1915.

Bonuses paid in shares include: 1907, £75,000; 1908, £350,000; 1910, £150,000; 1913, £250,000; 1925, £1,625,000; 1927, £975,000; 1934, £5,850,000—making a total of £9,275,000 bonus capital out of the company's paid-up capital of £11,700,000.

In May of last year the company paid on this hugely swollen capital a dividend of 3¼th per cent, and in November a dividend of 4¾ per cent, (including a special bonus of 1¼ per cent).

The directors of the Colonial Sugar Refining Company are:—

Chairman, E. R. Knox, who is also deputy chairman of the Commercial Banking Co. of Sydney, and a director of the Perpetual Trustee Co., the United Insurance Co. and the Sydney Exchange Co.;

R. W. Gillespie, who is also a director of the Bank of New South Wales and of Ball and Welch;

Major-General J. W. Macarthur Onslow, who is also a director of the Commercial Banking Co. of Sydney and of the Commercial Union Assurance Co.;

Sir Norman Kater, the wealthy pastoralist, former president of the Graziers' Association of N.S.W., and director of Newcastle-Wallsend Coal Co.;

Dr. E. W. Fairfax, of the *Sydney Morning Herald* family, which also graces the boards of the Bank of New South Wales and the A.M.P. Society; and

Sir Philip Goldfinch, the company's general manager.

This is the company, and these are the affiliations of the gentlemen who control it, and who want to reduce their employees' wages.

### Science and the Soul

Archbishop Darcy of Armagh, lineal Anglican successor to St. Patrick, has come all the way from Ireland to tell the Church of England Congress in Sydney this week that, whatever science can do, it cannot give a message of comfort and strength to the human soul. Needless to say, his Grace has also discovered in his journeying that many men are casting aside the teachings of Christ. And the cure, of course, is "change of heart."

The *New Times* does not pretend to be a religious journal, though it does at times ruminate on incidents like the whipping of the bankers out of the Temple, and on texts about faith without works and the command to love one another. Nevertheless it ventures in all deference to suggest to the Archbishop that

### WHAT ABOUT A BIRTHDAY PRESENT?

With this issue the "New Times" begins its second year of publication.

Our net weekly sales are now about three times what we started with, and every mail is bringing increased orders.

We wish to extend our most sincere thanks to all those—whether readers, advertisers or voluntary propagandists—who have done so much to help us to this measure of success during the past year. But we feel that our work of spreading the truth has hardly begun. Though the "New Times" goes regularly into all sections of the Commonwealth (and beyond it), we would require ten times our present circulation before we felt that our message was beginning to penetrate everywhere it should.

Will you make a drive towards this end, and endeavour to get us, THIS WEEK, at least one more regular reader? It is the most welcome birthday present you could offer us.

### THE DOUGLAS CREDIT MOVEMENT IN VICTORIA

#### THE WEEK'S NEWS

Most city members will have already heard John Hogan speak, and so will realise that the reports we have had from other States about this young orator have not been exaggerated. A full report of his activities appears elsewhere in this issue. His first official function in Melbourne was a dinner given by the Propaganda Committee to welcome John to our city. Responding to the toast of his health, John gave an exceptionally clear and concise outline of the problems confronting the Movement. The Young Crusader created a wonderful impression and convinced those present that his tour will be the best propaganda that the Movement has had.

On Monday, May 18, Mr. W. B. Reddaway, Research Fellow in Economics at the Melbourne University, addressed a meeting organised by the Women's Movement on the "Fallacies of Douglas." A criticism of the address appears elsewhere in this issue.

A very well attended meeting was held at Dalmore on Wednesday, 20th inst. It was organised by Mr. Genoni, assisted by Mr. Andrews, of the Kooweerup branch. Cr. Bowden was in the chair. Mr. Cantwell spoke of the problems confronting the primary producer and referred to the resolutions passed at the recent Country Party Conference at Bendigo, which showed that many farmers are alive to the need for monetary reform. Mr. L. H. Hollins followed with a review of world conditions. He emphasised the fact that the present system is based on unrepayable debt and showed that only by social control of credit for the benefit of the community can we escape from our present position. He concluded his address with a vigorous appeal to those present to share the fight and accept their share of the responsibility for bringing about a better world. The response was enthusiastic, fourteen new members being obtained, whilst several others promised to join. As a result a branch is to be formed at Dalmore and both organisers and speakers are to be congratulated on their efforts.

The Warragul branch of the League of Nations Union invited Mr. T. J. Moore to address them on Friday, May 22. Mr. Moore criticised the League from a Social Credit point of view and told his audience that it could not be an effective agent for peace whilst the present financial system persisted. This meeting was the result of active work by a group of enthusiasts at Warragul. Such activities are resulting in increased demand for speakers to address outside bodies being received at headquarters, which the committee finds most heartening.

**THE "NEW TIMES" IS  
OBTAINABLE AT ALL  
AUTHORISED  
NEWSAGENTS**

## TASMANIAN NOTES

The following are notes on resolutions, which were carried at a recent A.N.A. Conference held at Hobart.

*Resolution No. 30 on Agenda*, moved by Mr. C. J. Clayton—"That, as the mechanisation of industry is one of the chief causes of unemployment, Conference seriously consider the advisability of requesting the Commonwealth Government to legislate for a shortening of the hours of labour, so that man may enjoy his rightful benefit from the invention and development of labour-saving machinery."

*Notes of Mover.*—The ultimate aim of scientific invention and industrial progress is to provide the average individual with the comforts and joy of living that today can only be enjoyed by the wealthy.

The development of the machine in industry has lightened the task of the worker, and today he would be enjoying the benefits thereof but for the fact that our social structure has not developed at the same rate as the mechanisation of industry.

It is the duty of all, and particularly of this conference, to study social problems and to do all in our power to bring our social system up to date. Let us consider for a moment the results of some of the multitude of inventions of these last few years:—

Seventy-five years ago one man could look after 12 acres of crop, whereas today, with up-to-date methods, the same man can look after 100 acres.

In England at the present time there is a mechanical planter in use which plants and waters 12,000 cabbages and such-like plants per hour.

For every acre ploughed years ago by a horse-drawn plough 10 acres can be ploughed today by the modern machine.

Between 1900 and 1928 cereals harvested in Australia increased 109 per cent, in the Argentine 172 per cent, and in Canada 330 per cent.

A cane-cutting machine, which is in operation in Queensland, cuts 160 tons of cane per day and requires only two men to operate it. A man using the older methods can cut five tons per day. In the iron and steel trades one man with a machine drill can do 50 times more work than the man using the hand drill.

There is a road machine in use operated by two men, which can completely remake a road at the rate of eight miles per day.

Instances of miraculous feats can be cited in every industry.

Our engineers are years ahead of us living in a new world, while we are clinging to the old. It is our job now to plan to catch up to them and take advantage of their skill.

So long as we adhere to our present policy we will have the spectacle of men being rendered idle by these mechanical inventions. Are we to call a halt on our scientific development or do we intend to devise ways and means of sharing the benefits of the machine amongst all people?

I contend that it is not the function of the industrial system to provide work for work's sake, but rather is it to produce goods and make possible an ever-improving existence for everybody.

There is no need to dwell at large on the poor condition of the unemployed or on the puny children being produced through under-nourishment. We see the terrible results all around us. In a land so wealthy as ours, assuredly it must be possible to give all our people a good living. I know the problem is to find the best way.

There have been a great many suggestions. But it is not for us to examine these and attempt to dictate the method. Nevertheless, I feel sure you will agree that we should remind our Central Government of the poor

condition of our people and urge them to examine every possible means of making an improvement.

Australia has led the world in a good many ways; why not in this?

\* \* \*

*Resolution No. 36*, moved by Mr. V. E. Wettenhall—"That Conference urge the Commonwealth Government to do all in its power to bring about the abolition of armaments by private enterprise, and, so long as armaments are deemed necessary, to have the industry nationalised."

*Mover's Notes.*—There is a fairly old saying, "The surest way to maintain peace is to be prepared for war." How this saying must warm the hearts of the armaments manufacturers! For they make their profit and live by the fear which they instill into each nation against the other. The armament manufacturers know neither creed nor nationality—their business is to make profits and they care not that their own countrymen are slaughtered by the munitions, which they have supplied to their enemies.

Let us consider their methods and quote a few examples of what has really happened to expose their callousness.

The armaments salesman will succeed in selling a new submarine or gun to a country, and then rise the sale as an argument why a neighbouring State should buy two or more of them to be prepared for eventualities.

Vickers supplied the Turkish Government with shells, which were used to destroy Australian and English soldiers at Gallipoli.

During the war the Allies used hand grenades which were operated with German fuses, and after the war Krupps sued Vickers for 1/- each as royalty. The claim amounted to £6,000,000, which means that about 120,000,000 fuses were used. So that German soldiers were slaughtered by grenades using the German fuses. Also during the war British manufacturers supplied greatly increased quantities of war material to neutral countries, knowing that it went ultimately to our enemies.

Germany during the war sent scrap iron and steel to Switzerland, where it was made into barbed wire and other implements of war and then despatched to France and used in the destruction of German soldiers.

France likewise supplied to neutral countries great quantities of chemicals knowing that they would eventually find their way to German munitions factories and result in the slaughter of French soldiers.

The profits of armaments manufacturers are enormous. The excess profits tax paid by British armament manufacturers are as follows:—1916, £136,000,000; 1917, £202,000,000; 1919, £283,000,000; 1920, £217,000,000.

If there had been a genuine blockade of Germany the war would have finished by the end of 1916. But the methods of these greedy individuals undoubtedly prolonged hostilities.

At the recent abortive Disarmament Conference, armaments manufacturers had representatives as delegates from several countries.

Lord Cecil recently referred to the vast power wielded by armaments manufacturers against all disarmament proposals.

In the House of Lords Lord Morley in 1935 referred to the collusion between Vickers and the Admiralty.

The ramifications of the armaments manufacturers are tremendous. They control banks, press, radio stations and politicians.

What is the use of all our efforts to avert war when we allow these people to thwart us at every angle? If their business is not war, at least they thrive on making nations fear each other, and this fear, which eventually runs riot, must end in war.

## Letters to the Editor

## CONFISCATION?

In Mr. Bruce Brown's most recent taxation article, "The Delusion of National Insurance," there appeared a most unfortunately worded sentence, which might give an incorrect impression to anyone unfamiliar with the technique and ethics of Social Credit.

All will agree with Mr. Brown that the banks, by creating money in the form of credit, and issuing it to the public in the form of loans, easily qualify for the highest distinction bestowed by the Ancient and Dishonourable Order of Brigands. The fact that the community's property is used as the security for these loans, and high interest is charged for the public's use of their own credit, is, perhaps, merely an example of the banker's sardonic humour.

However, I am quite sure that Mr. Brown's remarks meant that the bank's power to CREATE credit be confiscated - - by the rightful owners of that power. Confiscation of assets or property is as far removed from the ethics of Social Credit as the perpetuation of a private money monopoly. As Mr. Brown is quite aware of this, the true meaning of his words is obvious to those who, like myself, habitually look forward to his brilliant articles.

E. C. BROWN.

210 Leicester-street, Carlton.

(Mr. Bruce H. Brown makes the following comment on the above letter:

"We cannot confiscate what we own, and there can be no question of 'compensating' any person for something to which he is not entitled. In this particular case the community's credit has been stolen, and those who steal are thieves; consequently, any idea of 'buying out' what has been stolen is entirely unthinkable. If the Government takes what rightfully belongs to private citizens it must in honour compensate them, but the comment in the article referred to had no relation whatever to private property, and there was no thought of 'confiscating' anything. As a matter of fact, resumption by the community of control over its own credit does not entail any interference at all with bank assets. The shareholders will remain in full possession of them.")

## Luxury—On 45/- a Week!

The story of a young man who worked in a large store for 45/- a week is given in the papers.

He ran a large car, bought a new house; and his wife was dressed in the height of fashion. News of this reached the ears of his employers, who examined his accounts but could discover nothing wrong.

Eventually a secretary was sent to make diplomatic inquiries. The young man admitted that neither he nor his wife had any private means.

"Then how in the world do you manage to run a car and buy this house on 45/- a week?" asked the secretary.

"I don't," said the young man. "There are 200 employees in the store. Every week they buy a ticket in the raffle for my wage packet at a shilling a time. That brings me in £10 a week—not 45/-."

If this enterprising young man took it upon himself to lecture his fellows on "the message to Garcia," the soundness of "working hard" and "investing" a shilling a week for the security represented by a 45/- wage packet, and explaining his prosperity in terms of solemn nonsense instead of the simple truth, he might become a stockbroker, a bank director, or even an orthodox economist.

He shows all the earmarks of a high financier, short (of course) of the ability to manufacture for a few pence the authentic wage packet. —*Social Credit*

## JOHN HOGAN'S CAMPAIGN

As reported in our last issue, John Hogan, after addressing enthusiastic meetings in the North-East, arrived in Melbourne on Wednesday of last week, to meet the leaders of the Victorian Social Credit Movement, with whom he will be closely associated for some time to come.

Returning to Lancefield in the evening, he held a very successful meeting in the Memorial Hall, which will greatly strengthen the Lancefield branch (of which Mr. Dick Mackay is the keen secretary), the interest of a considerable number being indicated by their remaining till after midnight to hear a few bank employees learn something of the policy and control of the institutions which they so capably administrate. En route to Melbourne next day good work was put in at Romsey, and a lunch-hour meeting addressed at Sunbury.

After official and business meetings in the city, John addressed an open-air gathering at Black Rock on Saturday night, and was accorded a stirring welcome by the particularly large crowd in the Sandringham Memorial Hall on Sunday afternoon, whose numbers and enthusiasm over a lengthy and inspiring speech will prove, it is hoped, typical of all other meetings he is to address in the metropolitan area. The chair at this meeting was ably taken by Mr. J. T. Hargreaves, M.A., of Wesley College, whose comments and favourable remarks assisted the impression of a thoroughly successful meeting.

On Tuesday night the Mechanics' Institute at Newport was packed, when John addressed an audience invited by the Williams-town branch. The chair was taken by Dr. J. T. Hollow, and a typically enthusiastic meeting was remarkable for the number of practical questions, dealing particularly with the aspect of getting results through bringing pressure to bear on politicians.

## FURTHER PROGRAMME.

The following tentative itinerary has been prepared for John's future activities, and all districts concerned are asked to get to work to ensure its success. Fixtures marked (x) are already confirmed; others are subject to confirmation by local supporters and

circumstances where necessary, and all supporters in the centres to be covered, besides all those who have information or names likely to be of value when organising them, will please communicate with Mr. G. R. Trenoweth, Propaganda Secretary, 123 Rennie-street, Coburg, N.13, without delay. If you can't render active help with the Young Crusader in the front line, send in some financial ammunition from behind to headquarters to make his task a little easier.

May.

Saturday, 30.—Narrewarren, 8 p.m. (X)

Sunday, 31.—Ivanhoe, 2.30 p.m. (X)

June.

Monday, 1.—Full day's organising at Geelong, possibly lunch-hour meeting. 8 p.m., Werribee. (X)

Tuesday, 2.—8 p.m., Box Hill Town Hall. (X)

Wednesday, 3.—8 p.m., Sandringham Town Hall. (X)

Thursday, 4.—Day's organising. Morning at Gisborne, Macedon, Woodend and Kyneton. Lunch hour factory meeting at Castlemaine, if possible. Afternoon at Daylesford, and 8 p.m. meeting at Ballarat.

Friday, 5.—Morning organising at Ballarat. Lunch hour meeting if possible. Probably afternoon at Geelong. Night meeting at Bacchus Marsh.

Sunday, 7.—Afternoon or night meeting at Geelong, probably with Rev. G. S. Carruthers, M.H.A., Tasmania.

Monday, 8.—8 p.m., Hawthorn Town Hall. (X)

Tuesday, 9.—Warragul.

Wednesday, 10.—Yallourn.

Thursday, 11.—Garfield.

Friday, 12.—Ballarat. Lunch hour and 8 p.m.

Saturday, 13.—Daylesford.

Sunday, 14.—2.30 p.m., Kyneton; 8 p.m., Woodend.

Monday 15, onward, big meetings at Geelong, Melbourne Central Hall, and main suburbs before leaving for twelve days' tour of Gippsland.

This will be followed by tours of the Western District, North-Central and North-Western Victoria, round through the Irrigation Area and N.S.W. Riverina, and a few weeks in Tasmania.

## DO NOT ARGUE ABOUT SOCIAL CREDIT



WITH—  
THE POLITICIAN  
THE BANKER  
THE ACCOUNTANT  
THE BUSINESS MAN  
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## SOCIAL CREDIT OR SOCIAL DEBT?

An Address Delivered to the State Savings Bank Officers' Association of Victoria by Leslie H. Hollins, M.I.A.E., Aust.

(With acknowledgments to *Savings Weekly*, the Association's official newspaper.)

Sir Auckland Geddes once said: "We know that an age is dying! The aimlessness of life lived to labour and to die, having achieved nothing but avoided starvation, and of the birth of children also doomed to the weary treadmill, has seized the minds of millions."

That this is a fair statement of the situation is shown by facts contained in an A.M.P. advertisement on February 25, 1936. This advertisement runs as follows:—

"Applying the law of averages, we infer that the following will be true forty years hence.

"Of every 100 healthy men now 25 years of age—

"One will be wealthy;

"Four will be well to do;

"Five will still be working for a living;

"Thirty-six will be dead;

"Fifty-four will be dependent on relatives and charity'."

And, again, by recent cables from America, which tell us that approximately 24,000,000 persons (or one-fifth of the population), are dependent on the State for relief. The total relief expenditure for 1935 alone amounted to 1,826,000,000 dollars (£365,200,000).

We all have sufficient knowledge of the facts of production to know that poverty is quite unnecessary. Our scientific farming methods have achieved results beyond the wildest dreams of the early pioneers, while our mines and factories are producing as never before.

In the U.S.A. "The Chart of Plenty," issued by 65 scientists, engineers and businessmen, after exhaustive research on behalf of the Government, shows that the present plant and equipment could, without difficulty, provide every family in the country with a living standard equal to 4400 dollars a year (£18 per week). The question uppermost in the mind of every right-thinking person is, "Why poverty in the midst of abundance?" This reminds one of the verse:—

"Can you tell me why, when the earth is kind,

Full of treasures for man to find,  
Giving freely of fruit and corn  
Sufficient for all the children born,

Can you tell me why men strive  
and fall

When God has given enough for all?"

If it be a fact, and it is, that the world is richer in the material requisites of life than ever before, and that it is physically possible to provide a high standard of living for every man, woman and child, the above question, "Why poverty in the midst of abundance?" can have but one of two answers. Either we lack desire for the goods, or we lack the necessary purchasing power—i.e., money.

As it is quite unreasonable to suggest that we lack desire, when nearly every person in the world has need, not only of the amenities, but of the necessities of life, it must, therefore, be due to lack of purchasing power.

### WHAT IS MONEY?

This, then, is the crux of the whole matter. We lack money. But what is money? Money is a ticket or token system designed by man to facilitate the distribution of goods and services. Of itself, it need not have any intrinsic value, its main attribute being its acceptability. Professor Walker, in his book "Money, Trade and Industry," defines money as "any medium, which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will

refuse it in exchange for his product."

We thus see that money can be any medium as long as it is acceptable. In Australia we have approximately £55 millions of tangible money or currency; money that we can handle or see; and roughly £47 millions of this is paper money in the form of notes. On the other hand, we have some £500 millions of deposits. £450 millions of these can only be represented by financial credit, and are, therefore, nothing more than figures in a book transferable by cheque. In fact, 99.3 per cent. of the money we use today is financial credit created by the banking system.

It is a demonstrable fact that the bulk of the money we use is created by the banking system—"created out of the blue," to quote the London Chamber of Commerce. It is equally demonstrable that the right to create and issue money has been guarded jealously through the years as a prerogative of the Crown, but as Professor Soddy put it, "secretly and by a trick" the banks have usurped this right. And now only the small change of industry, the pocket money of the community, is created and issued by the State. It amounts to nothing more than about .7 of one per cent. of the money we use.

The right to create and issue money must be vested in the State, for if individuals or bodies of individuals are permitted to create or manufacture money, they can, with practically no effort on their part, claim the wealth of the community.

For instance, if an individual were secretly to set up a printing press and skilfully make plates for printing notes, he could, by a few turns of the handle, manufacture enough money to buy anything he desired. This, of course, is illegal, and rightly so. Anyone caught counterfeiting in this way would be imprisoned for fraudulent practice.

Whilst creating money in this manner is regarded, in the eyes of the law, as a most serious offence, we permit the banks, without let or hindrance, to create the bulk of the money we use, and to claim it as their own. The banks have been at great pains to hide this fact, and claim that they "lend" only the money deposited with them.

In the light of the statements made by the world's leading bankers, this claim will not bear investigation for a moment. In fact, there are so many authoritative statements made by bankers contradicting this claim that it would be impossible to quote them all now, nor, in fact, would any good purpose be served by so doing. I will, however, quote several of the best-known authorities to substantiate the statements made.

### BANKS MANUFACTURE MONEY

The Rt. Hon. Reginald McKenna, ex-Chancellor of the Exchequer, Chairman of the Midland Bank, England, leaves no room for doubt on this matter. In his book, "Post War Banking Policy," McKenna says: "The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every bank purchase of securities creates a deposit, and every bank sale destroys one."

H. D. McLeod, in his book, "The Theory and Practice of Banking," a book, by the way, which has, for over a quarter of a century, been regarded as one of

the best text books available, proves beyond argument that banks do manufacture money. McLeod says: "The essential and distinctive feature of a bank and a banker is to create and issue credit payable on demand, and this credit is intended to be put into circulation and serve all the purposes of money. A bank, therefore, is not an office for the borrowing and lending of money, but it is a manufactory of credit."

Professor Soddy, of Oxford University, one of England's most able scientists, and the author of textbooks on both scientific and economic subjects, referred to the money monopoly in a letter to a Social Credit candidate in the recent British general elections. He said: "It is a secret conspiracy with the ostensible government, whatever the party label, to ham-string democracy, and keep the nation enslaved to a gang of counterfeiters, pretending to lend, but, in fact, minting money in order to perpetuate poverty in the midst of abundance."

If the argument has been followed thus far, we cannot help but admit that the right to create

### SAY WHAT YOU WANT.

"The public have no conception how much influence they could bring to bear on the exhibitor, and in turn on the renter and producer, if they would only organise and make their tastes vocal. I am not advocating a public hold-up, but no exhibitor with a grain of sense is going to resist a concerted expression of opinion from his audiences. Why even a dozen emphatic letters a week has been enough before now to make us reconsider our policy on a particular type of film."

The London "Observer's" film correspondent reports the above as having been said to him by a prominent cinema exhibitor.

The same thing applies to bringing pressure to bear on your politicians.

**DEMAND THE ABOLITION OF POVERTY!**

and issue money is a prerogative of the Crown, and must be restored if we are to solve our economic problem. The right of a community to create and issue its own financial credit against its social credit is a fundamental thing, without which no economic system can work in the interests of the people as a whole.

The right of a sovereign state to create its own financial credit against its own social credit is the main plank of the proposals put forward by Major C. H. Douglas, now commonly known as the Douglas Proposals. Major Douglas was one of the first men to point out the criminal stupidity of our Parliaments in permitting private individuals to manufacture money, and the first to suggest means whereby social credit could be used to overcome the problems of a machine age.

The Douglas Proposals do not affect the fundamental nature of Social Credit. Notwithstanding this, financial institutions in particular have done their best to discredit Social Credit in the eyes of an unthinking community, with the result that even many of those who are suffering most under the present system of social debt, are apt to smile when mention is made of Social Credit or the Douglas Proposals. What a laugh the bankers must get out of that.

This attitude reminds one of the story told of a Ford owner whose car had broken down by the roadside. He stopped the first motorist to come along, who happened to be a Rolls Royce owner, and asked him if he knew anything about a Ford. The Rolls Royce owner replied, "Oh yes! A lot of funny stories." Although knowledge of Social Credit is limited in many cases to funny stories, we, like Henry Ford, welcome funny stories, for they are good publicity.

### THE PROPOSALS OF DOUGLAS

The simplicity of the Douglas Proposals, and their promise of security for all, accounts for the extraordinary progress the movement is making throughout the world. On the other hand, their very simplicity causes one to wonder why this gospel of economic emancipation has not caught the imagination of the multitude long ere this. On reflection, however, we are forced to admit that the mind of the average man is, as it was in Roman days, so unthinking that when he cries for bread and is given circuses he is quite content.

The three main planks of the proposals are as follow:—

1. That the sole right to create and issue money, in all its forms, be restored to the Crown.

2. That a National Dividend be paid to every man, woman and child.

3. That a "Just Price" mechanism be introduced to prevent inflation and exploitation.

In regard to plank No. 1 there can be little, if any argument, for, as we have seen, the right to create and issue money has been guarded jealously through the years as a prerogative of the Crown, and it has only been since the introduction of the modern banking system that this right has been usurped.

This, of course, does not mean that the right to create and issue money shall be vested in Parliament, but rather must it be, as suggested by Major Douglas, vested in a National Credit Board.

In the case of Australia, however, where we have our own Commonwealth Bank, the right to create and issue money could, conceivably, be given to the Commonwealth Bank Board. This Board, as at present constituted, has been able to defy Parliament and act, without any real opposition, in the interests of the money monopoly. A properly constituted board could act in the interests of the people as a whole without interference from any political party.

The National Credit Board should be so constituted that the basis of all new money issues would be:

(A) New production, i.e., the potential capacity to produce, and

(B) The national appreciation of real wealth, i.e., goods and services—this national appreciation of wealth to be ascertained by drawing up a national balance-sheet based on the statistician's figures.

The constitution of the board should be so drawn up that any changes required could be made only after a referendum of the people.

### NATIONAL DIVIDENDS.

Plank No. 2, National Dividends, would seem the only logical way to distribute the products of the automatic machine, for are we not using machines to save wages? The wages of the machine must be distributed, otherwise the goods will pile up and misery increase until the masses revolt in sheer desperation.

The National Dividend is an inalienable right of every citizen! Are we not co-heirs, one with the other, to all the culture, learning, discoveries, inventions and labour saving devices; the product of all the striving through the years of our forefathers? We are heirs to all the ages, and are, therefore, immensely wealthy in our cultural inheritance! What of the countless thousands living in stark poverty, who depend on wages, which are no longer paid? Are they not co-heirs with us to this wonderful inheritance? What have we done with their share? Have we not robbed and insulted them by offering charity?

The very idea of paying a dividend to every man, woman and child causes some folk to raise their hands in horror, yet the same people, more often than not, are recipients of

dividends from some industrial concern. How much more entitled to dividends are we, shareholders in Australia Ltd., than any such person?

The National Dividend payment is based on the surplus of production over consumption, and is, therefore, a distribution of the national profit. To ascertain the amount of the dividend, the National Credit Board would apply to the statisticians' department for the figures of production and consumption. If, for the sake of argument, the statistician submitted the following figures:—£1000 worth of goods produced, and £750 worth consumed, say, during the last month, it would indicate that £250 worth of goods were awaiting sale.

In the final analysis real wealth is the basis of all financial credit, thus, the power being vested in the National Credit Board, they would create £250, and distribute this new money to the community. If the community under consideration contained 250 persons, a National Dividend of £1 could be paid to every man, woman and child.

The people would now be in a position to buy the whole of the surplus production, providing the traders did not raise prices. Human nature being what it is, it is reasonable to suppose that they would do so, and thus defeat their own ends. To obviate this, Major Douglas has introduced a third plank, the "Just Price" mechanism, to prevent inflation and exploitation.

### THE "JUST PRICE."

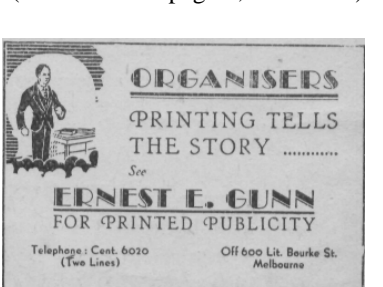
This third plank, the "Just Price" mechanism, is a discounted price system or sale below cost. To introduce the system the traders are invited to register, and, on having registered, all they are asked to do is to sell their goods at cost plus a reasonable margin of profit—this margin to be fixed by a committee of traders, and to depend on turnover. Where is the trader who would not jump at the chance of trading under such conditions?

Having registered, the traders are now permitted to offer their goods at a discount rate (the rate suggested is 25 per cent.). At first sight this seems an absurd suggestion. How is a trader to remain solvent if he is to sell his goods below cost? Obviously, he cannot unless he is reimbursed from some source.

If the whole of the new credit issue were distributed in the form of a dividend, then there would not be any fund available to reimburse traders. £250 worth of goods is the basis of £250 of new credit. No more and no less. To have a fund available to reimburse traders, portion only is distributed as a dividend, leaving a balance to finance sales below cost.

Assuming that £125 would be required to reimburse the traders, a sum of £125 would be available to pay a dividend. In this case, it would amount to ten shillings per head of the population.

The discounted price would operate as follows:—Any person wishing to buy a pair of boots would naturally go to a registered shop, where he could get a discount of 25 per cent. A pair of boots priced at £1 would thus cost him 15/-. The trader would then pass the copy of the invoice on to his bank, either at the end of the day or at the end of the week, which ever suited him best. The bank official, being a highly-trained person, would quickly tell if the trans-



# TAXATION

By BRUCE H BROWN

## 7. —The Issue that the "Leaders" Never Face

Payment of taxation can be made only in money. A bag of potatoes or a suit of clothes would not be accepted. Therefore, the only purpose of taxation is to collect *money* for the government, and as the amount paid out by the government for *interest alone* exceeds the total collections from Income Tax, Land Tax, Estate and Probate Duties, Sales Tax, Unemployment Tax, Motor Car Tax, and Entertainment Tax, it is obvious that the government is only the collecting agency for those who receive the interest. With very few exceptions interest goes to banks and their allied insurance and trustee companies, and it is the self-same bankers who control the issue, recall and cancellation of the means of payment. The banks have admitted to the Monetary Commission that they do deliberately restrict credit and make it impossible for governments and private citizens to meet their money commitments. This is evidently the explanation of how banks, which started with a few thousands of capital now own assets totalling hundreds of millions of pounds, despite the fact that they themselves have produced nothing. In the past 25 years bank assets have increased by roughly £300 millions.

While the Taxpayers' Association, at the instigation of the Chamber of Commerce, whose leaders are prominently and beneficially connected with the banking system, sends a psalm-singing agent to tout for overseas bondholders at a time when many of his own fellow-citizens are actually starving, the Commissioner of Taxes, in a public address, explains that taxation is unavoidable and that "the public of Australia, and Victoria in particular, are carrying heavy burdens with remarkable courage and loyalty." It would be much more correct to say they are carrying the burden because of inexcusable ignorance and almost unbelievable servility.

Now, in view of the fact that the great bulk of taxation is earmarked for the payment of interest on the national debt, it is essential that every citizen should know:—

- (1) To whom the debt is owed;
- (2) Where the money came from on which the interest is paid;
- (3) What sort of money it was and who manufactured it;
- (4) What has happened to it since the government spent it?

### WHOM DO WE OWE?

In the *New Era* of May 15 there are two items of outstanding importance. The first is that a Notice of Motion had been tabled in the New Zealand House of Representatives as follows:—

"That there be laid before this House a return showing the names and addresses of the persons, institutions, or companies being the principal holders of the stock, bonds, and other securities forming the record of New Zealand's national debt."

Some little while ago, when there was a lot of unjustified press-talk about threatened repudiation we were given heartrending stories of the grief and distress that would be caused to the widows, orphans and retired clergymen, who, it was alleged, formed the great majority of bondholders, if interest were not paid in full. The Commonwealth Parliament should, therefore, be asked to supply a similar list of names so that we may know definitely to who we are in debt, and in the event of the Government's refusal to supply the information the Opposition should make the subject one of the main features at the next election.

### THE NEW ERA ON THE BANK INQUIRY

The second item in the *New Era* was a reference to the "Farce and Fiasco of the Bank Inquiry." After personal attendance at sittings of the Commission, the editor of the paper has informed us as follows:—

"It was a discouraging spectacle . . . The ignorance manifested by the Commissioners on everyday banking practice was abysmal. Not one of them appeared to be even remotely familiar with any of the following *facts* of the present Monetary System:—

- (1) That banks create credit, and that this credit functions as money.
- (2) That the bank does not lend anybody's deposit, but creates new money when making a loan, by means of credit entries in bank ledgers.
- (3) That practically all money is issued by the private banks in this form, as a debt, to the community.
- (4) That legal tender is used in less than one per cent, of the community's transactions.
- (5) That the volume of money is governed by the expansion of credit (loans) made by the banks and by the purchase of securities.
- (6) That loan money paid back to a bank is not available for lending to someone else, but is automatically cancelled out of existence.
- (7) Even if it is paid back in legal tender, it is still cancelled (i.e., the book entry debt is cancelled).
- (8) That the sale of a security by a bank also cancels the money involved out of existence."

After four months of "inquiry," at your expense and mine, not one of the Commissioners seems to know (1) What actually constitutes money; (2) How and under what circumstances it is created; (3) Who, by right, should own it, and (4) What is its proper function. Not only so, but none of them evinces any desire at all to find out.

### PUBLIC INTEREST AND BANK INTEREST

That is a deplorable state of affairs, but, unfortunately, it is not confined to the members

of the Commission. It applies to most of those who regard themselves as "leading" citizens, and, particularly, to the old boys of the public schools. W. Eggleston and R. W. Chenoweth, for example, both old Wesley collegians, have taken part in public discussions on the subject of national finance, but both display the same abysmal ignorance about the nature, origin and ownership of money itself, even though it is the only thing the States are at war with the Commonwealth about and the only thing we are permitted to use for the payment of taxation. Mr. Eggleston is Chairman of the Disabilities Commission, whose reports deal exclusively with the apportionment of money and studiously avoid any reference whatever to the production of it; while Mr. Chenoweth, in his public address, referred only to two schools of thought on the "purposes" of taxation, but said nothing about the "necessity" for governments to steal what they alone have *legal* power to produce. The swindle of the business has been pointed out to both these gentlemen, but they continue to disgrace their school by supporting the private manufacture and theft of the community's money. Mr. Chenoweth, referring to the handing of a tax demand to a jockey when he returned from the race to weigh in, said: "The public should applaud this example of the zeal and energy with which tax officials look after their interests." We have already shown that it is *bank interest* and not public interest they look after. What is more, the energy and zeal applied to the jockey is contemporaneously applied to all the other citizens whose interests are untruthfully said to be served. Taxation is *not* collected in the public interest at all, but to provide for interest payments to banks and financial institutions on privately-manufactured and morally counterfeit money, and, consequently, the energy and zeal displayed by the taxation officials could be put to much better use in exposing the fact that taxation is sheer robbery, and attacking the system which necessitates the continuance of the robbery.

Professor Mills, another public school boy who was improperly given a place on the Monetary and Banking Commission, has declared publicly that credit is not created by the banks, but that the borrower creates the credit himself. If the borrower does create what he needs, why on earth does he go to the bank to borrow it and pay interest for the use of it? If these three men are to be accepted as representative, then those responsible for the management of our public schools clearly need to re-organise their arrangements for the teaching of logic. The truth, of course, is that if a borrower did create his own financial credit he would get free board and lodging with hard labour for many years.

### £500 MILLIONS OF FOUNTAIN PEN MONEY

The strange thing is that when governments seek to undertake some *new* work or to provide some *additional* service for the community they cannot even commence it until they have obtained what Mr. Casey calls "funds." These funds consist wholly of credit-money brought into existence by the simple process of bank clerks writing figures in bank ledgers and sending cheques to the Treasury. The same figures could, of course, be written in books by the Commonwealth Treasury, but in that event the banking system would not be free to continue the interest racket by which certain non-working families residing in select localities and overseas are maintained in sumptuous affluence. Unemployment is no nightmare to them. They excuse their position by saying, "but our *money* works for us." Money never has worked, never does work, and never can work. It is lifeless and absolutely useless without production. It is merely an accounting ticket or symbol, representing financial figures recorded in books—i.e., a system of bookkeeping. Here is a simple proof. If all the legal tender money in Australia (that is, notes and coin issued by *legal* authority) were placed in one heap it would total only about fifty-five million pounds. But the total amount of bank deposits (i.e., money in the banks) is about £554 millions. What does this consist of? As only about £25 millions of it is in notes and coin, we see that for every £1 of legal money someone else has created £10 of other money. The question is, Who? Where? And for Whom?

Now, suppose the banks actually had in their tills all the legal money in Australia and all the depositors decided to withdraw their money. After the banks had paid out the £55 millions in cash they would still owe £500 millions. What would that £500,000,000 look like? All the banks could produce would be their ledgers, showing the names of the depositors and the amount standing to their credit. The bank manager would say: "Don't be alarmed. If you will continue, to use cheques we will accept them and transfer credits from your page to other pages in the books as you may instruct. Your deposits are safe so long as you will use our cheque." That is credit-money, and it is just as effective for trading as legal money, and every penny of it is brought into existence without cost by the use in the bank of pen, ink and paper. What is more, that is the only kind of money our governments ever borrow, and the kind of money on which we are being taxed so heavily for the payment of interest. Just as the banks bring money into existence by a mere stroke of the pen, so they also send it out of existence by a mere stroke of the pen when they call in overdrafts and cancel the figures in the books! The same thing happens when a bank loan is repaid. The community's money is cancelled by a private monopoly—and it was the cancellation of money that made the depression so intense! And most of the fellows directing the swindle have actually been knighted or included in the "Honours List."

What has happened to all this morally counterfeit money our governments have "borrowed"? Think of it—we have borrowed and spent £1,255,000,000 and yet the total money in

existence, including the bank counterfeit money, is only £554,000,000. Who cancelled all the other money, and why? The very people to whom the money is supposed to be owing have cancelled the means whereby it could be paid, and thus forced us into a debt position from which it is impossible to escape under existing financial methods, and which imposes a perpetual and increasing burden of taxation to meet the morally-fraudulent demands of knighted counterfeiters and pretenders.

### TAXATION AND NEW ASSETS

Apart from the fact that no one should be permitted to manufacture money privately, much less that governments should borrow it, this system of finance is objectionable for the reason that, although some portion of taxation revenue is inevitably utilised in the production of new assets, no increase takes place in the money supply. Look at it this way: New roads are built and financed out of the taxation of existing money supplies. These new roads make land hitherto inaccessible suitable for habitation, production, etc. This gives the land an increased value when in use. It is offered for sale and is bought at a price with existing money. This means that the land has been given a money value, which it did not have before. The land is rated and the owner taxed, but nobody has considered it necessary to increase the money ticket supply to cover the additional money value, which has been created through the expenditure of revenue obtained from taxation. That is an example of how money may be used twice or more often in production, so that *in figures* we have doubled or trebled our assets, but have no expansion of the quantity of money to make assets and money balance. Instead of seeking a sensible balance we allow an inadequacy of money to interfere with, and even prevent the utilisation of assets. And yet the money "commodity" (so-called) is the easiest of all to manufacture and control.

### THE BOTTOMLESS PIT

So far as taxation itself is concerned, it would not matter how high the rate were made, provided *all of it* were paid out again to the *community*, but the fact of the matter is that a large part of government revenue goes to the banks *and is cancelled there*. Taxation is, therefore, used by the money controllers as a deflationary mechanism. It should be noted particularly that interest is collected from all the people through taxation, but is distributed almost entirely to the banking system and its allied financial institutions. These frequently destroy it by utilising portion of their profits to write down the "value" of their properties. The Bank of France, for example, has written its premises down to 1 franc! Private financial institutions do not distribute the interest they receive to the people who will spend it, and so a large portion of the stream of taxation is always earmarked for cancellation through processes known as amortisation, undistributed profits, repayment of loans, etc. The important point is that the flow of taxation is not from the people's pockets to government pockets and then back to the people's pockets, but it is taken from the people by the government and thence goes partly back to the people and *largely* to the bottomless pit of bank-cancellation.

### THE ERROR OF SAVINGS

The existing system is also objectionable because of the need it imposes in regard to "savings." The income we receive is in respect of present production. If we "save" part of it, it means that we are not using part of the money, which was included in the cost of the production in respect of which our income was distributed. Part of the production must, therefore, remain unsold. If we hoard the savings, then, obviously, the corresponding costs of the production referred to are not covered and we have insolvency. If we invest the savings, then they are applied to secure new production, with a corresponding set of new costs. Obviously, the amount of savings thus distributed by way of investment is sufficient to buy the unsold balance of the old production *or* the new production resulting from the investment, *but not both!* This is one of the great errors brought about by "savings" and "insurance." Under a sensible money system it would not be necessary for any individual citizen to provide *money* (tickets of claim) for the future. His job would be to take his place in producing things to meet the community's needs, and it would be the government's job to see that the tickets of claim corresponded with those things.

If you will take a moment or two to think on it, you will realise that "Assets" and "Reserves" are usually quoted at so much *money* value, but the fact is that actual money to that value in the form of the tickets, which are necessary to secure sale or transfer *does not exist*. The tickets have been prematurely destroyed by the banking system or used for investment and re-investment to such an extent that we have produced double and even treble quantities of goods and costs with only one lot of money!

We put it to every thoughtful Australian that the devastating power of those who privately control finance under the present system centres in their position to recall and cancel credit-money more rapidly than the corresponding goods can be transferred to consumers, or, in the case of capital goods, become worn out.

Many people say (and Mr. Irving of Scotch College is one): But when Parliament resumes control over the nation's credit, how will gift money be cancelled? Now here is the vital factor they apparently fail to see. The primary error under the existing arrangements is the *premature cancellation of money*, which happens at the bank; whereas the primary function of money is the *cancellation of costs* as expressed in prices, which happens at the retail counter. Provided there is money available in consumers' hands to cancel costs at the counter, then any

other factor is not vital and calls only for technical adjustment. If consumers have the *money* to cancel *prices* then the goods pass over the counter for consumption, and thus fulfill the only aim of industry. When *money* is automatically made available in sufficient quantities, then the price mechanism will become the vital factor to need technical attention. At present, as everyone knows, prices merely represent one unholy grab, made up of costs plus profit plus whatever else can be got.

LEVIES ON INCOMES

In the *New Age* we came across the statement that "ultimately, all taxes are levies on the incomes of consumers." These levies must be stopped. The problem before the world today is under-consumption. Millions of people are starving and undernourished while the things they need are being destroyed. Even the *London Times* has been shamed into admitting that production is lost if it is not consumed. On March 13 it said this: "The efforts which are now being made to increase nourishment beyond the point where a doctor's definition of malnutrition ceases to apply, are of happy augury, especially when it is borne in mind that the food required to make healthier young bodies is actually being produced and must be lost if not consumed. The old proverb, indeed, that one cannot eat one's cake and have it, has lately suffered such economic disproof that a special committee of the League of Nations has been engaged in showing conclusively that it is only by eating one's cake that one can have it in any real sense of the word."

But like all the other bank-controlled newspapers (the Governor of the Bank of England is a member of the Board of Management of the *Times*), it never says anything about the fact that consumption is governed by *money* income, and that ability to obtain nourishment beyond the point described as malnutrition hinges absolutely on financial accessibility to the things produced. Taxation further limits our financial access, which is already far too limited in most cases. As a main principle we must demand that all wealth shall be financially accessible as and when it becomes physically available. Under that principle the only limits to our volume of wealth will be the physical resources of the country and the desire of the people to make use of them.

A SUMMING UP

Taxation does not confer any benefits whatever on the community. At best it merely redistributes benefits and at the worst it lessens them. The only beneficiaries of taxation are the bankers, because most of the taxes and government surpluses are appropriated by the private money monopoly, representing banks and the debt-holding institutions in general. Every day our newspapers give us proof by reports showing the need of *money* for agriculture, universities, schools, hospitals, etc., that the policy of these institutions is one of "wanton annihilation of life, culture and security. It is wanton because it would cost the banks nothing to reverse this policy, and it is annihilation because they reduce to nothingness the creative forces and abilities of modern civilisation," and actually turn new scientific discoveries to fit some new form of human destruction in war. Poison gas and explosives, instead of fertilisers; guns, instead of ploughshares; planes for bombing, instead of planes for transport, and war ships, instead of merchant ships.

This wanton despotism brings to everyone of us the urgent task of concentrating on the subject of the ownership and control of financial credit (*money*), and to help clear away from the minds of the people the present hypnotism about money. With a general public awakening to the facts of the financial swindle, no constitution or government permitting such despotism and protecting the despots could exist, and no person who realises the extreme urgency of the need for economic emancipation, and the ease with which it could be brought about, would be able to resist the impulse to brush aside all the constitutional obstacles enacted in the past at the dictation of the private money monopoly for its own protection.

Remember the significant fact that in the Bank Charter Act of 1844 it is provided that in all dealings with the public the Bank of England (the miscalled "Mother Bank of the Empire") is to carry on its transactions with reference to its own interests alone, and not with any view to the public advantage.

Remember further that even bank officers are beginning to realise the fraud of the present system. The fourteenth annual general meeting of the Bank Officers' Guild in London adopted the following resolution:—

"That this annual meeting of the Bank Officers' Guild desires to direct the attention of the directors of British banks to the increasing body of opinion that the present system of currency and credit control is unsuited to modern requirements. It considers that unless drastic scientific reorganisation of that system is undertaken voluntarily by the banks, such a course is likely to be forced upon them by public opinion and economic pressure. It is generally accepted as a fact that modern production, with the existing abundance of natural products, if properly organised, is capable of giving to our people a high standard of comfort, and the opinion is widespread that the present system of money and credit control is an obstacle in the way of a better distribution of commodities."

This is inescapably true, and so long as you tolerate it, so long must you accept heavy taxation; but so soon as you change it, so soon will you be freed from the robbery of taxation and financial bondage.

(Conclusion)

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THE A PLUS B THEOREM

A Reply to a Criticism

By J. T. H.

Recently at a Social Credit meeting the speaker of the evening presented a criticism of the A plus B Theorem, and the criticism was made along the usual lines now more than familiar to Social Credit advocates. The status and the influence of the critic merit notice.

The speaker specifically questioned the validity of "raw material" as a B cost. The statement of the theorem confines consideration to "any manufacturing undertaking." Let us now consider any manufacturing undertaking in which two legitimate costs are involved—raw material and wages, and suppose the cost of each is £1, with a total cost of production of £2. The pounds must issue from a store of capital reserved from savings or from an issue of bank credit. One pound (£1 A) is paid for wages, and as income can be spent to extinguish £1 of cost. The other pound (£1 B) is paid to an antecedent producer for raw material to restore an equivalent amount of his capital or repay his bank loan. This £1 extinguishes an equivalent cost for the antecedent producer but generates £1 of cost in the last producer's goods. £1 B in its cycle is a transfer of capital, which does not become income in the cycle. When each pound issues again, it is to initiate another cycle of production. For total production there is established for any point of time a rate of flow of costs and a rate of flow of incomes, the relative proportion of costs to incomes not being constituted by the gross sum of B costs in relation to the sum of incomes.

Our critic directed attention to the diagram on page 31 of "The Monopoly of Credit" to confirm his contention. This diagram is an illustration of a series of related productions leading to a final product. In this diagram the gross B costs, as illustrated, can be given a relative numerical value of 20, yet in the final product the net B costs, as illustrated, have a numerical value of 8.

A final analysis will show, and the diagram shows it, that a capital cost is a re-embodiment or duplication of a previous labour cost—labour cost meaning the accounted money value of remuneration paid for human service. Hence the statement of Major Douglas on page 30 of "The Monopoly of Credit": "Where any payments in money appear twice or more in series production, then the ultimate price of the product is increased by that amount multiplied by the number of times of its appearance, without any equivalent increase of purchasing power."

If it is true that capital cost is a re-embodiment or a duplication of a previous labour cost how can the costs of industry be equal to the incomes, which issue from that industry?

Writing of the A plus B Theorem, C. Marshall Hattersley has said:

"The exact implication of this obviously true statement has been the subject of much conjecture, and in one or two cases conclusions have been drawn from it which are neither justified by the statement nor consonant with facts. It is at any rate clear that, considering a factory by itself, it distributes in wages, salaries and dividends only sufficient money to buy a fraction of its production represented by A over A+B. And this is true of all factories—although the actual numerical value of the fraction A over A+B may vary widely.

"Now the whole tendency of industrial progress for the past hundred years or more and very especially since the opening of the past century, has been to replace human labour as far as possible with machinery. The natural result is that the B payments in the average factory have continually tended to become larger and larger in comparison with the A

payments, and, in consequence, A over A+B is a continually decreasing fraction. Regarding industry as a whole we thus see that the consuming public has become, and is becoming, able to make an effective demand for only a progressively smaller proportion of industry's gross output.

"It is true, of course, that individuals want ultimate commodities only, and have no use for intermediate production as such. But the fact remains that in order to distribute to individuals money equivalent to A, industry must carry on a business equal to A plus B, an ever-increasing proportion of which is in goods which never reach the consumer at all but only assist in the production of ultimate commodities. Without the continual manufacture of intermediate products, the individual consumer today is unable to obtain from industry sufficient money to buy the ultimate commodities he requires, although these could very easily be supplied without the erection of another factory or the extension of plant for some time to come."

Confirmation of this can be found on page 25 of "The Monopoly of Credit" where, in discussing profit, Major Douglas records: "The factor which is probably at the root of the problem is at once more complex and more subtle, and has, during the past few years, been a matter of acrimonious controversy. On its physical or realistic side, it is intimately connected with the replacement of human labour by machine labour."

In the course of his remarks our critic said something of *amazing* significance. His statement was to this effect, that if industry were one self-contained corporation there need be no B costs. Here was a confession of an intellectual conviction, though we had no evidence of any confession of faith. Here was a reasoned belief that B costs are only inter-industrial payments and nobody's income. The Social Credit analysis asks for no more than this. But in his seven-leagued stride the speaker had stepped beyond the doctrines of Social Credit into the realm of intellectual phantasy. Individual and administrative ownership is founded on natural law as well as on moral law, and no communal system which man can attempt to devise can wrest the *right* of such ownership from the individual. Man has been given dominion over his own personality and over nature, and it is the tyranny, which seeks to wrest those rights, which the Social Creditor fights.

SOCIAL CREDIT OR SOCIAL DEBT?

(Continued from page 6.)

action was open and above board, and, if correct, would credit the trader's account with the sum of five shillings. When all the goods were sold, all the new credit would have been distributed.

There are many persons in the community who claim that to issue consumer credit will lead to inflation. For many years we, in Australia, have borrowed some £33,000,000 yearly from the banking system. This money has been distributed through public works and the like, and has in this way supplemented our incomes, thus proving beyond argument that we cannot buy the goods produced in any period with the incomes distributed in that period unless they are supplemented by loans made by the banking system. But why borrow money to buy the goods, which we, as producers, already own when, by creating our own money, we could buy everything we produce, or its equivalent in the goods produced by others, without incurring debt?

In evidence supplied to the Macmillan Committee in 1930, Major Douglas laid down, as the first of what he called "the general principles required of any financial system sufficiently flexible to meet the conditions which now exist, and to continue to reflect the economic facts." the following:—

"That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country, irrespective of the cost prices of such (goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption."

(To be concluded.)

\* \* \*

CONTRAST.

The annual report of the Operative Cotton Spinners' Amalgamation calls attention to the fact that the number of insured persons in the Lancashire cotton industry declined from 572,420 in 1924, to 442,400 in 1935, a decrease of 130,020. Mr. Boothman, the general secretary, states: "It is idle to expect that any possible revival in trade can do more than absorb a fraction of unemployed." - "Daily Herald," March 19, 1936.

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A boy in the witness box at Surrey Assizes took off his collar and tie, was rebuked by the judge, but he said it was too tight and that it was his brother's shirt, as he could not afford one. — "Daily Express," April 1, 1936.

**Banking Commission Costs £4841 to Middle of May**

**They May Not Know Where Money Comes From—But They'll Be Able To Tell Us Where Some Of It Goes**

Costs of the Banking and Monetary Commission to date, said the Prime Minister in the House on May 14, were £4841, made up as follows:—

	Fees	Salaries	Travelling Expenses	Other Expenditure	Total
	£	£	£	£	£
Justice Napier . . . . .	..	1000*	327	..	1327
J. P. Abbott . . . . .	216	..	191	..	407
J. B. Chifley . . . . .	226	..	194	..	420
R. C. Mills . . . . .	226	..	137	..	363
E. V. Nixon . . . . .	221	..	55	..	276
H. A. Pitt . . . . .	247	..	29	..	276
Edward Reynolds . . . . .	918	..	..	..	918
D. Butler . . . . .	..	16	..	..	16
H. Calcott . . . . .	..	22	3	..	25
W. Harris . . . . .	..	285	72†	..	357
J. G. Phillips . . . . .	..	176	65	..	241
D. M. Reedy . . . . .	..	27	5	..	32
M. Spurgeon . . . . .	..	67	10	..	77
Car hire . . . . .	..	..	..	17	17
Office requisites, printing, etc. . . . .	..	..	..	41	41
Postage, telegrams, etc. . . . .	..	..	..	28	28
Incidentals . . . . .	..	..	..	20	20
	2054	1593	1088	106	4841

\*Reimbursed to South Australian Government.  
†Includes advance, £55, for expenses of Commission.