# THE NEW TIMES



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# The Real Obstacle To A Shorter Week

## An Issue Where Master And Man Should Combine

Those who remember the pre-election speeches of the Lyons government will remember also how carefully they confined themselves to generalisations, particularly with regard to the government's future policy. And those who have watched the government's conduct since then will also have noticed how it has managed to put up a pretence of keeping faith with its general promises by taking refuge behind so-called expert inquiries. This has been noticeably so in the matters of monetary reform and of making financial provision for the unemployed.

In last week's issue we reprinted from Hansard the Prime Minister's reply to an inquiry about the Monetary Royal Commission, which indicated quite clearly whether or not Mr. Lyons was anxious for speedy action in that regard. Parliamentary statements about evidence at that inquiry since then, arising out of a case of mistaken identity and a wrongly delivered letter, must have caused grave disquiet to such members of the public as were not convinced from the beginning that the appointment of a Royal Commission on monetary matters by a "hands-off-the-banks" government was merely a solemn farce.

On the unemployment question—or, more correctly, the question of those who, through industrial unemployment, are destitute—the Federal government first sheltered behind the skirts of the States. It then turned to the aspect of national unemployment insurance, and now, with two-thirds of its full term expired, it has still another "expert" investigation proceeding at Canberra under Sir Walter Kinnear. This should be successful in shelving the matter till just before the next elections, when doubtless Mr. Lyons (or, maybe, his successor) will be ready with more general promises.

### TROUBLE LOOMING OVER THE SHORTER WEEK

The next urgent question (apart from our export trade), which cannot be sidestepped much longer, is the shorter working week. There are not wanting uncharitably minded persons who are speculating as to whether this may be an issue on which the government may force a snap election. Though the daily press is not yet featuring it very prominently, those who are in touch with the trade unions are well aware that at the moment there is grave industrial unrest concerning hours of work, and in some quarters a determined pressure for a nation-wide strike. Should such a thing happen, that great democrat, R. G. Menzies, may be relied upon to uphold democracy in much the same dictatorial manner as he did when the seamen went on strike. The issue would then again be named by this gallant fighter (we use the word in its legal rather than its military sense) as one between Communism and the people—and so you have the necessary catch cry for the hustings.

Leaving aside such speculations, the regrettable feature about the agitation for a shorter working week is that those in its forefront appear to be picking their ground unwisely.

### THE PHYSICAL JUSTIFICATION

The case for shorter hours in industry is unanswerable. Apart from from one's daily observation, an almost interminable array of facts and figures can be produced to demonstrate that more and more goods are daily capable of being turned out with less and less human labour. In its broad aspect the issue is therefore simply one of labour saving. And here many advocates of the shorter week are making their first blunder. "For they are calling out for this step *as a means of creating work* when obviously its justification lies in the possibility of abolishing a considerable percentage of human work—that is, work in the industrial sense of work for wages.

In this manner the shorter week people are fashioning a stick to beat themselves with. And that they are being belaboured we see from the fact that the pivot of nearly all discussion on the matter has become the *financial* aspect of shorter hours in industry, and particularly the financial aspect as between the employer and the employee. Had the workers kept to *physical* realities no reasonable opposition could have been put up against them, but once finance is introduced they are blinded with science. It may therefore be seasonable to set out here just what are the financial implications involved.

### HOW INDUSTRY IS FINANCED.

While the shorter week is made physically possible through the substitution for human labour of non-human power, via the machine, most workers and most employers have not yet realised that this necessitates a complete departure from the present method by which industry is financed.

Under today's practices the following are the general rules:—

1. Nearly all our money is manufactured by the banks. This takes place principally through the granting of bank loans or overdrafts. As each overdraft is drawn upon (mostly by cheque) the payment of cheques by borrowers causes the bank deposits of other parties to increase.

2. The majority of bank loans to individuals or companies—as is generally admitted by bankers, and as was specifically admitted before the present monetary Commission—are granted for the purpose of production. These loans are usually what are called short-term loans for the production of consumable goods—such as wool, wheat and manufactured goods—and are expected to be repaid as the goods pass across for consumption.

3. Banks do *not* generally grant overdrafts for the production of capital goods, such as the machines. The financing of this form of production is supposed to take place through the investment of savings—whether privately, through share issues, through loans made by insurance companies, or otherwise.

> **THIS YEAR'S GEM**
>
> **"Hailed throughout the world as a successful practitioner of theoretical economics and as a scholar who applied his knowledge most fortunately for the recent history of Australia."**
>
> **—The description applied to Premiers' Plan Copland by Harvard University in presenting him with an honorary degree on September 19.**

In fact, banks not only do not grant these long-term loans to any great extent; they cannot. Practically all bank overdrafts are repayable on demand. Were they not, the deposits that arise from the overdrafts would represent a fear of excessive calls upon the banks for legal tender currency (notes and coin), which they do not possess. Under today's regime, when such calls cause apprehension to the banks, they immediately start a policy of deflation by demanding the repayment of overdrafts, thus effectively destroying sufficient of the deposits to relieve their position. So the unsatisfactory state regarding the financing of industry's capital expenditure arises from the fundamental dishonesty of the banks in issuing their fountain-pen currency.

### MORE MACHINES, LESS MONEY

From the above it will be seen that the progressive use of machinery leads to a progressive shortage of purchasing power in the community. This applies not only to those who have been displaced by the machines, and who have no purchasing power, but to consumers as a whole. If, say, labour costs represented 90 per cent, of a manufacturer's factory charges, then, under normal bank finance, he could expect to distribute that amount of new money against the new goods, recovering it again through their sale, and completing its cycle by the repayment (i.e., cancellation) of his overdraft. But as the tendency grows for his machine charges to take the place of his labour costs, if those machine charges are not represented by new money as the labour charges were, it should be clear that he cannot get back from the public what the public never had. Certain individuals or companies, of course, do so, but at the expense of other companies. Myer's may prosper, but the receiver goes into Craig's, and so on.

To anyone who doesn't live in dreamland it must be apparent that one of the first results of the shorter week, if introduced today, would be a scramble by employers, generally to instal still more labour-saving machinery. This would certainly mark a further stage in human progress, but under existing financial dispensations it would also definitely have a deflationary effect. The shorter week would mean a still shorter pay.

It is not, of course, suggested here that some trifling adjustments of hours are not possible without dislocation. But the extent of such adjustments is purely on what might be called the efficiency side. By cutting off an hour here or there the employee might be found to give the same result in a lesser time, just as the school boy will clean up the back yard rather more quickly if he is going out to play as soon as he has done it. But there is a limit to this aspect, and it is soon reached if the yard is to be swept properly—particularly in the well-ordered and well speeded up industries of today

### THE MASTER KEY

The big point, and the point that matters both to employees and to employers, is that there is a great deal of common interest to master and man in this fight. It is not a case of the boss being hostile to his hands, or vice versa. Strikes will not overcome the obstacle, since neither party to them is in charge of the source of finance.

So once again we find the same old nigger and the same master key. If all new production were financed out of new money and not out of savings; if, in other words, the quantity of money were regulated to correspond with the goods offered for sale, there would be no obstacle to a forty hour week or a thirty-hour week, or to whatever shortening of hours were shown by the results of production to be possible. Without this, without monetary reform, we shall be in the same state of frustration as ever.

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*Mr. N. S. H. Catts,*
*Chairman of Directors,*
*Australian Guarantee Corporation Ltd.,*
*Sydney.*

*Dear Sir,*

*We should like to congratulate you on the manner in which you addressed your shareholders at the annual meeting of your company in Sydney last week.*

*As many of our readers may not be aware of what you said, may we repeat for their benefit your protest against the financial juggling at present going on. During the early part of this year, you said, the Bank of New South Wales stated that the Commonwealth Bank had indicated its belief that recovery was proceeding at a fast rate and that it should be slowed down. (Personally, we believe that the initiative was OUTSIDE the Commonwealth Bank, but as that institution is no longer the people's bank the point hardly matters.) Almost immediately, you continued, a definite curtailment of credit and an increase in interest rates on bank loans had followed. If designed to slow down the rate of recovery and to halt the domestic trade revival, the steps instituted had met with success.*

*You went on to say that you were no advocate of inflation, but you believed that undue restraint of development and growth in a young country was even more damaging in its effects.*

*Had your protest, Sir, come from the chairman of a company now trading at a, loss it might have been, and probably would have been, put down as the complaint of a commercial failure—though your paid-up capital of over £330,000 would still entitle your protest to some notice. But, even if your shareholders did have to write off part of their capital through the financial depression, your company's recent record is one of progress, and your last balance sheet shows improvement over the one preceding it. Hence, there is more weight in your criticism of the financial policy arbitrarily imposed upon businessmen and on the community, generally from sources that are not responsible to the community.*

*If more of our leaders of commerce would have the courage to imitate you and to voice publicly their protest against this monopolistic tyranny, the time of striking off the shackles would be brought appreciably nearer.*

*THE NEW TIMES*

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## "Flag Discrimination"

### U.S. ATTACK ON LYONS TARIFF.

From an American source (says the *West Australian)* there has reached this office a review of what is claimed to be the attitude of the average businessman in the United States to the recent Australian tariff alterations under which the Australian Government refused to permit imports of licensed goods from the United States. A complaint of deliberate flag discrimination is reiterated throughout the review and reprisals are hinted at.

. After reviewing trade conditions between Australia and America, says the *West Australian*, the review concludes: "Australia is freely granting licences for imports from all countries other than the United States, and therefore the view must be taken that Australia is not practising bilateral trade balancing but actually is engaged in 'flag discrimination' against the United States solely. Even Germany does not do that. Germany actually holds trade down to a bilateral balance with many countries other than the United States, and her action is not solely against the United States. It is for this reason that our State Department has refused after August 1 to grant Australia the lowered tariff rates under our reciprocal tariff agreements. No other nation had done what Australia has done and therefore our State Department could not turn the other cheek."

**(Continued on page 3)**

# FR. COUGHLIN AND THE POPE

## "Uproar Sponsored Solely for Political Purposes"

Some weeks ago Australian press cables suggested that Fr. Charles Coughlin, Detroit's "Radio Priest," greatest American opponent of the financial monopoly, and founder of the National Union for Social Justice, had come under the displeasure of the Pope. It was also indicated that Fr. Coughlin's activities were likely to be restricted in the future. The incident immediately leading up to this speculation was a speech delivered by Fr. Coughlin before an assembly convened by Dr. Townsend in connection with his Old Age Pensions scheme. During the course of that speech the radio priest bluntly called President Roosevelt a liar. He subsequently apologised to the President for the use of a term, which had escaped him in the heat of the moment. At the same time he made it perfectly clear to Mr. Roosevelt that he regarded him as having betrayed the American people and that he would strenuously support Congressman William Lemke against him for the presidency.

In their usual unsatisfactory fashion, the Australian daily newspapers mostly published one or two cables about the matter, and then left the whole business up in the air, with readers unable to form any definite conclusions. We therefore reproduce the account of the alleged Roman disapproval as it appeared in *Time*, one of the most influential of America's weeklies. *Time's* avowed editorial policy is to give as complete and concise a report as possible of world happenings from week to week. Its report reads: —

"For nearly two decades the Roman Catholic Bishop of Detroit has been Most Rev. Michael James Gallagher. Born in Auburn, Mich., of Irish parents, 'Mike' Gallagher was educated for the priesthood in Limerick, Ireland, and Innsbruck, Austria. In the years following the War, Detroit's shepherd organised 110 new parishes, gave the University of Detroit a new 96-acre campus and plant, raised 9,000,000 dollars for Sacred Heart Seminary, invited a dozen new religious communities to live and work among Detroit's 600,000 Catholics. Yet the total of all these worthy deeds has brought the white-thatched old churchman less fame outside his diocese than the fact that he happens to be the ecclesiastical superior of Rev. Charles Edward Coughlin.

"Last month Bishop Gallagher sailed from Manhattan on the *Rex*, for Rome, Vatican City and Castel Gandolfo to make the visit "to the threshold" of Mother Church required of all Bishops every three to ten years. With him was his friend and close colleague, Bishop Joseph Schrembs, of Cleveland. Ship news hawks discovered these big-city Bishops, immediately asked Detroit's what he thought of Father Coughlin's calling President Roosevelt a liar? Bishop Gallagher, whose countenance, as that of the Archangel Michael, adorns the political priest's Charity Crucifixion Tower near Detroit, replied: —

"Father Coughlin is entitled to his own opinion, but I do not approve of the language he used . . .. I approve of his general activities and his radio talks . . ..'

"Few days later, while in the U.S. Father Coughlin was offering a weaseling apology to President Roosevelt, U.S. news hawks in Rome began to hear what sounded to them like 'high prelates close to the Vatican,' talking anonymously like unseen antiphonal voices in a church choir.

"A Vatican Voice: *The radio priest's action caused a painful impression here. We have received thousands of letters on the subject. But the Holy Father does not desire to take action on the matter unless in conjunction with the Bishop of the diocese. Bishop Gallagher is coming on his own initiative, to explain his ideas in regard to Father—how do you say, Coshlin? Cooglin? *'*

"Arriving at Rome, Bishop Gallagher told news hawks: 'I have no complaint against Father Coughlin . . .. The head of all priests in the diocese of Detroit is myself. It must therefore be for myself to make observations about Father Coughlin, not the Vatican . . ..'

"Another Vatican Voice: *A trans-Atlantic telephone call took place between Father Coughlin and a Vatican official. If, after a private warning to Father Coughlin, it becomes necessary to transfer him to another diocese, the Holy Father would prefer to make the transfer himself rather than take any action, which might reflect upon Bishop Gallagher.*

"Bishop Gallagher, in Vatican City: 'Rome holds me responsible for Father Coughlin's activities. I explained to Monsignor Pizzardo (political adviser to the Pope and Secretary of the Congregation for Extraordinary Ecclesiastical Affairs) and we agreed, that the misunderstanding arises from the fact that many are not acquainted with canon law. Actually, Monsignor Pizzardo thinks the uproar regarding Father Coughlin represents a good joke, sponsored solely for political purposes.'

"A Vatican Voice: *The Holy See is urging Bishop Gallagher to advise Father Coughlin to restrict his radio speeches to religious subjects during the American election campaign. The Vatican does not wish to jeopardise its good relations with President Roosevelt, who, it is understood here, has promised to establish a U.S. legation in the Holy See as soon as possible.'*

"Bishop Gallagher, last week after a twelve-minute audience with Pope Pius XL at Castel Gandolfo: The Pope did not mention Father Coughlin . . .. The Holy Father hopes . . . that America . . . may decide her controversial questions by ballots and not by bullets.'

"Another Vatican Voice: *This means the Pope will take no action. The Vatican is confident that Bishop Gallagher is able to handle the situation.*

"Bishop Gallagher: 'In talking with prelates who asked what all the hullabaloo was about, I gave them a pretty picture of all that Father Coughlin was doing. But some objected, 'There is a spot on your picture. He called the President a liar.' Then I would tell them, 'We have erased that blemish.' I wiped that slate clean before I sailed for Italy. I urged him not to use expressions such as calling the President a 'liar,' because it failed to show respect for an office, which deserves respect. After I had discussed this with Father Coughlin he apologised to the President. I sent him word from here to continue his work so he might not be misled by misrepresentations which have been published concerning the purpose of my visit here."

"Bishop Schrembs: 'Father Coughlin is really fighting for the preservation of American democracy, which I am sure will successfully withstand European surges toward Communism and toward Fascism . . .. Father Coughlin's stand on money is in accordance with the Pope's Encyclical *Quadragesimo Anno*. If you read that you will find it more radical than Father Coughlin himself.'

"Bishop Gallagher: 'Bishop Schrembs and I... have been advised to cease talking.'

"A Vatican Voice: *The Vatican now considers the incident closed*."

*Well known is the difficulty Italian prelates experience with English and Irish names. The late great James Cardinal Gibbons used to tell how Pope Leo XIII called him "Jibbons."



# IT'S ALL RIGHT ABOUT ARMAMENTS—BUT WHAT ABOUT THE ARMS BEARERS?

## British Service Journal Asks Some Pointed Questions

The "Army, Navy and Air Force Gazette" (British), in a recent issue, has some very pertinent speculations to offer about manpower and the next war.

Smuts, says his biographer, declared that in the South African War he learned that you draw more strength from the cause you are fighting for than from all material resources (says the Gazette).

A point for which we do not always give ourselves sufficient credit is the high morale of our army when it went to France, and that which, with all its numerical increases, it maintained up to the very end.

It is almost unnecessary to stress what that meant. A less stout-hearted force, isolated in a foreign land among mighty conscript hosts, might have recoiled before a task for which, it at once discovered, its training, organisation, equipment and size had all been misjudged in greater or less degree.

As time went on the major disasters, which were brought on in 1916 on the Somme, in 1917 at Third Ypres, and finally in the fateful spring of 1918, all failed to quench that morale.

Yet they were in magnitude greater than that which caused a mutiny in the French Army, if not as great as those which broke the spirit of the Germans—for what army could have borne the strain of trench warfare which was no longer backed by its civil population?

In what proportions our morale is made up of natural and artificially created characteristics it is difficult to say. But there is no doubt that education played a great part, for from 1914 to 1918 there was no red-blooded Briton who was not convinced of the justice of his cause and none who did not think he was fighting to avenge a moral wrong. If Mr. Duff Cooper, as his Paris speech suggests, thinks that the nation went to war out of self-interest, he may be right as far as concerns the Cabinet, but not the people. And if he thinks that, in the future, the nation can be mobilised on grounds of self-interest he may be making a very grievous error and one, which will seriously impair our preparation.

It must be clear that the ordinary man who does, and has to do, the fighting has so little that could be termed "self-interest" that he could not possess less under different ownership, or so much less as to make it worth his while to risk his life and comfort over prolonged periods for the difference.

It is true, of course, that in many cases he possesses more than he did, —but it is the sort of possession that depends on the payment of instalments, and if the State is willing and able to do that for him, and he is sufficiently enthusiastic for the cause, his enlistment may be as voluntary as it was in 1914. But he will not have the illusions, which helped to maintain morale so largely from 1914 to 1918, for he has subsequently learned, not without bitterness, and is still learning, of profiteers and profiteering in money and in places. He has seen that a good war record is not the irresistible recommendation he thought it would be and that a bad one is no bar to the highest places. He has seen, too, that in a period of superfluity it is considered of greater importance to balance a budget than to prevent continued undernourishment and lack of employment. And while this may not cause a man to be actively hostile to his own country, it would be a mistake on the part of those charged with defence to consider that it will make him so wildly enthusiastic that he will queue up to make the supreme sacrifice.

When these factors are taken into consideration it is somewhat surprising that we should so confidently contemplate our entry into the danger zone, and think that the provision of armaments is sufficient, and that everyone will be quite happy to lay down his life in order to make England safe for those who have larger interests.

The modern dictator States, which are those who have driven the old men out of their Governments and who have not noticeably suffered therefrom, are not leaving anything in this direction to chance. Whether or not their "little men" really own their country, they are being taught that they do, and in some cases that they ought to own more than they do—but *outside* their frontier. We may call this development of the war spirit or anything else that we like, but the fact remains that if, as we ourselves consider, it is the whole nation who wages war, then it is the *whole* nation, which must be trained so to do; and its moral preparation is as important as any other form of preparation.

**WILL SOMEBODY TELL HIM, PLEASE**

**Victorian Premier Dunstan (on the question of affording relief to settlers of the State put off their blocks): "Where are we going to get the money? I know from my experience that it is very difficult to got loan moneys from the Loan Council. I am not prepared to suggest that we should even raise money for such a purpose. Since I have occupied the position of Treasurer I have received hundreds of suggestions for expenditure of money, but I have never yet received one suggestion for raising money."**

**—Victorian Hansard, Sept. 16.**

**THE INVERTED DEMOCRAT**

**The British people were the principal guardians of the parliamentary form of government, but democracy, even in Australia, would not last unless Australians redoubled their efforts to preserve it. They should insist that their political leaders were leaders and not followers.**

**—R. G. Menzies to Australian Women's National League, Sept. 22.**

# ORTHODOXY STATES A CASE FOR MONETARY REFORM

## Another Surprising Article from "The Economist"

More than once we have drawn attention in these columns to the manner in which the force of circumstances is compelling even the most "orthodox" organs to turn towards the views of monetary reformers. No one can accuse Britain's foremost financial journal, the "Economist," of being anything but strictly orthodox. Yet more than once of late the "Economist" has come perilously near to Social Credit, and never more so than in a remarkable editorial published in its issue of August 15, under the title, "Money and Recovery."

We reprint the article in full, with some comments after. The "Economist" said: —

There are few more hotly disputed issues than the influence of monetary policy on business activity. Yet there is none, which deserves more dispassionate consideration; and it may therefore be hoped that the all-important lessons of the last seven years of depression and recovery will be most carefully studied. Almost every observer of economic affairs probably regards monetary policy, in the widest sense, as more important than he did seven years ago; and this impression will probably be strengthened by perusal of a new and extremely interesting Review published by the League of Nations. This Review prompts the reflection that, if unanimity is yet far away, our knowledge and comprehension of monetary phenomena are at least advancing.

The most obvious and significant fact, which emerges from the Review, is that no single major country has overcome the great depression without undertaking a policy of monetary expansion of one kind or another. Of the six major capitalist countries, four, Great Britain, the United States, Germany and Japan, embarked on expansionist policies between 1931 and 1935; and two, France and Holland, did not. The percentage changes in industrial production in these six countries between February, 1933, and February, 1936, are given by the Review as follows: —

| | |
|---|---|
| Germany | *+ 79.2%* |
| U.S | + 49.2% |
| Japan | + 39.7% |
| U.K | + 35.2% |
| France | 3.9% |
| Holland | 8.3% |

Moreover, the only two major countries in which no recovery has yet taken place today, Holland and Switzerland, are the only two in which no determined effort at monetary expansion has been made.

It is also true that in every one of the countries, which have overcome depression, recovery did not begin, if we discard the hardly discernible "false starts" of early 1931 and late 1932, until expansionist policies had already been undertaken. It is, of course, open to anyone to maintain that recovery would have come without positive expansionist policies if only the countries concerned had waited long enough. In fact, however, it never did; and Holland and Switzerland are waiting still.

When one examines the actual expansionist policies adopted, one finds that they have been markedly different in different cases: or rather they fall, as the League Review shows, into two main types. The first of these is "banking policy," under which head the Review discusses Great Britain. Sweden, South Africa, Australia and Canada; and "deficit financing", under which it discusses the United States, Germany, Japan and Chile. By an expansionist "banking policy" the Review means, in general, increases in the volume of bank deposits and reductions in the rate of interest. Great Britain is rightly taken as the classical case of recovery by banking policy. It is pointed out that the influx of gold after 1931 and the open-market purchases made by the Bank of England in 1932 and 1933 expanded the commercial banks' cash reserves and so forced the banks to buy Government securities and thus to lower the long-term rate of interest. How far the housing boom in this country was stimulated by cheap money and how far by cheap food is, of course, disputable, but few will deny that cheap money was an indispensable condition. Seen in the retrospect of five years, and in the whole context sketched by this Review, perhaps the most significant feature of British recovery is that it followed an expansionist banking policy entirely unaccompanied by any species of "deficit financing."

In Germany, Japan, the United States, and Chile, on the other hand, "deficit financing" was almost certainly the major factor. In Germany credit creation was little more than the servant of rearmament; and in the United States (after the initial "psychological" recovery of 1933), Japan and Chile there is evidence that Government spending was the most positive and persistent factor in increasing demand. In a large number of countries, in fact, where psychological conditions were for one reason or another unfavourable, it has been found necessary for the authorities not merely to expand the stock of money but actually to see that it is spent. This is a significant lesson, some of the implications of which the present League Review seems to ignore. For the Review is much preoccupied with the measurement of the "volume" and "velocity of circulation" of money. But surely the relevant factor is neither "volume" nor even "velocity" (which in any case is a very artificial conception), but what may be called the stream of effective demand—i.e., the total stream of money spent on finished goods. It is really this stream, which policy seeks to stimulate or diminish; and the whole discussion would be greatly clarified if it were realised that alterations in gold parities, money volume and interest rates are only effective in so far as they affect total demand. They may succeed in this, as in Great Britain, where the War Loan conversion and other factors led to a growth of "confidence" by stimulating investment in durable goods; but it may prove necessary, as in the United States and elsewhere, for the Government to stimulate demand directly by public works and deficit financing.

Such financing, however, if it is to increase effective demand, must be accomplished by the creation of credit and not by the borrowing of existing savings. This is very clearly brought out by the Review. Why, it asks, did the persistent Budget deficits in the deflationary gold *bloc* between 1932 and 1935 have no reflationary effect, while similar deficits had a pronounced reflationary effect in Germany, the United States and Japan? The main answer, apart from psychological factors, is, of course, that in the three latter countries deficits were financed by credit creation, while in the gold *bloc* they were not. Indeed, the position can be emphasised even more clearly by examination of the history of France since the summer of 1935. In July and August 1935, the exigencies of armament finance in France made it impossible for the Treasury to carry on any longer without large indirect advances from the Central Bank to the State. At once, despite a very high interest rate, and even great business pessimism, production began to increase and prices to rise. Government expenditure without credit expansion, in fact, may be just as ineffective in stimulating effective demand as credit expansion without Government expenditure.

Why, in turn, was it that in the deflationary period the gold *bloc's* Budget deficits were not financed by new credit? Because, at the existing exchange rates, an increase in the effective stream of money must have increased the disequilibria between internal and external costs; and it was consequently the deliberate policy of the Governments concerned to reduce costs rather than increase demand. This, if practicable, might have been a successful policy. But it is perhaps the important single lesson of the Great Depression that not one industrial country has overcome disequilibria by reducing costs alone, partly owing to the depression psychological effects of deflationary campaigns. It would have added to the value of the League's Review if it had emphasised the fact that not even the German, Italian and Japanese Governments, with all the apparatus of oppression at their command, were able to achieve recovery by deflation. Since the majority of money costs were in practice irreducible, effective demand had to be increased; and this could only be done in the first instance, where a currency was overvalued, by the alteration of the exchange rate or the imposition of exchange restrictions.

In short, monetary ease and low interest rates have been shown to be the indispensable *conditions* of recovery in a world where sweeping reductions of costs are in practice impossible. But they are only the conditions. The actual stimulus to spending or investment may come from favourable psychological conditions, such as an access of business confidence or a general belief that prices are going to rise. It may be, however, that the effective stream of money, as opposed to the total stock, has to be directly stimulated by further Government action. This action again may take many forms, such as the execution of public works or the financing of deficits; and the exact form it should take must clearly be determined by circumstances. The most important of these circumstances is the general economic background; for it is evident that if the economic structure has become for any reason badly out of balance, monetary or financial policy alone cannot be relied upon to effect the necessary adjustments. Something, however, will have been learned from the experience of the Great Depression if the hopelessness of merely trying to reduce costs is recognised, and if those responsible for monetary policy take as their primary objective the stimulation of the effective stream of money demand and the level of employment, rather than mere alterations of the quantity of money, gold parities or rates of exchange.

* * *

Stripped of its rather Coplandesque phraseology, what the "Economist" says comes, in principle, to this: —

1. There can be no recovery from depression without expanding the amount of money.
2. This increased amount must not merely exist, it must be available for increasing the effective demand for finished goods, that is, for immediate spending.
3. If effective demand is to be increased, it must not be attempted by such processes as taxation or the borrowing of existing money (which amounts only to a redistribution of insufficiency), but by the creation of new financial credit.
4. The putting into circulation of the new financial credit—money should take place through government action (such as public works or an unbalanced budget). In other words, since the spending of money by governments does not cause new saleable goods to come on the market, what is required is additional money in the hands of consumers to enable them to buy goods already produced. Any other form of injecting new money will increase costs at least proportionately to the extra purchasing power made available.

What the "Economist" is stating, if it would only say so candidly, is the case for the immediate institution of Social Credit and the payment of a National Dividend. Clearly the creation of new financial credit as an interest-bearing debt to private bankers must be self-defeating, as one may see both from principle and from practice. Into this aspect the "Economist" does not go—yet; though a little further examination of the "recoveries" it cites, and of the huge increases of debt thereby incurred, should surely be sufficient to show that any infusions of money by governments other than by way of issue must be spurious. Still, the admissions made, when compared with the attitude of conservative financial thought four or five years ago, are of the utmost significance.

**ALMOST!**

Recovery almost unbelievable, declares Prime Minister.

—Melbourne "Sun" heading, September 23.

* * *

Why "almost"?



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## MELBOURNE (Cont.)

**(Continued from page 2.)**

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**(Continued on page 7)**

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FRIDAY, SEPTEMBER 25, 1936.

# Shearing the Woolgrowers

Despite all sorts of whistling to keep up courage, it is daily becoming more and more clear that the development of the Australian-Japanese trade war must have an effect on this country fully as grave as was anticipated in the *New Times* months before the tariff against Japan was actually imposed. On Monday the Commonwealth Statistician made available the figures of wool shipments for the two months ended August 31. These showed, first, a falling off as compared with last year of 41,000 bales (the drop being from 183,000 to 142,000 bales); and, secondly, that not only did Japanese purchases fall away to nothing, but that there were heavy decreases in sales to France, Belgium and the Netherlands as well. Much publicity was given a little while ago to the assertion that "Bradford would not let us down"; yet we find that English shipments increased only by 14,000 bales as against Japan's decrease of 48,000. A German increase from 9000 to 20,000 bales provided the only other feature of note in the lists.

Taking first the German purchases, it was indicated recently that Germany has temporarily some increase in Australian credits available owing to more importations of German goods of late. That Germany does not count on this continuing was shown last week by the publication of a decree in that country enforcing the inclusion of 20 to 30 per cent, of synthetic wool or cotton in German-manufactured textiles as from the beginning of October.

The general position shows a loss already of wool exports amounting to a sum in the vicinity (on last year's figures) of three-quarters of a million pounds. Nor is there any good reason for expecting that this will improve as the selling season progresses. Rather should woolgrowers expect that in the natural order of affairs the contrary will happen, and that their realisations will deteriorate. For, in view of the widespread Australian opposition to the May tariff and of the announcement that Japan would adopt a wait-and-see policy, it is reasonable to conclude that those responsible for the tariff would make every effort to carry off the first sales as successfully as possible, and that all possible buying orders would be expedited.

Not only is there the question of the quantity of wool unsold; there is also the very important matter of the price obtained for what is sold. And here again conditions are not improving. At the beginning of this week, on the opening of the second series of wool sales in Sydney, the brokers estimated that prices were at least 5 per cent, lower than the unsatisfactory level obtaining at the first sales a fortnight earlier.

At the moment, Japanese abstention is primarily responsible for the plump. But wool growers and others, while seeking to remedy this, must not overlook that it is only a matter of time, and of a very short time at that, before the position with Japan is repeated with most of our other big customers owing to our unequal trade balances with them. Even the so-called strong statistical position of wool will not alter the fundamental truth that where a nation cannot sell it cannot buy and, vice versa that where it cannot buy it cannot sell.

There can be no way out of the impasse and no prospect of anything but a succession of crises until the people of Australia force their Federal Government to deal with the monetary position and to see that every increase in saleable wealth is accompanied by a corresponding increase in Australia's money supplies. Outside this all other attempts at a solution are merely beating the air.



# Show Speeches

The formal speeches delivered at the Melbourne Show on Saturday by the Governor-General, the Prime Minister, and Sir Geoffrey Whiskard, the British Trade Commissioner were of a nature to make one wonder whether the speakers would not have been more aptly placed among the exhibits.

The Governor-General's highlight was a dissertation on the vast untapped wealth of Australia— "wealth on the surface, wealth be-low the surface, and wealth in the depths of the sea"—which finished with the statement that "any country that grapples with its difficulties *and extricates itself from them as Australia has done must have a brilliant future."*

Mr. Lyons followed with this remarkable assertion: "Wool increased the national income by £58 millions last year, *and there is every, indication of satisfactory conditions this year.* Many had feared that the absence of Japanese buyers from the sales would have a very serious effect upon the returns to the producers. *That, as it happens, has not been the case."* Mr. Lyons concluded by stressing the importance of *advertising* our goods abroad.

Sir Geoffrey Whiskard then announced that Australia was now at an *extremely, interesting* and rather critical stage, since for the first time in the history of the world the supply of primary products had nominally caught up with the demand, while production was still increasing daily.

That word "nominally" might have given some of his hearers the hope that Sir Geoffrey was about to drop a few words as to how the demand might be increased without hardship to producers, namely, by giving would-be consumers sufficient money to increase their effective demand. But Sir Geoffrey had another purpose in view, and he proceeded to expound it thus: "The only way to convert a luxury into a necessity and a potential demand into an actual demand is *to put the product on such a basis that housewives with the lowest incomes can take it into their homes."* He then went on to re-hash the old story about the necessity of cutting costs of production, and this fatuous restatement of the Premiers' Plan monstrosity of deflation was actually greeted with applause.

To comment on any of the above speeches is superfluous, except to point out that the well-fed, well-clothed, well-housed, and exceedingly well-salaried gentlemen who uttered them certainly displayed insincerity to those whom they represent. Did Lord Cowrie speak as would have spoken the King who turned from the magnificence of the Queen Mary to the slums of the Queen Mary's workmen? Did Mr. Lyons speak in the name of the men whose wool adorned the Show? Did Sir G. Whiskard, speaking of cutting costs (which means cutting wages), speak for that half of the population of England whose wages are so low already that they are chronically underfed? Hardly.

Inane speeches of this nature do not so much reflect discredit upon those who voice them—not that *they* deserve to be exonerated—as upon the people who submit to, and who even applaud them. Even constitutional Kings and their representatives, and certainly Prime Ministers and Trade Commissioners are no more than servants or representatives of the people, and if the people put up with words and actions which an intelligent use of their votes can alter, then the people alone are to blame.

Hear JOHN HOGAN at a P.S.A. (which is being organised by the Box Hill Branch of the Movement), in the RINGWOOD TOWN HALL NEXT SUNDAY AFTERNOON AT 3 o'clock. This will be the last opportunity to hear John prior to his holiday in New South Wales and extended tour of the Mallee and Northern Victoria. Members and supporters are requested to turn up in force at Ringwood next Sunday.

G. R. TRENOWETH
Organising Secretary, D.C.A.

# Social Credit Demonstration in Melbourne Town Hall

CROWDED MEETING AN OUTSTANDING SUCCESS.

The Social Credit meeting held in the Melbourne Town Hall on Tuesday evening was in every way an unqualified success, and about 2700 crowded the building to its capacity.

The principal speaker of the evening was John Hogan, who spoke on lines now familiar to readers of the *New Times*. The Rev. E. Hankinson presided and introduced the speaker, while the vote of thanks was moved by Dr. W. Maloney, M.H.R., and seconded by Councillor McRae Stewart, of Caulfield.

A feature of the daily press reports on Wednesday was that the *Argus* appears (for the moment) to have accepted the National Dividend. For, after summarising John Hogan's speech, and immediately after a paragraph beginning: "The solution was for the Government to distribute social dividends to the people— to balance continuously money and production." etc., the conservative journal went on to say: "It was the young man's presentation *of these facts"*—our italics -"that earned applause."

Even at the eleventh hour there will not be wanting many who will leave the ninety-nine to welcome the *Argus* into the fold—if it really wants to enter.

# Unfair

At the circus the strong man dipped a sponge into a pail of water and then squeezed until every drop of water was out of it. He invited anyone who wished to come into the ring and try to squeeze another drop out of the sponge.

Several men tried it without any result.

At last a small man entered, and to the astonishment of all present he squeezed out drop after drop.

A member of the audience recognised the man, and shouted:

"That's not a fair test. This man is an income tax collector."

—"Social Credit."

**"It is possible that there is more human misery as a result of debt slavery than there is anywhere as the result of domestic slavery."**

—From a world review of slavery in all its forms by seven experts appointed by the League of Nations, quoted in the "Contemporary Review.

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# Providence Helps Man's Design of Shortage

The possibility of a world food shortage next year, says the *News-Chronicle*, is emphasised by the slump in America's maize production owing to the great drought, which is now in its third month.

This year's American maize crop, it is estimated, will be 900 million bushels below the five-year average—and the crop is declining at the rate of 20 million bushels a day.

The United States, once the chief exporter of the world's maize, is now importing heavily, ranking second to Great Britain and Northern Ireland.

* * *

The *News-Chronicle* then proceeds to give figures showing the shrinkage in production:

YEAR'S TOTAL PRODUCTION

| | Bushels. |
|---|---|
| 1934 | 2,325,000,000 |
| 1935 . .(estimated) | 1,572,000,000 |

ACREAGE IN MAIZE

| | |
|---|---|
| 1934 | 93,500.000 |
| 1935 | 98,500,000 |

Despite this increase in acreage, however, the estimated yield per acre for 1935 will be 15 7-10 bushels as against 16 bushels in the drought year of 1934.

Barley, on which stock-feeders rely when maize is scarce, also shows a serious decline, while the hay crop is 7,000,000 tons below the five-year average.

Already there is some prospect that wheat crops will not meet the world's normal demand for bread. The shortage of feed crops for cattle indicates that the food scarcity will also extend to meat.

* * *

Yet for years the principal aim and object has been how to *decrease* agricultural production. How can we be surprised at famines when we are trying to produce famines artificially?

—"Social Credit."

The average Englishman works sixty-three days a year to earn money with which to pay taxes. He does this because he loves his country and because he can't discover any way of getting out of it.

—*Reynolds News.*

# A REMINDER!

## Social Credit Speakers from Overseas

In addition to the invitation extended to the Dean of Canterbury (Dr. Hewlett Johnson), it has been decided to invite the Earl of Tankerville, one of the most prominent Social Credit speakers in Britain, to give a series of public addresses in Australia. The Earl of Tankerville is expected to arrive in February next, and Victoria's quota towards the expenses will be £240. One-third of this will be required immediately, and one-third upon the Earl's arrival in Australia. Guarantors may expect to be reimbursed out of the net proceeds of the tour.

Guarantors are requested to fill in and post the form below. Cash need not be sent until requested.

**GUARANTEE FORM**.

The Earl of Tankerville's Lecturing Tour

The State Secretary,
Douglas Credit Movement of Victoria, Room 8 Block Arcade, Melbourne

I the undersigned, will, if called upon, subscribe £………….to the above fund.

Signed……………………………………………………….

Address………………………………………………………

# THE PINK-SLIP STRIKE

## A Practical Example of "Your M.P. Is Your Servant"

Numbers of "New Times" readers who are determined to restore responsible government to Australia have asked us to give an account of the "Pink Slip Strike," which occurred in the United States last year, and by which the determination of the people, irrespective of party alignments, forced Congress to repeal an unpopular piece of legislation.

A full account of this "strike," as told by Raymond Pitcairn, national chairman of the Sentinels of the Republic, appeared in the "Saturday Evening Post" of June 8, 1935. This was condensed by "The Reader's Digest" of August 1935. The latter is reproduced below.

Buried among the files of the Bureau of Internal Revenue there rest millions of pink slips, recording the intimate details of your personal income and mine. Their strange purpose was to place this data on public display; to exhibit every taxpayer in the forced indignity of a sort of fiscal fan dance.

But the pink slips will never be read, except by authorised officials. Congress, you will recall, repealed the law enforcing publicity of income-tax returns, and in so doing scrapped what promised to be a card-index system available to every kidnapper, blackmailer, blue-sky security salesman, town gossip or other exploiter on the prowl for victims. That repeal action was taken as a result of the pink-slip strike—a popular rebellion on the part of the ordinarily mute American taxpayer.

But how did he make his protest heard above those of professional minority groups who, for the past few years, have drowned out all demands save their own? The answer is clear. He moved from his accustomed post at the wailing wall to a new one at the sounding board: lifted his voice in a loud, indignant roar, and simply overwhelmed Congress with the volume of his protest. So Congress granted his demand. And the purpose of this article is simply to describe how, in the year 1935, Congress was thus made responsive again to the will of the people; and to suggest a method by which the people can defeat similar attacks on rights granted under the Constitution.

When, in 1934, the Pink Slip law was eased into the Revenue Bill as a quiet rider, the taxpayer somehow didn't understand that he was being cast for an ordeal of financial nudity. That realisation came early in 1935, when he first read the pink slip that accompanied his income-tax form.

Even then he didn't protest violently, though he voiced his indignation to casual associates. "What are they trying to do to me?" was a typical remark. "I've got a lot of unscrupulous competitors who'd give their eye teeth for inside information on my income and resources. And now the Government's forcing me to hand it to them."

I heard many of these casual protests, and decided to learn how America felt about the pink slip. So I wrote to men in many States. Their replies were prompt and emphatic. They disapproved. Here, then, was a situation, which hurt and affronted the taxpayers of the country. Yet virtually none of them had done anything effective about it. It was everybody's business; therefore nobody's. As national chairman of a non-partisan organisation pledged to the preservation of the Constitution and its guarantees to citizens, I decided to do something about the pink slip. As a result, the Sentinels of the Republic swung into action.

### THE CAMPAIGN OF PROTEST

Our first step was to mail 12,000 letters to men throughout the United States. "Do you want the inquisitorial income-publicity law repealed?" we asked. In order to make the resentment of taxpayers heard, we proposed that each recipient: (a) Write across his pink slip: "I protest against this outrage to my right of privacy!" (b) Write a note to the editors of one morning and one evening newspaper telling how he, the taxpayer, felt about it; (c) Drop a similar note to his Senators and representatives.

The letters brought immediate responses to us, and started a deluge of protests on their way to Washington. "I have nothing to hide," ran the average reply, "but why should I be placed in a position where every Tom, Dick and Harry can dig into my personal affairs?"

Our next step was to print 100,000 facsimile copies of the pink slip. Across the face of each we superimposed in red ink our slogan of protest. These we sent to a much larger list of American taxpayers, with the message: "If you want the pink slip killed, sign this and mail it to Washington."

Then we printed the protest on bright green stickers and mailed them out, too, "Paste these," we suggested, "on the official pink slip which you are required to return with your income-tax forms. The pink slips and green stickers are important. They show organised action. Congressmen are rarely impressed by an individual's opinion. But organised action—that's different."

### REBELLION.

The Pink-Slip Rebellion was on. Quickly the protest forms were signed and started on their journey to Washington from post offices all over the nation. Now we wrote a second letter, reporting progress. By this time our mailing list had grown to amazing proportions. Heads of professional groups—architects, lawyers, engineers—in many cases asked that we circularise their entire membership. Editorial writers, columnists and political commentators joined in the general attack. Humorists leaped at the phrase "pink slip," with its faint suggestion of the boudoir. Newspapers printed duplicates of our protest stickers, and clubs, banks and stores put them on tables where taxpayers could help themselves. Before the campaign ended we had distributed more than half a million each of the pink and green forms with their statement: "I protest against this outrageous invasion of my right of privacy!"

We used the wires, too. We sent a telegram to Senator La Follette father of the Pink Slip law, which concluded: "We respectfully challenge you to defend your bill in public radio debate." To Senator George W. Norris, an arch advocate of income-tax publicity, we wired an open telegram discussing its injustice and asking support of Bills to repeal it. Both were silent.

### TALKING TO CONGRESS.

"So," we said, "you won't talk! Well, if Congress won't talk to us, we'll talk to Congress." So, on February 20, a group of Sentinels presented to Speaker Joseph W. Byrns, of the House, a petition for repeal of the Pink Slip law. Speaker Byrns expressed his strong approval of the petition. Shortly thereafter a Joint Committee of House and Senate was appointed to consider procedure for repeal. The mail of Senators and representatives was swelling daily with protests from the folks back home. A few weeks later Representative Doughton reported out the repeal Bill, and on March 11 the House passed it by a three-to-one vote.

The Pink-Slip Rebellion had won its first battle. Now we faced the Senate and its Finance Committee, which many observers regarded as a mausoleum for our measure. They ignored the fact that specimen pink slips, green stickers and personal letters of protest were continuing to bulge the senatorial mailbags; that telephone calls and telegrams from constituents were adding to the barrage. But we realised it, and the Senate realised it.

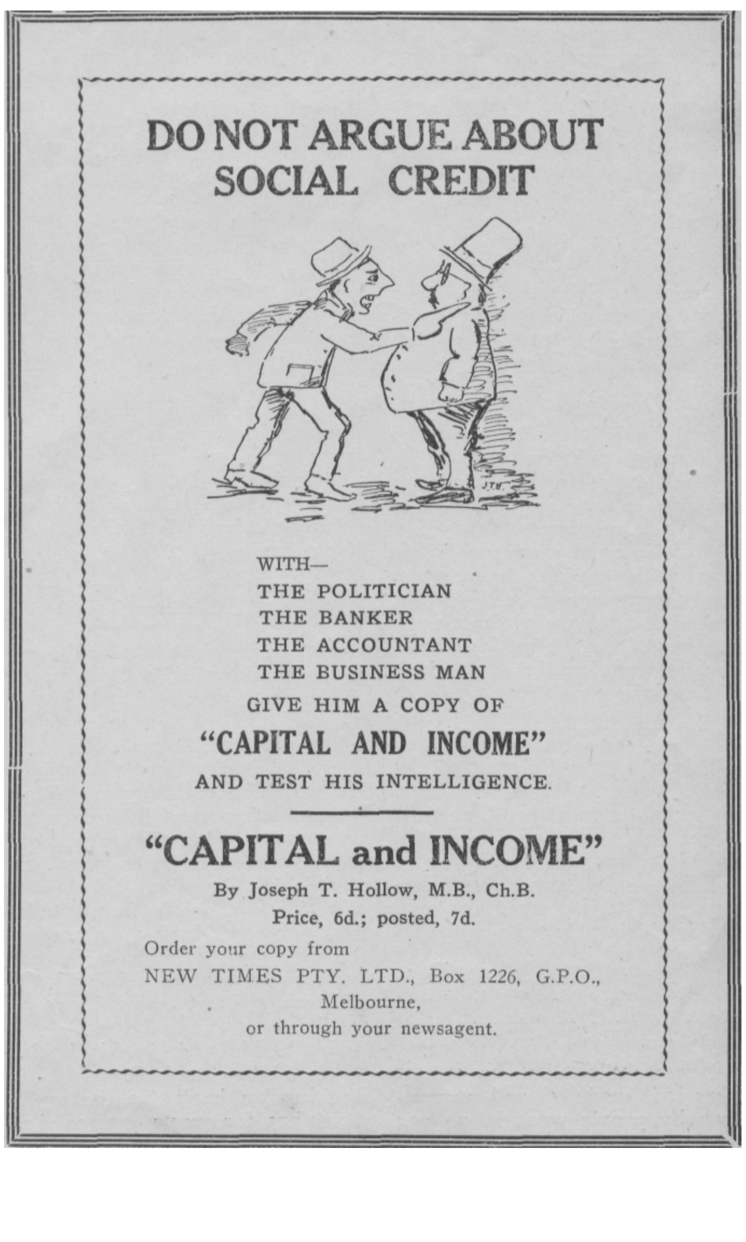
Shortly the Repeal Bill was reported favourably from the committee to the Senate. Then, suddenly, a real threat loomed. We were told that Senate supporters of the Pink Slip law were planning a neat bit of parliamentary strategy that would block consideration of the Repeal Bill. That called for quick action.

To everyone on our mailing list was rushed a quick letter. Maybe you received one. "Victory," it insisted, "is within our grasp. Do not let obstructionists flout the will of the people. Enclosed new pink-slip protest. Mail it on your own letterhead, over your signature. The Senate must know that the people cherish their constitutional rights."

It got results. An immense volume of mail responded to that warning. The Sentinels followed it with a letter to every Senator summarising the reasons for repeal. This was delivered the day the Bill came up for action. On March 29 the Pink-Slip Repeal Bill passed the Senate by a vote of 53 to 16. Public opinion had tapped the congressional sense of realism.

### THE LESSON.

Now, what does it all prove? Well, it proves that the vast power of pressure politics need not be confined to self-seeking minority groups and their go-getter lobbies. Millions of citizens may be cheered by the phenomenon of pink-slip repeal for two good reasons. First, they have protected themselves from a mischievous attack on their rights; and second, they have demonstrated that the man who labours and earns and pays the taxes on which the Government subsists can still make his voice heard at Washington.




# Bushed Ballad

Dear Editor, —The "Bulletin" of former fame and present existence recently offered a prize for a "Bush Ballad." The following was composed at a date too late for submission; besides, it might not have been acceptable, so I send it to you. You will notice that the lines don't scan, but after all, what page is there in our history over the last forty years that anyone would like to scan?

-W. BLACKSTONE.

### THE LAND OF THE PIONEER

This is the land of the pioneer.
Our grandfathers came from far and near;
They shot the emu and kangaroo,
And the profits from slaughter they gladly drew
Have all been hocked to Montagu,
In the glorious land of Australia.

They killed the forests and tilled the earth,
While the ranges rang to their hearty mirth.
As they chuckled and said, "We'll soon beget
A nation our sons will be proud of yet."
But all they left was a national debt
To the glorious land of Australia.

And when the Empire went to war
Our fathers remembered the days of yore.
The niggers they soon put on the spot;
The Boers they soon showed what was what;
While the national debt increased a lot
In the glorious land of Australia.

And then there came the "great world war."
Our weapons we took up as before;
We made Jerusalem safe for the Jews,
Gave twenty-five thousand to old Billy Hughes;
But the national debt we couldn't lose
In the glorious land of Australia

So now we're sitting in Easy Street
(For one in ten has enough to eat),
And Jubilee Joe goes abroad again
With Gullett and Parkhill in his train,
While the national debt goes up again
In the glorious land of Australia

But what care we for the national debt?
We'll see it doubled and trebled yet;
We'll fight the Japs and the Dago crew,
The Arabs, the Yanks and the Germans too—
But never will we desert the Jew
In this glorious land of Australia





*If you think the NEW TIMES is worth supporting, your best way of doing so is to make it known to your friends*

# A CRITICISM OF PROFESSOR COPLAND
# (And a Couple of Others)

**By BRUCE H BROWN**

VIII.

(Concluded from our last issue.)

This completes the review of Professor Copland's public utterances since he associated himself with the bankers and helped to impose the infamous Premiers' Plan on an ignorant, unsuspecting and long-suffering people. The review was prompted by Sir Herbert Gepp's declaration that the professor had performed notable work for Australia and was certain to make a real contribution to economics in America. Those of you who have read the preceding seven instalments will wonder how a man of Sir Herbert's standing could have arrived at such a conclusion, and will be much more likely to have the impression that the professional economists were parties to a conspiracy to mislead the community into accepting the swindling "plan" without protest. Instead of performing "notable" work for Australia they have shown unutterable confusion.

### DEBT AS AN INSTALMENT OF SALVATION

On April 8, 1933, Professor Copland admitted that our spending power had been maintained only by the substantial increase in our short-term debt, i.e., by the Commonwealth Treasury exchanging I.O.U.'s for bank cheques. "Had this not been done," he said, "the Australian price level would have fallen even more, direct spending power would have fallen, and the banking position would have been weaker . . .. The depreciation of the currency and the increase in the floating debt together have defeated the forces of deflation . . .. We should stop talking about the floating debt as being a menace. It has been one of the main instruments of our economic salvation, and there is no real menace in its continuance. At present, about four-fifths of it is held as a form of investment by the banks. We may assume that the banks know their business."

Presumably he assumed that the banks knew their business in 1931 when he co-operated with them to impose the policy of deflation upon us, and when from press, platform, and pulpit he assured us on their behalf that that was the only hope. Even in 1933, after admitting that the expansion of credit through Treasury Bills and the depreciation of the currency had defeated the forces of deflation, he still had the effrontery to say "general governmental economies should be pursued!" It was these selfsame economies that had so seriously aggravated the position, and it was not until the stupid policy was reversed and governments began to spend that any improvement was effected.

He also admitted that Mr. Bruce's Government had been spending £45,000,000 from loans per annum, and it was this liberal spending that made us appear to be prosperous up to 1929. The sudden cessation of this spending at the order of the Bank of England forced us into a state of poverty even though we had real wealth to burn, and showed the absurdity of governments depending on the borrowing of money as debt instead of issuing it as credit. When government spending was again graciously permitted by the private bankers in 1932-33 the community was allowed to make partial use of the things, which, as a community, we had never been without, but which, as individuals, we could not get because of lack of money. There could hardly be clearer proof that prosperity is impossible unless we have regular and liberal distribution of money from government sources. Professor Copland knows this, for he went on to say: "We should not seriously contract loan expenditure . . .. Some fresh Treasury Bills could be issued, or the banks might make advances to their clients who desired to subscribe to public loans for carrying on a limited programme of loan works." He thus admitted that all such money does come from the banks, and that our works programmes are not determined by our needs and our ability to do physical things, but by the amount of privately manufactured money the banks will make available for the purpose. The insincerity of the man is surely laid bare when, after the part he played in the Premiers' Plan swindle and his admission that we are at the mercy of the private money monopolists, he went on to say: "Above all, it is desirable to avoid the curse of deflation." *The curse of deflation!* And to think that his precious "plan" was deflationary from start to finish!

### MEN TO WHOM MAN IS A LIABILITY.

Was it to be wondered at that the London *Times* felt called upon to say that the economic experts had expressed so many conflicting opinions, and had given such contradictory advice that it seemed to be time to turn to men not professing to be experts and consequently unhampered by preconceived theories? Bernard Shaw applied the same comment to the bankers, and told the people of New York "all the advice that the banks have given you for years past, ever since the war, as you know, has been wrong advice." Eimar O'Duffy, referring to the professional economists and those who think similarly, said: "A man in their eyes is not an asset, but a liability; he is no longer the heir of the ages, but a foundling on the doorstep of an engine house."

When the Federal Government sought to make up some of the loss of national income by a fiduciary issue of £18 millions, Professor Copland declared himself strongly opposed to it, and painted a terrifying picture of the horrors of inflation. He told the people that the rise in prices, which would inevitably follow, would quickly offset any benefits, which might be expected from the additional money placed in circulation. But when the *banks* created and *lent £85* millions to the Government on that I.O.U. basis, the same professor said, "It sustained prices and the money value of the national income." In addition to this, in a booklet entitled, "Facts and Fallacies of Douglas Credit." he wrote: "The financing of government deficits by the issue of Treasury Bills discountable at the Commonwealth Bank has kept up consumers' income and helped to sustain the price level. Similarly, the issue of Treasury Bills to finance loan works has steadied the fall in consumers' income and the fall in prices."

So you see that £18 millions "printed" and issued by the government as the people's property would have been inflation, but £85 millions "written" and issued by the banks as *their* property, was not! He admitted the absolute necessity of supplementing the income of the consuming public but unashamedly advocated that it could be done only with privately manufactured and morally counterfeit money, with a corresponding increase in the nation's indebtedness to a private monopoly. This is what Sir Herbert Gepp has termed "notable work for the Empire." Evidently the Empire is synonymous with the banking system!

### AUTOCRATIC POWER OF FINANCE.

Mr. Gifford's disclosures in this respect are confirmed by the article, which appeared in *The Scotsman* of January 5, 1934. It related to Sir Robert Gibson, who, it said, "Was typical of the autocratic power and the grossly selfish outlook of the guardians of sound finance."

It proceeded thus: "He stood over the politicians with a whip to keep them on the hard road the nation had to tread to avert threatening disaster and to win back prosperity, and drove back those who attempted to leave it. He lashed heads of governments, assembled in conference, with scorn and invectives when they sought for an easier way. He confronted the Socialist Federal Cabinet and defied it. He consigned the then Prime Minister (Mr. Scullin) to the nether regions in his own sanctum, and was unfailing in encouragement and help for the Premiers treading the thorny path of financial rectitude. When the economic storm struck Australia, the Left Wing majority of the recently elected Federal Socialist Government demanded currency inflation as an alternative to the severe curtailment of public expenditure otherwise required. Sir Robert Gibson refused it…He insisted on retrenchment in all government programmes as a condition of bank assistance, and kept on insisting until it was done." To make the insistence more compelling he got the professional economists to support him in the swindle, and Professor Douglas Copland took leading part in having the wholly unnecessary retrenchment thus privately dictated imposed on us, and helped to nail the community to the cross of deflation which it has since condemned and described as a curse.

When the professional economists told us in 1931 that if the government increased the quantity of money the rise in prices which would inevitably follow would quickly offset any benefits which might be expected from the additional money placed in circulation, it was natural that many of us got scared, and became even more sceptical of the "cranks" who were so valiantly trying to show us that an insufficiency of money was the real cause of the trouble. But imagine our surprise to read in the Bank of New South Wales circular for March, 1934, that an increase in money does *not* necessarily mean an increase in prices. Read this extract carefully: "As Japan during 1932 was engaged in warlike operations with China, it was expected that the pressure of military expenditure would lead currency inflation, and that the Japanese price level would rise in proportion to the outside depreciation of the currency. But . . . the price level rose slightly *and then fell.* The government and the banking system attempted to prevent an inflationary rise in prices in Japan, *and . . . their efforts appear to have met with considerable success."* Imagine our further surprise to find that Japan has shown great interest in Social Credit literature and evidently understands the true meaning of the term "inflation" and how to prevent it. The Bank of New South Wales conveniently omitted to say anything about that aspect, and it would hardly do for the professional economists who get their living from the retailing of hocus pocus to admit that after all they are only parrots, not searchers for facts.

### THE VIEWS OF LONDON BUSINESSMEN

Indeed it would seem that their purpose, like the fools of old, is to refuse to acknowledge facts. The Melbourne *Herald* of April 4, 1934, gave an example, when it told us that leading businessmen of London, in a letter to the *Times,* had denounced the money system, and that the signatories included Lord Sempill, Sir Stanley Clarke, Sir Maurice Jenks, Sir Stanley Machin, Sir James Martin, and Sir Alliott Verdon-Roe. These gentlemen declared that the paradox of poverty in the midst of plenty could only be ended through reform of the money system. Read these striking words, which formed part of their letter: —

"Continued destitution, poverty, and unemployment demonstrate the fact that the monetary system has broken down both nationally and internationally, and is hindering the effective distribution of goods. With 90 million people in the leading nations destitute or on the verge of destitution, the primary functions of the economic body—production and consumption—are frustrated. The nations should have a rational, scientific system permitting the correct number of money tokens to be available to enable the consumers to enjoy the output of production. Accordingly, we urge that Parliament should immediately investigate the fundamental principles of the monetary system with a view to reform, in which Britain would give a lead to the world."

As usual, Professor Copland was invited by the *Herald* to comment on this letter, and he described it as "a vague attack on the monetary system." He went on to say that "the real problem is to increase private investment," apparently forgetting that he had previously told us that in the "prosperous" years form 1925 to 1929 we had had too much of it! The problem as he sees it is not to distribute food to the starving instead of destroying it or allowing it to rot, but to increase the quantity of the food so that more can be destroyed or left to rot.

### INSOLVENCY AS A MEASURE OF PROGRESS

The same man told the Economic Society of Australia and New Zealand that "the world cannot get richer unless its debts are greater." In other words, we not only have to produce what we need but we have to go in debt to someone else for doing it! Dr. G. L. Wood, who is now acting as the professor's *locum tenens,* followed it up with this: "The *cost* of progress can be measured by the volume of insolvency, and the *amount* of progress of which a country is capable can be gauged by the amount of bankruptcy it can stand." Insolvency and bankruptcy, it should be remembered, bear an important relation to the progress of the banks, whose controllers during the past 25 years have increased their assets by no less than £300,000,000. Think of it—a million pounds a month for a quarter of a century! That figure would have been considerably lower had it not been for the blessings of insolvencies and bankruptcies.

### HONOURED BY HARVARD.

The latest news is that Professor Copland has been "honoured" by Harvard as one of the world's most distinguished scholars. He has been made Doctor of Letters "with the citation that he was hailed throughout the world as a successful practitioner of theoretical economics." The prescriptions of this successful practitioner of theoretical economics may be set out as follows: First of all we had to cut costs to bring them within the compass of an arbitrarily reduced income; then we had to maintain our spending power by increasing our debt to the banks; then we had to borrow more to steady the decline in prices; then we had to provide the banks with a safe investment for money of their own manufacture; then we had to continue governmental economies to balance the budget for the banks; then we had to stimulate investment to add more goods to the enormous heap already awaiting buyers; then we had to have a limited programme of loan works with money obtained directly from the banks or indirectly from them through their clients; then we had above all to avoid the curse of deflation ; then we had to believe that money manufactured and issued by the government would be inflation, but five times the quantity manufactured and issued by the banks was not; and then we had to remember that we cannot be rich unless we go into debt. And this is the record of "a distinguished scholar." Does it not suggest rather a condition of hopeless confusion?

All the degrees in the world could not wipe out the record of the inglorious part he and the other professional economists have played in Australia during recent years, and of their failure to tell us straightforwardly, as Sir Basil Blackett, of the Bank of England, has done, that fluctuations in money values cause all booms and depressions, and that these are brought about by the deliberate actions of the controllers of the money system. Whether he is a scholar or not, and notwithstanding the widely reported conferment of great honours for the successful practice of mesmeric deception, Professor Copland is not likely to make any real contribution towards the people's happiness so long as he uses his scholastic ability to divert attention from the true nature of the problem and to perpetuate the fraudulent arrangements under which governments and people are made subservient to the dictatorship of finance. What we need at our Universities are practitioners who will denounce any attempt to hold up progress by artificial financial limitations, not dope doctors who misuse the language of their country to keep their compatriots ignorant on the most vital of all subjects affection their material existence.

(Conclusion)

# THE ECONOMIC WORLD CRISIS

## Some Suggestions Towards Diagnosis and Remedy

By REV P COFFEY, D.Ph.

The article which we reprint below appeared in the issue for August, 1936, of *The Irish Ecclesiastical Record*, an old established monthly journal under Episcopal sanction, issued from Maynooth College, Ireland, the seminary where most of the Catholic clergy of Ireland (and of many other countries) receive their training. The Rev. Dr. Coffey, the writer of the article, has been a Professor at Maynooth for over 30 years, and has long been distinguished for logical thought and clear and fearless expression. His analysis and conclusions hereunder present the case for Social Credit in a remarkable and masterly manner.

It is now generally admitted that the world war of 1914-1918 was, in its immediate causation, mainly economic—a war for markets. Also that it failed, and that post-war politics have, likewise, so far failed to lessen the likelihood of a still more disastrous repetition of the calamity.

Our present Holy Father has repeatedly appealed to Christendom, especially to Christian men of influence in Church and in State, to the Bishops and the clergy, to do their utmost not only in proclaiming, but *in applying* to every department of human life and affairs, those Christian social principles, which alone can heal and save our very sick social order.

It is the right application of those principles that is so difficult. It demands an accurate knowledge of prevailing policies in industry, trade, and commerce; and of how those policies are working out, i.e., affecting for well or ill the lives of the masses in every country. Though the ills of society, economic and political, are obvious and menacing, their real causation must be discovered by accurate diagnosis before they can be remedied; and such diagnosis is no easy matter.

Having devoted many years to careful study and observation of those phenomena, the present writer thinks that it might possibly serve a useful purpose if he were permitted to put before readers of the *I. E. Record*—very tentatively and *salvo meliori judicio*—and in very brief outline—a sort of map or survey of some of the lines of thought along which his investigations have led him; and some of the conclusions towards which they have pointed. Problems are raised and stated rather than solved but they are problems and urgent ones. His formulation of questions and theses and conclusions is necessarily condensed, and may possibly prove to be in part unacceptable or even unintelligible. But if they are suggestive or provoke serious thought and investigation—which is their purpose—he will gladly apologise for their brevity and baldness of statement.

### I.
### THE PURPOSE OF INDUSTRY -WORK? OR MORE "WEALTH" WITH LESS " WORK"?—MACHINERY.

1. What is the purpose of the industrial and economic organisation of society? Is it to provide employment—work—for all (for a moral as well as a material object)? Or is it to produce, and make available, material goods and services with *the least possible amount* of work (employment?)

2. The process of increasing the productive efficiency of human labour, and of gradually diminishing the amount of it required—and of supplementing it by labour-saving machinery, during the past 150 years, has now reached the stage at which society, so organised, can make available an ample sufficiency of the material necessaries of life *for all* with *a steadily diminishing amount of human labour* (employment).

3. But this organisation has been working so defectively - has so deplorably failed to deliver for use any more than a mere fraction of the wealth which it is *equipped* to produce—that (1) the public does not yet realise the enormous productive capacity of the industrial system, and (2) still thinks that a sufficiency of wealth can be produced only by the whole population labouring as long and as hard as people had to work ages ago, before modern labour-saving machinery was invented.

4. Hence confusion of thought about point 1 above. Hence misleading interpretation of the Divine command to labour, and of St. Paul's observation that work is the sole just title to the necessaries of life, an interpretation condemned by Pius XI. in the *XL. Anno.* Hence misguided Catholics advocating the scrapping of machinery in order to give more employment. Hence blaming machinery as a curse instead of seeking to discover why machinery is being more and more *held up idle*, and what is preventing the distribution and enjoyment of its products.

5. Yet point 3 above must be qualified to this extent: people generally are just beginning to realise that the world, under the capitalist industrial and economic regime, has reached the age of *potential plenty.* They hear of millions of tons of wheat and coffee being *destroyed:* calves being *slaughtered* in millions; crops being deliberately *reduced;* wealth in a variety of forms being *destroyed* instead of being distributed for consumption; men willing to work being kept idle; machines and factories running short time in all countries; while at the same time millions of the world's population are in destitution, and their natural right to marriage, to "increase and multiply," frustrated because the system is *failing to distribute* the ample and increasing wealth which it *could* produce if it were permitted. But while they rightly cry out for reform of the system, they are mostly ignorant and in error as to *what is really* wrong, and hence espouse futile and unlawful schemes of reform.

6. Such schemes are Communism and Socialism—unlawful, because they deny natural human rights; futile, because they wrongly diagnose, and therefore would fail to cure, the economic evils from which society is suffering. The Popes have condemned them, and that is enough for Catholics.

### II.
### DIAGNOSIS—MEANING AND FUNCTION OF MONEY-ACTUAL POLICY AND ITS CONSEQUENCES

7. To find the right remedy we must diagnose the disease aright. The obvious and natural purpose of all economic and industrial association is to provide material goods and services for use and consumption (1, 3). To serve this end there are two processes: (*a*) *production* (including transport) and *(b) distribution* of products among consumers by exchange (trade, commerce). The former is becoming ever more and more efficient. Therefore, the defect lies in the latter: it is *distribution* that has broken down. Now the medium of distribution is *money.* The monetary system is not discharging its natural function: *it is not delivering the goods.*

8. Money is essentially a system of exchange tickets, the value or validity of which is based upon men's belief (credit) in the wealth producing capacity of the community using them. Its sole rightful function is to ensure that all the wealth which the community is capable of producing be continuously *produced* and *exchanged* among consumers for use. It is the duty of the State so to control the system of issuing money tickets for wealth-production and cancelling them through wealth-consumption that the system effectively discharge the above-mentioned function. But all modern Governments have neglected that duty by committing the whole money system to the unfettered control of groups of private citizens, who have ignored that essential purpose of the system, and have made it subserve an opposite and anti-social purpose: which is nothing less than monopoly and consolidation of *all economic and even political power and domination of society* in their hands.

9. Pope Pius XL, in the *XL. Anno*, has explicitly called attention to this international world-monopoly of finance, and indicated some of its disastrous consequences.

10. The controllers of this financing or banking system *issue* the community's money tickets (for wealth-production and distribution) to the community *as a debt* to themselves (at interest) and *recall* and *cancel* those tickets (through prices for *a portion* of the wealth produced) *before* the total wealth thus produced is exchanged for use by consumers: thus causing an ever-widening chasm between the community's *purchasing power* as consumers, and the total of accounted *prices (*which is the total money owing to the banking system) for the wealth which the community has produced. Hence forced export and competitive struggles of nations for foreign markets: hence piling up of international debts: hence economic conflicts leading to wars: hence the progressive mortgaging of the whole industrial plant and capital and wealth-sources of society to the world-monopoly of banking.

> **GOOD BEHAVIOUR!**
>
> **When the 36-years-old mother of five children admitted at Prahran Court (Vic.) on Tuesday the theft of two wedding rings, valued at 15/-each, she said she had been desperate to get money to buy food for her children—she had only a shilling in the house at the time.**
>
> **Police evidence was that the defendant was interviewed in a pawnshop trying to pawn her own wedding ring.**
>
> **Sentence: 7 days on each charge, suspended on a good behaviour bond for two years.**

11. Another disastrous consequence, indicated by the Pope (9), is the effective enslavement of the State (i.e., of all modern Governments, of all *political organisation and authority* in the modern world) to a *super-State plutocracy* in which supreme political power is usurped and wielded by the monopolistic controllers of the very lifeblood of economics and industry, which is finance (see *XL. Anno*105-8, p 39 of *Catholic Social Guild Year Book for* 1934).

12. Now, this is an utter perversion of right order: for the industrial and economic organisation of the community ought to be *subordinate* to the political organisation, and the authority of this latter ought to be (in the temporal domain) supreme. This authority derives rightly *from God*, and not from the superior might or craft of those who have usurped economic domination and are swayed by greed of power.

13. But, as a consequence of this growing *financial* impoverishment of the masses, and of the progressive mortgaging of the community's productive plant and capital and wealth-sources to the finance-controllers—w h i c h has now reached such a stage that while *nominal* and *legal* capital ownership still vests mainly in individual and corporate wealth-producers, the *real power of control* that characterises capital-ownership actually and effectively rests in the *controllers of financial credit*—as a consequence of these two economic conditions of modern society, the State has had perforce to take over and administer many of the economic functions which belong properly (by right and duty) to subordinate economic organs within the State.

14. Pope Pius XI, in the *XL Anno*, has indicated some of those co-operative organisations — guilds or corporations - - of wealth-producers (including wage-workers, owner - employers, share - owners, etc.) the purpose of which would be to secure a better-planned and more efficient production and distribution of wealth. But they can accomplish this purpose only if the State first *makes the money system subserve industry by legally directing this money system to keep the products of the community's industry* (as producers) *distributed for use to the community* (as consumers).

### III.
### LEGISLATION—CHANGE OF MONETARY POLICY

16. The Pope has declared that there are some few economic activities, which are better discharged by the State itself: *(XL. Anno*, 114, *Catholic Social Guild Year Book*, p. 43) as being too important and too exposed to the risk of private *monopoly* to entrust to private enterprise. Among these the supreme control of the *community's financial credit* — and the safeguarding of its issue and cancellation (determining its volume and purchasing power) from subserving an anti-social policy instead of its natural purpose (8, 10) —seems to be a function which should belong exclusively to the State itself, and which should never have been entrusted to the risk of private enterprise, which has actually culminated in an irresponsible and super-national world-monopoly.

17. The State should, therefore, by legislative enactment *(a) reassert* the rightful policy of the money system, and *(b) implement* this policy by laws laying down the main lines on which the banking system should administer this policy by issue and recall of financial credit to the community, both as producers and as consumers.

18. The main lines of such a reform have been brought to light since the world war, and are now being advocated in many countries, notwithstanding the boycott it has hitherto generally encountered.

19. The adoption of this reform would (1) enable employers generally to give all workers the family wage (which they cannot do under the prevailing money system without incurring risk of bankruptcy);
(2) would immediately implement the Christian objective of *Distributism*, i.e., more widespread extension and diffusion of capital ownership among the actually dispossessed wage-earning and pauperised masses.

20. It is neither possible nor necessary for the masses of the citizens to understand either the technical defects of the prevailing money system or the technique of the regulations which would reform it; but only to realise *(a)* that the fundamental evil of the prevailing economic organisation of

society is *financial poverty amid potential wealth abundance*, and (b) that this financial defect in the organisation *can be remedied*. Their consequent duty will be to elect a government of statesmen pledged to apply the correct legislative remedy.

21. The duty of the political Government, and of statesmen aspiring to share its responsibilities, will be to enact by legislation the main lines of a national financing policy, and to instruct the existing administrators of the banking system to implement this policy.

IV.

ILLS TO BE REMEDIED—AND THEIR CAUSES

22. It is the duty of those commissioned to teach and to rule, whether in Church or in State, not only to formulate sound practical *principles* for the guidance of men in their social, political, and economic relations, but also to study *the actual conditions* prevailing in these relations, so as to be able rightly *to apply the principles to the facts*, for the elimination of abuses and the amelioration of conditions.

23. Among the pertinent facts, are, e.g., these: (a) that the Banking System *alone* has and exercises *de facto* the power of creating and cancelling money; *(b) that* the value, validity, purchasing power of this money rests ultimately not on gold, but on the National Credit (cf. Moratorium of 1914), i.e., the community's potential rate of real wealth production compared with consumption; (c) that, therefore, the community should not be forced to pay a perpetual money levy to private creators and issuers of money on its creation and issue; (d) that the community *is* forced to pay such a levy, and this *in money* which not the community, but only the bankers, can create; *(e)* that this payment of interest by the community to the banking system for *money newly created* (and costless) is on a wholly different footing from interest charged on already circulating money by individuals who have earned and saved this money and *invested* it in (or lent it to) industry; (f) that it was, perhaps, to the former practice Pope Leo XIII referred when he said (in the *Rerum Novarum)* "the mischief has been increased by rapacious usury, which, although more than once condemned by the Church is nevertheless, *under a different guise*, but with the like injustice, still practised by covetous and grasping men"; *(g)* that, however this may be, it is manifestly unjust that the whole community be forced to pay a perpetual money levy (which it must, partly in prices, partly in direct and indirect taxation) for the use of its own money, to these groups of private citizens (i.e., the directors of the banking systems) who *costlessly* create and issue (and withdraw and cancel) this money; *(h)* that this injustice is aggravated by the further fact that the community, as real wealth producers, cannot create the *additional money* which they must repay periodically to the banking system in addition to the principal sum lent to them (e.g., they cannot create the additional £5 which they must pay to the banking system for the use of £100 for a year; only the bankers can create this £5 and *lend* it to the indebted community—also *at interest*. Hence the present-day impossibility of paying *even interest charges* on international debts, except by *incurring further debts* to the banking system).

24. It is a verifiable and verified fact that in every capitalist country the total money income of the community available to purchase for consumption the products of its own industry, is a steadily diminishing fraction of the total price values which the banking system claims to recover from the community through the sale of their products.

25. This has arisen because any and every given section of the circuit flow of money (out from the banking system to producers as *costs*, and back to this system from consumers as prices*) fails to distribute for use* to consumers all the real wealth, which it was instrumental in producing.

26. The *consequences* of this failure of money to discharge its essential function are disastrous and cumulative.

27. The *reason of* this failure (i.e., the reason why the circuit flow of money *distributes only a fraction* of the wealth which it produces) is, in turn, because this function of money is ignored by the policy and practice of the banking system (8, supra*)*; and Governments have all failed to secure that money discharge this vital function.

28. The distribution of real wealth produced for use and consumption (which is the essential purpose of the whole economic organisation of society), is thus *subordinated by the banking system* to the policy of withdrawing the money it issues, at the quickest possible rate (for re-issue as a new debt at interest), irrespective *of whether it has distributed or not* all the wealth it has been instrumental in producing.

29. Wealth-producers are thus perpetually forced to accept *as the primary objective of all their efforts*, not the production and distribution of all the wealth they are *capable* of producing and distributing, but the periodical recovery, for cancellation by the banking system, of *larger sums of money than this system issued through them to the community*.

30. This in turn involves (a) cut-throat competition to *recover* proportionately *the greatest sum* in prices in return for the least *expenditure in costs* and the *least volume of goods sold; (b)* a steady stream of bankruptcies (of the weaker and less ruthless producers) as an inevitable result of the mathematical impossibility of recovering for the banks more money than exists in the community; *(c)* the replacing of competition by monopolistic rings to raise prices; *(d)* the growing accumulation of an unsaleable surplus in each capitalist country; *(e)* the forced export of this surplus and consequent struggle for foreign markets, ending in international economic and military conflicts; (f) the development of the banking policy of *financing capital equipment* to provide consumers (through wages, etc.) with money to purchase some of the otherwise unsaleable surplus of consumers' goods; *(g)* the gradual breakdown of this device, owing *partly* to substitution of machinery for human and wage-paid employment, and *partly* through the capital equipment be coming excessive and lying idle (through lack of consumers' in comes which would purchase its ultimate products).

V.

FUTILE GOVERNMENTAL REMEDIES

31. The banking systems the private controllers of the community's money, have shifted on to the shoulders of their respective Governments the burden and responsibility of remedying this deadlock, this increasing famine of consumers' purchasing power, which is the inevitable result of the bankers' own policy and accounting system.

32. Governments have been trying, to meet this crisis in many ways, mainly by (a) public works, and (*b*) dividends to the unemployed.

33. But, since they provide the money for these remedial schemes only (a) by *taxation* from the already existing and insufficient pool of consumers' incomes, and *(b)* by *borrowing* from the banks (new money which the banks claim to recover from the community *plus* interest), the futility of this Government plan to meet the crisis is at once apparent. This futility becomes ever more manifest in the progressive inability of capitalist Governments to balance their annual budgets (witness Roosevelt's policy and its consequences in U.S.A.).

VI.

THE REAL REMEDY

34. To meet the deadlock, it is clear that Governments must (a) resume their rightful prerogative of supreme control of their people's monetary systems; (b) base the nation's money on the nation's wealth-producing capacity; *(c) issue* it not as an interest-bearing debt to private bankers, but as interest-free currency; *(d) extend* all forms of unemployment benefit, health insurance, old-age pensions, etc., by converting all into a national dividend for all, to be issued as in (c).

35. Simultaneously retail prices should be regulated by a national discount estimated periodically by comparison of rate of wealth-production with rate of wealth-consumption. This would automatically preclude inflation.

VII.

WILL IT BE APPLIED IN TIME?

36. The reasons why not only Governments and statesmen, but also economists, industrialists, and businessmen have been so slow to locate the main cause of the world's present-day economic chaos in *an essential defect in the world's monetary mechanism and policy* are not far to seek: (a) the erroneous notion that money is a commodity of intrinsic value still prevails from the time when it was such, and this error is fostered by the suggestion that money is inseparable from gold; *(b)* the erroneous notion that banks do not create money, but only safeguard the deposits of their clients, likewise still prevails; *(c)* the growing rate at which machinery and natural energies (steam, electricity, etc.) are replacing *man* power and making (muscular) work superfluous, and thus calling for the national industrial dividend in supplement of and substitution for wages, is not yet realised.

37. God grant that statesmen may come, to realise these facts, and that, having by an accurate diagnosis located the seat of a world-wide social and economic malady in a defective money system, they may have the wisdom and the courage to apply the right remedy before another and more terrible world-war wholly wrecks the tottering fabric of modern civilisation.

**LESS TAX, BUT A MILLION MORE.**

Although the Federal Government was reducing taxation with a flourish of trumpets, it expected to collect and spent about £1,000,000 more this year than in the bumper financial year just ended.

--L. W. Tulloh, secretary of the Master Ironmongers' Association, September 22.

**IT WAS NOT ALWAYS THUS.**

**There was a referendum in the offing on an amendment to Section 92 of the Constitution. State members said they would not agree to give the Commonwealth more power. That indicated complete want of thought.**

**—Federal Attorney-General Menzies at State U.A.P. Conference, September 22.**

* * *

**Does Mr. Menzies ever remember his point of view when he was himself a State Minister?**

**"The majority of woolgrowers view with alarm this new trade policy of the Federal Government. It is felt that although the wool industry has been able to bear various kinds of tariff experiments, this latest trade policy is probably the last straw. Quite apart from the dispute with Japan, it should be fully discussed in Parliament. Now is the, time to do it. The 'hush' policy pursued for so long has not been successful. A free and open discussion of the problem would be more helpful."**

**—D. T. Boyd, president of the Graziers' Federal Council, September 20.**

# GONE A MILLION

## (A Fantasy)

### BY MONTAGUE GROVER

*Place—Somewhere on the Earth.*
*Time—B.C.* 999064.
*Characters—*
*William Smith, an Ape.*
*Emily Smith, his wife.*
*Eric Smith, their son.*
*Myrtle, Eric's girl friend.*
*J. Mortimer Moggs a leader of Apes.*

*When the curtain rises, Mr. and Mrs. Smith are seen commencing their midday, meal of cocoanuts in front of their cave.*

*William:* Where's Eric?

*Emily:* I expect he's been detained some minutes.

*William:* He's always late. That boy's getting a problem. I'll have to take drastic measures. Why, that business with Moggs the other day might have turned out serious.

*Emily:* I could have died laughing when I saw that cocoanut bounce off Mogg's head—and him so dignified too.

*William:* It was nothing to laugh about, I can tell you.

*Emily:* It must have bounced five feet high—and the look on Moggs's face when he tumbled over—

*William:* Have some sense, woman. Moggs is a man of considerable influence in the community—a soundman, one of our most respected fellow apes. It was nothing short of an outrage.

*Emily:* But it was a sheer accident. Eric didn't know he was under the tree.

*William:* Um; I'm not so sure of that. He's always ridiculing Moggs among those young upstarts he knocks about with. And Moggs is a bad ape to make an enemy of.

*There is a scatter among the branches overhead, and Eric is discerned making his way across the branches. He clambers rapidly down the trunk and reaches the ground. But instead of running over to his parents on all fours he stands upright and walks. His movements are a trifle awkward, but they constitute an undoubted walk.*

*Emily:* Oh, dad! look at young Eric.

*William fixes Eric with a critical gaze, a disapproving gaze.*

*William:* What's this game?

*Eric:* I can walk, dad—walk on my hind hands. Look! I've been practising for months.

*William:* Then you'd better unpractise quick and lively. I'm not going to have my kids making themselves a laughing stock to the whole community. Get that into your head or I'll make you.

*Eric:* Sez you!

*Before William can reach his rebellious offspring, Eric has offsprung into a hanging branch and is at the top of the tree before the father has reached the trunk.*

*William:* I'll get you later, young feller me lad; and look here, walking on four hands has been good enough for me and good enough for my father before me, and I'm not going to stand your pushing these new fangled notions among us. Understand that.

*But Eric is by this time far over the treetops, and the last part of the threat fails to reach his ears.*

*Scene 2—Another part of the Forest.*

*Myrtle is discovered seeking among the windfall cocoanuts for one sufficiently fresh and free from insect life to serve for a meal. She sorts out a few for future consideration when a. fine plump nut falls at her feet. She looks up and notices Eric on a treetop, pulling off splendid specimens and throwing them down. She stands aghast.*

*Myrtle:* Oh, Eric, you mustn't do that.

*Eric*: But I am doing it. I'm not going to let you eat that garbage when there's good coconuts' going bad.

*He clambers down to her side.*

*Myrtle*: But Moggs and all the important apes say that we mustn't touch these coconuts—only the ones they serve out. It's economically unsound, they say.

*Eric:* And with the whole forest lousy with cocoanuts we have to go short. It's stark, staring lunacy.

*Myrtle:* It does seem funny.

*Eric:* And how are you getting on with your daily dozen?

*Myrtle:* I can nearly do it now. Look!

*She stands upright and takes a few steps.*

*Eric:* Good; we'll have everybody walking on their hind hands yet.

*Myrtle:* But I'm frightened, Eric. What'll Moggs and the big apes say?

*Eric:* Who cares what they say? When we have everybody right way up, we'll tell Moggs and the rest of them to go to the volcanic areas.

*Scene* 3—*A score of apes are gathered round a rock upon which Moggs is seated. They look grave and serious.*

*Moggs:* I regret to state that the prime mover in this subversive action appears to be the son of one of our most respected members, William Smith. Not only does he himself indulge in this unnatural and unapish practice, but he carries his propaganda among the youthful and lawless elements of the community.

*Another Member:* Shame.

*A Third:* Disgusting.

*A Fourth:* It's contrary to ape nature.

*A Fifth:* But what if it becomes general?

*Moggs:* It can never do that. It's only a circus stunt. Why, fellow apes, the thing's really impossible on a large scale. For apes to stand upright and walk on their hind hands is absolutely opposed to all the principles we have learned to revere.

*The Third Ape:* I move. Mr. Chairman, that the matter be left in your hands—all four of them—and that you be empowered to take what action you deem advisable.

*Apes generally:* Hear, hear.

*The Second Ape:* Why not batter him to death with stale cocoanuts and be done with it? You never know where such seditious and revolutionary practices are going to end.

*Moggs:* Without tying me to any course of action, I can assure members that I shall not err on the side of leniency. I realise the gravity of the situation as well as anybody. (Loud cheers.)

*Scene* 4—*Another part of the Forest.*

*A score of young apes are dancing excitedly around the head of Moggs while others are forcing the surviving members of the older faction to practise the new method of locomotion. All show signs of recent strife. Myrtle rushes up to Eric.*

*Myrtle:* So Moggs is killed? I'm so glad.

*Eric:* We had to do it. He looked for trouble and got it. They had no chance against our chaps we were able to see them coming because we could stand up, and when they started their funny business it was just too bad what we did to them. There are the rest of them learning how to walk on their hind hands; the others have made for the tall timbers, and I suppose they'll never learn and live up trees for the rest of their lives

*Myrtle:* And what about getting a fair share of the cocoanuts?

*Eric:* Ssh; we've got to walk before we can run. Our fellows can't all see the sense of that. They stick to the old idea that it's better for them to rot on the trees than let everybody have a fair cut.

*Myrtle:* But now that we've learned to walk right side up, how long will it be before we're able to think right side up?

*Eric:* I'm afraid dear; it will be some years yet.

*(Curtain)*