

W. A. WATT
MEETS
IN CAMERA
(See page 4)

THE NEW TIMES

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Vol. 2. No. 52.

MELBOURNE, THURSDAY, DECEMBER 24, 1936.

Every Friday, 3d

Will Labor Sell The People Again?

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(Continued on page 3.)

Let Labor Beware Of Its "Leaders"

The Men Who Have Failed Their Followers In Every Crisis

Nothing is more pathetic in the political history of this century than the childlike trust that has until recently been reposed by Labor voters in the heads of their party; nothing is more tragic than the way in which these "leaders" have again and again betrayed their followers.

Leadership, if it is to have any claims to respect, must be content to be judged by results. There is the permanent result, in the shape of the objective achieved; and there is what might be called a progress result, in the form of a united and increasing force pressing on towards the objective. Judged by either standard the recent record of Labor as a political organisation is one of dismal failure.

WHAT THE VOTER WANTS —AND WHAT HE HAS GOT.

It would probably be a fair summing up of the average Labor voter's objective to define it as better pay, shorter hours and increasing security against destitution—or, in general, what is called a better standard of living.

If we take as our starting point the fixing of the first basic wage in 1907 it is immediately evident that material results since then justify an enormous increase in living standards. There is no need to go into details on this. But if we compare the official Commonwealth statistics of today with those of 1907 we find that—

(i) the purchasing power of the average wage—the only true standard by which to judge it, since nominal or money wages mean nothing—is no higher than it was in 1907;

(ii) the improvements in hours have, by comparison with improved processes of production, been ridiculously small;

(iii) destitution, as revealed by doles, relief works and the like, is far more widespread than it was 30 years ago. And few will deny that the fear of destitution, or of being "out of work," is so widespread amongst wage earners as almost to be general.

Labor, since 1907, has hardly taken a trick.

A FASCIST ORGANISATION

Turning to the party's internal organisation two things strike us. The first is the growth within it of Fascist methods. It would be hard to find any organised body anywhere whose individual spokesmen have less liberty to speak their thoughts, even on relatively unimportant issues. A ready instance of this comes to mind in the case of Mr. Maurice Blackburn, M.H.R., and his recent exclusion from the party. A still more recent instance is the haggling over his re-admission and its hold-up because he was not, in effect, prepared to sign a blank cheque to be filled in by the executive.

The second striking feature is that despite, or perhaps on account of these Fascist developments, political Labor has never been more disunited. Section is against section, State against State, trades union against trades union, while the individual supporters of the party grow daily more and more restive and disgusted.

The plain fact is that Labor as a political force is going to pieces. Although in the broad sense the overwhelming majority of Australians are workers, Labor is finding it increasingly difficult to win seats outside the so-called industrial areas. Even in these, its last strongholds, it is now being

harried by the Communists. At first sight it may seem an absurdity to suggest that Labor, the reform party, is the greatest enemy to reform. But on the principle of the false friend being more dangerous than the open enemy, a little reflection will show that Labor, as it has been led, has over and over again betrayed the people on major issues.

LABOR'S WAR RECORD.

Look back over the last twenty years or so. It is now almost universally recognised that in the war of 1914-1918 Australia never stood to gain anything, that the war was fought to make the world safer for the financiers. What did the Labor leaders do about it? Fisher rushed in to promise the last man and the last shilling. Then came the conscription issue, with Labor leader Hughes and his nest of rats fighting tooth and nail to slaughter Australians on foreign battlefields. Hughes in due course received a testimonial admitted to be £25,000 and generally believed to be considerably greater.

But the workers of Australia—what did they get? Death, wounds, empty promises. Even during the actual war years the official statistics show that the average wage paid in Australia had less buying power than in the years immediately before the war—so that the rank and file of Labor did not even share in the temporary war "prosperity."

THE MAN WHO CUT THE PENSION

Sold by its leaders, the decade after the war saw Labor in eclipse. In October 1929, Labor leader Scullin became Prime Minister. All sorts of excuses have been made for Scullin, chiefly based, it would seem, on his having kept himself personally free from graft. But shall we suffer fools gladly even if they are honest fools?

When Scullin took office Australia was producing more real wealth than ever before. Yet it was Scullin who brought Niemeyer, of the Bank of England, to Australia. It was Scullin who brought in the infamous Premiers' Plan. It was Scullin who permitted the all-round slashing of wages, and whose name will go down to history as the Labor leader who cut half a crown a week off old age pensions to help balance the budget.

Of course Scullin's apologists say that, with a hostile Senate, he had no control over finance. But why, if he found himself powerless, did not Scullin force the issue by a further appeal to the people? There is little doubt but that, in the early days of his Ministry, he would have been returned with a still larger majority. Why did Scullin take the usual politician's trip to London instead of attending to his real job in Australia? Why did Scullin re-appoint Robert Gibson to the chairmanship of the Commonwealth Bank Board? Why would Scullin have no inquiry into banking or finance while he was Prime Minister, and yet stomp the country ranting against the banks once he was ousted?

WHAT LYONS LEFT HIS CHILDREN

After the Scullin episode came the next open betrayal, when Lyons sold Labor and himself. Back in 1916, speaking of another Labor traitor, Lyons had said: "I hope I shall never have the

misfortune to leave my children the shame and the dishonour of one who has become a traitor to his own class in order to serve the enemies of the people." Lyons in due course became a traitor, not only to his own class, but to the entire nation.

CURTIN'S RECORD IN 1936

Labor now has Curtin for its leader. Since Curtin's appointment the following grave issues have arisen:—

1. The deflationary attitude of the Commonwealth Bank board over Treasury bills and the general attempt of the banks to give the people another financial squeeze.

2. The re-armament racket.

3. The anti-Japanese tariff.

4. The deposition of King Edward.

What was Curtin's attitude to these?

That he understands the money swindle pretty thoroughly he has displayed by newspaper articles he published in West Australia shortly before he took over the Federal leadership of the party. Yet, although he moved a censure motion over the Treasury bill question early this year, his words might have been those of any other "sane financier." We had all the old twaddle about "slowing down the momentum of recovery," "imperilling the internal stability of Australia," and so on; but not one word of protest against the real racket, not one word that might have exposed the racketeers. *Lyons complimented Curtin on his speech!*

On the re-armament issue, on the appropriation of millions of taxpayers' money to buy fantastically foolish weapons, if they, are really intended for the defence of Australia, Curtin, without seeking to inquire who is our enemy or why, has so solidly supported the Government that there is a strong move to give him a seat on the Defence Council!

When the tariff against Japan was imposed, when the vicious blow was struck against our exporting farmers and against our poorer consumers of artificial silk (remember that there was no question involved of Australian manufacturers) what did Curtin do? He fled for cover, apparently unable to make up his mind, or else afraid to say what he should have said. In the last session of Parliament, after the damage had been done, he adopted a milk and water attitude to the subject, largely concerning himself with trivial side issues.

Over the matter of King Edward, the press prominently published that Curtin was supporting Lyons. Did Curtin deny this instantly and emphatically? Look up the files and see for yourself. It would seem that his attitude was to sit on the fence to see how the cat jumped, and that the apparent stiffening of his stand later in the week of so-called abdication resulted from the determination of N.S.W. Labor members and from the hostility of the public.

SWEET "REASONABLENESS".

In view of these things, and of more to the same effect that could be adduced, has the Labor voter any grounds for reposing one iota of confidence in Curtin as a leader? In the valedictory speeches at Canberra before the Christmas break-up, Lyons, after expressing appreciation of "the unfailing courtesy that has been

displayed by the Leader of the Opposition," said: "We greatly appreciate the reasonableness of the attitude he has adopted." Reasonableness!

As long as Labor voters are content that their leaders should merit praise for "reasonableness" after a session marked by betrayal after betrayal of the people's liberties, then indeed they have little to hope for, whatever party is in office. Scullin was "reasonable," and under his Ministry the workers received the most crushing blows of this century. Curtin's recent showing gives every ground for thinking that he will be just as amenable. The people do not want "reasonable" men; they want fighters. They want men who will meet the financiers and their tools with blow for blow, who will strike harder and quicker. The people will never get this under party domination, for the simple reason that parties themselves, once they become parties, are easily dominated by finance.

THE LABOR PARTY IS DOMINATED BY FINANCE EXTERNAL TO ITS MEMBERS.

This is a generalised statement, but if Labor leaders care to challenge it we shall be happy to come from generalities to something more concrete.

WHAT VOTERS CAN DO

What, then, can voters do? They have only one hope. They must break down centralised party government, which means, government by finance. They can do this by rallying to the support of individual members of Parliament—irrespective of their party affiliations—who will take their orders from electors rather than from party managers. And it must be remembered that every Member of Parliament would sooner have a personal vote than a party one. A personal vote means a safe seat, which is the dream of every M.P. It is only the lack of this personal vote, which makes him obey the party whip.

So it all comes back to this—voters are betraying themselves by their own apathy.

"Yes, but what can I do?" What can you do? Aren't you a member of a club, group, organisation or society of some sort? Or of several? You can canvass your fellow members, your neighbours, your associates. Get them to join with you in promising your sitting member active support—canvassing for his return, and so on—if he will under take to put his electors' wishes before his party's orders; active opposition if he will not.

If you will do this, and if you will help to spread it, you may start something, which will for the first time give us real democracy. Otherwise you might as well resign yourself to a choice between Lyons (or someone else) and Curtin (or someone else)—the devil or the deep blue sea.

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SOCIAL CREDIT BROADCASTS IV -

HAPPY CHRISTMAS

SQUEERELEGY

Something for Nothing for the Banks

This is the fourth of the weekly series of broadcasts sponsored by the Social Credit Movement of Victoria in its session over Station 3AW every Tuesday night at 9.30.

Last Tuesday night you were reminded that bank deposits in Australia are over £550 millions, against which the banks have only about £20 millions in notes and coin. The difference between the two represents money, which the banks have created, as bankers themselves openly admit. You were told of the first way in which banks create this money, through their so-called loans or overdrafts, and how they destroy money when they call these in. And you were promised that you would be told something tonight of how our money supplies are affected when banks make purchases or sales.

Stated simply, every time a bank makes a purchase of any consequence—that is, anything big enough to be paid for by cheque—it creates for itself the money (counterfeit money, if you like) with which to do it. And, similarly, every time a bank makes a sale it destroys an equivalent amount of money.

What happens is this: A bank usually buys things with its own cheque, a cheque drawn on itself. The person receiving this cheque pays it into his own bank account, and total bank deposits are thereby increased. On the other hand, when a bank sells anything the opposite process happens and bank deposits are lessened. This also is admitted, as it has to be, by bankers and economists generally.

One surprising result is that, if a bank wants, say, to put up a new building—such as those palaces you see in the best positions of our cities—it gets it for nothing. (In passing, this may be one reason why banks in their balance sheets put such a modest valuation on their own premises.)

Bankers don't so readily admit that they buy things for nothing. The deposits of the public, which arise from bank cheques, are, they say, bankers' liabilities. Quite so, in theory. But, since in practice the banks' money liabilities to depositors are many times the total of all our existing legal money, do a few millions of liabilities more or less make any difference?

There is, however, another aspect of bank purchases and sales, which is of far more importance to the public. This is the banks' control over public finance through their purchase and sale of securities. In June 1933, the cheque-paying banks' holdings of Government and municipal securities amounted to

just over £100 millions. Last June they were only £85 millions—which means that in the meantime, by selling £15 millions' worth of securities, the banks had effectively destroyed £15 millions of money in Australia, £6 millions of it, incidentally, between March and June of this year.

You hear a lot of talk from people like Mr. R. G. Casey, the Federal Treasurer, about the capacity of the money market to absorb loans, the needs of private industry, and a great deal more to the same effect—all based on the assumption that there is a fixed amount of money in Australia, and that if a million extra goes in one direction there must be a million less for other purposes.

This does not bear the slightest relation to the facts. The amount of money in the community is expanded and contracted from day to day to suit banking policy. When banks are increasing their "loans" and buying securities we have more money; when they are calling in "loans" and selling securities we have less money. This cannot be denied nor even seriously challenged. Yet Mr. Casey and our other financial wizards are singularly silent about the whole business. Why?

If they don't know it, then clearly they are unfitted for their positions. If they do know, and if they still keep silence, are they not still more unfitted?

Before leaving this subject of the banks and securities, it may be well to pay some attention to our national debt. This will be dealt with on next Tuesday night at 9.30.

On earth the wheat grew thick, the sun ripened its acres of burnished gold
Manna from heaven
Burn it—don't reap it
Plow it back into the earth—don't eat it
Turn the earth into a sow; the Great Earth Mother becomes the Big Sow that brings forth and then swallows her own farrow

Plow, sow seed, harrow and tend
And then at harvest-time plow back the harvest
Burn sheaf and stock—it is cheaper to burn than to plow
Fire the fields!

The faces of the unemployed—of those in want throughout the earth—were lit by the glare of the blazing crops
"Is it true they're going to cut the dole?" said the Woman.

"Yes," said the Man.
"It'll be a hard struggle to keep going this winter."

No answer.
"The kiddies need new boots and clothes."

No answer.
"Do you think you might get a job over at Jordan's mills?"

"Oh, for Christ's sake! haven't I tried?"

The chorus of unemployed, dumb in sound, but deafening in heartrending silence, took up that cry of bitter anguish
Oh, for Christ's sake! haven't we tried—
Haven't we tried?
(They got more sense, animals have)

In antiphonal unison with this chorus of living dead men came the 1914 marching song of Tommies killed in the First World War

It came up out of the long deserted trenches: the swelling surge of a vast male choir reverberating along the grain of broken and rotting duckboards
T r a n s m i t t e d intermittedly through tangles of rusty barbed wire: the field telephones of the dead

Shook the caked mud and set the poppies doddering to and fro

The winters were long, the season of the nuts was short, so the squirrels stored up nuts to eat when the ground was frozen hard and food was scarce.

From birth the squirrels learnt that it was good to have many nuts saved against the winter. Prodigality was frowned upon, for food was scarce.

And it came to pass that the winters, year by year, grew shorter and less severe until at length the summer sun shone all the year round and food was plentiful.

Yet still the stores of nuts were prepared at the season of the nuts.

And there arose a squirrel who noticed that the stores of nuts were often not eaten, and in course of time went bad; for rood was plentiful.

Said he: "Why work? Why save? Nature is generous. Let us cease to be parsimonious. Let us be happy." And they answered: "To work, to save, is good. If we cease to store nuts we shall become soft and our enemies will overcome us. We shall be degenerate, unsquirrelly."

But he said: "Rubbish. There are many things better than nut collecting. A race that needlessly collects nuts to avoid degeneracy is already degenerate." But they hearkened not to him, and called him no economist—and remained on the nut standard.

—H. Durham Whipple, in *Social Credit*.

A great sea of voices, full of the deathless vigour of youth, broke out of the earth on a wavelength picked up only by those who were out there and who came through:

Because
We're here
Because
We're here
Because we're
HERE.

(From John Hargrave's "Summer Time Ends," obtainable at Social Credit Bookshop, 166 Little Collins Street, Melbourne.)

To The Readers Of The New Times

Dear Friends,

A happy Christmas to you all. And we feel we are entitled to wish you a happy, Christmas and that you have cause to spend one, because this has been a year of definite progress towards our goal of the wiping out of poverty and the bringing in of justice for all.

To be sure, there have been momentary defeats and set backs all over the world. In our own Australia we have had plenty. But these have been merely incidents in our forward march, and each seeming defeat has contained within it the seeds of future victory. For our great fight is not to conquer the positive enemy—the money monopolists are few in number—but to overcome the ignorance, the apathy and the fear of our people. The standing army of our foe is the vast multitude of those who do not realise that they are being imposed on, who accept destitution as though it were the will of God. The generals of this army are often well-meaning people, highly "respectable" citizens, even ministers of religion—but whose religious ideas are so distorted that they would have us proceed to a colourless Paradise by perfecting ourselves in all the negative virtues. The image we had to break has been the exaltation of patience (which means suffering) at the expense of accomplishment.

When God gave the commandments to Moses all but two of them were "don'ts." But the Jews of old did not have to be told to do things. They were a virile crowd, used to doing pretty well everything in the calendar. Unfortunately most of the milk-and-water adherents of Christianity today seem to have lost that capacity for positive action, and to have resigned themselves to a standard of perfection based on the "don'ts." It is the job of the real Christian to stir them out of this.

The physical revolution of the world has been practically accomplished. Man may stand only on the verge of still more wonderful discoveries than those of the last generation, but these are only matters of degree, for we are already masters of time and space — because we have learnt how to harness the forces of the universe. The revolution that has still to be completed is a greater one than anything physical, because it is mental and intangible. It is particularly hard because its job is to drive out fear. And fear is both a deeply rooted physical instinct and a deeply rooted mental vice. Physically it is a result of age-long scarcity, and no longer necessary. Mentally it is a result of misapplied Christianity—even still we find great numbers of those who fear, FOR OTHERS, the result of the leisure which will proceed from security, as though that leisure must mean making idle minds the devil's workshop and idle hands the devil's mischief makers.

The conquering of the first of these fears is now almost complete, since even the so-called statesmen — always the last to see the obvious—are now almost in entire agreement that our only material problem is how to DISTRIBUTE what is already produced. The year 1936 has seen a remarkable chorus of admissions in this direction, going so far as the very League of Nations, the most unintelligent assembly in the world.

The conquering of the mental fear proceeds apace. Many factors have helped it. For one thing the unemployed have shown that even in destitution they are law abiding—even in erased desperation, in cases without number, they have chosen suicide before what they regarded as crime. For another thing, when governments are driven to employing millions of men in making devilish weapons of destruction rather than give them wages without "work," and when it becomes evident that this distribution of wages spells prosperity for all however fleeting, he is a dull Christian who will not ask whether it were not better to take a chance and distribute these wages for leisure. Could idle hands be worse mischief-makers than munition hands? Could there be a more horrible devil's workshop than the poison gas factory?

The mental revolution proceeds apace. Soon it will have succeeded. NOTHING, NOT EVEN WAR CAN STOP IT. BUT YOU, DEAR FRIENDS CAN SPEED IT ON AND SAVE MANY HORRORS.

So here's to 1937. And all in together for the Big Push.

- THE NEW TIMES

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MELBOURNE (Cont.)

(Continued from page 2.)

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(Continued on page 7.)

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THURSDAY, DEC. 24, 1936.

Prosperity Christmas "

The chorus goes up in the daily press that this is prosperity Christmas. A fair example was the Melbourne Herald on Monday evening, and with the necessary alterations of figures to suit local conditions, what it said might have appeared in any daily paper anywhere.

On the Herald front page, as the salient features of Christmas of 1936, appeared six items. These were: Less destitute people depending on sustenance; extra staffs in the paying-out departments of the city banks; traders' estimates of bigger sales; increase of more than ** million in the Commonwealth note issue; over £200,000 of savings withdrawn from the State Savings Bank; £40,000 to be spent by Victorian unemployed from a Commonwealth grant.

Summarising these items, which the Herald (and everyone else) admits to be cause for rejoicing, we find it all boils down to people *having more money to spend*. It would also appear that if by some means people had available every week the money which—by dint of going without things for weeks or months before, or by failing to pay their tradesmen at Christmas time—they have for spending at this season, we could have prosperity all the time. The Herald admits that most of the Christmas spending in 1936 is going on "utility" gifts. Would the people be demoralised if they bought utility things all the year? Or if they bought poultry every week? Or more fruit? Or more books for themselves and more toys for their children? Or if they traveled more? These are the directions in which it is indicated that most of the Christmas money is being spent. A notable feature of the

(** amount missing in original)

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discussion is the almost entire absence of any reference to *supply problems*. There are passing allusions to vast despatches—"many tons of ice-cream is held in reserve, one company holding 70,000 dozen packets of one line alone" . . . "in the next three days, one city wholesale firm will despatch more than 70,000 birds" . . . "one large store reported that its biggest sales were for Gunther's 'Inside Europe,' of which 300 copies had been sold." And plenty more to the same effect.

Give the people money, it seems, and the shops and warehouses will be there with the goods. And everyone will be prosperous and happy and free hearted and generous.

That's it — *give the people money!*

Mr. Watt Meets in Camera

A new note in company procedure was struck in Melbourne on Monday when the annual meeting of Rolfe and Co. Ltd.—a public company listed on the Melbourne and Sydney Stock Exchanges—was held in camera, and the directors refused to make a copy of the chairman's address available to the press.

On the board of Rolfe and Co. are some old friends of the *New Times*. The chairman is that politician co-opted into the Collins House banking - industrial group of monopolists, Mr. W. A. Watt. A co-director is Mr. J. A. Boyd, another ex-politician more or less co-opted into the same group. Mr. Boyd is also a very old personal friend of Mr. Watt—they collaborated in throwing out the Bent Ministry in Victoria as far back as 1908—and one of his principal occupations as a co-director and associate nowadays seems to be to stand between W. A. Watt and angry shareholders. It may be remembered that Mr. Boyd did this little service (the least an old friend could do) for Mr. Watt when the latter was bitterly attacked by Dunlop Perdriau shareholders at their annual meeting on September 26 last year—we commented on this at length in our issue of October 4, 1935. This week again, as far as can be gleaned of what took place in camera, Mr. Boyd had to come to the rescue once more. He is reported to have said that criticism directed against the board "had not contained one constructive idea."

Whatever may have been said by shareholders, there would seem to be ample room for constructive ideas in the Collins House management of Rolfe and Co. Under Mr. Watt's marvelous chairmanship the unfortunate holders of the company's 85,000 paid-up ordinary shares of £1 each had to agree in 1934 to write off 12/6 per share. After this

spectacular write-off the 7/6 shares look so promising that they were quoted on the Melbourne Stock Exchange on the day of the annual meeting at sellers, 1/-; no buyers. The 150,000 paid-up £1 preference shares (reduced from 8 per cent, to 5 per cent, and arrears of dividends written off in 1934) were also viewed so hopefully by investors that the quotation was sellers, 4/6; no buyers.

After the meeting in camera, a shareholder is reported to have said that several speakers expressed their disapproval of the board's action in ignoring a motion carried at the last general meeting which called for the resignation of two of the four directors. It appeared the board was within its legal rights through notice of the motion not having been given.

For all we know, Mr. Watt's direction of Rolfe and Co. may have been quite capable. The company may be in its present unfortunate position through circumstances over which he had no control. But, whether this be so or not, the recent attitude of Mr. Watt is hardly such as to reassure shareholders of companies on whose boards he sits. Last year he took advantage of technicalities in the constitution of Dunlop Perdriau to withhold from shareholders any information as to what remuneration their directors were getting. Now he appears to have taken advantage of a technicality to retain a directorate in which the shareholders have lost confidence. And he holds the annual meeting in camera and won't give the press a copy of his address.

What a wonderful recommendation for the wizards of finance whose net, radiating from Collins House, enmeshes tens of thousands of small investors in every section of the Commonwealth! How reassuring to the inarticulate shareholders!

Class Distinctions in Children's Holidays

With the Christmas holidays we get every year a pointed reminder of the cruel toll the money devil exacts from our children, not merely in their conditions and opportunities in life, but even in their childhood holidays.

A child who attends a State school or one of the free denominational establishments usually gets about five weeks of Christmas holidays. If the child's parents can afford the fees of the absurdly misnamed "public" school or the college, the period is extended to eight or nine weeks. And the same relative difference applies to the other breaks throughout the year, reaching its climax with the most expensive school, the University. Why this class distinction between children — and between their teachers?

Is it that the underpaid teacher in the primary school, handling a mere sixty or seventy pupils at a time, is not thought to need as long a break as the better paid instructor handling less than half that number in the college? Or that the child who is expected to become a "worker" must not look for too much relaxation? Or is it that the poor must have some smattering of learning crammed into them in the shortest possible time, so that they may be ready at the earliest age to start in on their treadmill as

wage slaves—even if there is no place for them in the treadmill?

We cannot find an answer. The only *excuse* we hear is that some parents would not know what to do with their children if they were longer at home, and that they are glad to pack them back to school. Who are these parents? Mostly, one surmises, unfortunate people who are so worried with poverty that they are not in a fit condition to look after their children properly, whether they be at home or at school. Remove grinding poverty from these parents and it would probably be a different story.

Recruiting Posters- But You Mustn't Show War

It was announced last week by Minister for Defence Parkhill that a poster competition for recruiting is to be held amongst the military forces. The main published condition reads: "As the military forces are for home defence, designs having a war-time or battle appeal are not desired."

This drives us to one of two conclusions: Either the military forces are not expected to be used for military purposes—in which case why have them at all?—or else the youth of Australia is to be decoyed into the army under false pretences. If methods of this sort were used in a selling brochure (say, a land shark's lithograph) there would be talk of conspiracy to defraud. But it is apparently quite in order when the issue is not that sacred thing, money, but merely young men's lives.

ONLY 22 PERCENT FIT.

"Of 1200 police recruits for the N.S.W. force, the Government medical officer some time ago accepted only 22 per cent."

—Professor Harvey Sutton, Director of the School of Public Health, at Sydney, Dec. 21.

RE-ARMAMENT GOOD FOR BRITAIN'S PRIME MINISTER

That re-armament may not be personally unwelcome to British Prime Minister Baldwin is suggested by the following references in *Social Credit* (Nov. 13) to the remarkable "recovery" of the family concern, Baldwins Ltd.:

"The directors of Baldwins Limited have decided to rid the company of the whole of its debenture debt and to replace it with preference and ordinary share capital. In 1928 its plight was such that it had to undergo a drastic capital reconstruction in which the paid-up capital was reduced from nearly £6,000,000 to a little over £2,000,000, and the company was left with a far higher proportion of debenture capital than any company ought to carry.

"It seemed," says the *Times* City Editor, 'that a generation at least would have to pass before the capital structure could be put into a satisfactory state. But thanks to the recovery in the iron and steel industry . . . (which has been primarily due to protection), the depreciation of the pound, and to skilful management . . . the company can now redeem its debenture debt entirely.'

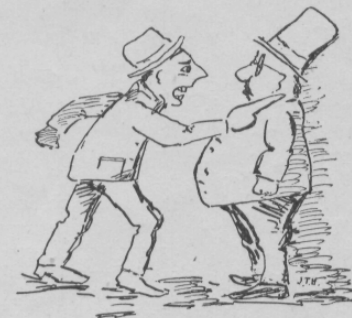
"He is a funny fellow, that City Editor. Has he not heard that there is quite a lot of re-armament going on—quite enough to work miracles in the iron and steel trade? Or has he, and does he think it better to give protection a little boost, in spite of the 'paramount necessity to remove the barriers to foreign trade' about which he is usually so emphatically booming?"

* * *

And it was Stanley Baldwin who said on November 9: "Today, while we are still finding and burying the bodies of the men who fell in the war, the whole of Europe is arming. Could there be a more inconceivable folly for those of us who have the responsibility of governing the great countries of Europe? What good can come of it?"

Apparently it is all right for Baldwins.

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"SOUND FINANCE"

Sometimes Sir Otto made an escape for a little while, when he played in the big long-windowed nursery at the top of the house with his three children, who were like three Goldilocks.

May, Mona, and Myrtle: Big Bear, Middling-sized Bear and Baby Bear.

Yet even here he could not cast free altogether from the never-ending intertwining fabulation in which he was entangled and lost, and which he was forced to help to spin: an invisible web of nothing out of numbers, by numbers in high financial fantasy

Forever tumbling down as it was built up in staggering piles of debt

Invisible except to the mind's eye

The game went on all the time—nothing could stop it—and every second its cabalistic conjurations reared a cipher city of dangerous nonsense called Sound Finance

A complex calculation of numerical relativity, relating to nothing but its own cipher sequence

All unseen: a secret growth

A colossal interpenetrating fungoid fragility of meaningless figures springing in sterile grandeur from a bed of bar gold buried in vaults

This all sounds so fabulous, so bogus, that we have to pinch ourselves to be quite certain we are in

superstructure of debt-credit-loans: if you peer closely into it you will see at the base of it a gigantic and horrible rubbish-dump of needless human misery, want and agony: half starved and empty bellies, suicidal tendencies, phobias, choking lungs, blinded eyes, nervous wreckage, shattered limbs, disemboweled entrails, blown-out brains, moans, cries ("stretcher-bearers! stretcher-bearers!") mental derangements and every kind of psychophysical disintegration and decay.

This real nightmare, the result of a banking system turning real wealth into financial debt, was not the nightmare that held Sir Otto in thrall. His nightmare was the international financial structure itself: this abstract numerical conception that kept tumbling and crumbling as it was built up here—there—

No sooner repaired and restored at one place than it fell away and slid into chaos in another

Put things in order in Australia—huge cracks appear in Germany: patch up Germany—Great Britain begins to wobble . . .

Back to the gold standard—off the gold standard

Deflation—reflation. . .

A nightmare? a day and night-mare

And here was little Myrtle wanting him to wead about the tailor and the Gold-Smiff fwom Gwimms.

—John Hargrave, in "Summer Time Ends."

A CORRECTION

In "our issue of December 11, under the heading, "Another Methodist Answers Mr. Warren," printed a letter from Mr. F. H. Ault, of Hobart. As published, the letter referred to Mr. Warren having been criticised "because he . . . could speak so eloquently and thankfully of the very obvious signs of devilish intent manifest on our refusal to permit millions of human beings to participate in the bounties of the Father."

Mr. Ault's letter actually read, "because he . . . could speak so eloquently and thankfully of the very obvious care of God for His children, and yet not say one word about the equally obvious signs of devilish intent." etc.

We regret, in fairness both to Mr. Ault and to Mr. Warren, that through a printer's omission, the words italicised above should have been omitted. —Ed.

"AN ENGLISH COMPANY."

"Usually this bank keeps a large part of its cash reserves in the form of money at call in London. This is done partly because it is AN ENGLISH COMPANY."
—E. O'Sullivan, joint general manager of E.S. & A. Bank, Dec. 22.

PROMINENT ENGLISH PRIEST DENOUNCES "SACROSANCT" MONEY SYSTEM

Speaking at a public meeting in the Essex Hall, London, on November 3, Fr. Owen Dudley, one of the most prominent writers and speakers of the Catholic Church in England: said:—

"In regard to poverty there are still people who refuse to believe that any enquiry is needed.

"It is not that there is not plenty for everybody. There is. There is no need for poverty. All the necessities of life could be produced in unlimited quantities. The financial system, however, stands in the way of people procuring them. This state of things continues and is tolerated.

"Poverty is the outcome of a disorderly system. Poverty will be removed when social order has replaced social disorder; for

15,540 EVICTION ORDERS—

Mr. Barry (Carlton) asked the Minister of Labour—

If it is a fact, as stated in the "Labor Call" of the 3rd instant, that from the 1st of June 1932, to May 1935 (practically the period of the Argyle Government), 15,540 eviction orders were issued by the courts on persons receiving sustenance?

Mr. Mackrell (Minister of Labour).—The answer is—

For the period of the 1st of June, 1932, to the 1st of May, 1935, 15,540 eviction orders were issued. These eviction orders, however, were granted irrespective of whether the tenants concerned were in receipt of sustenance or not. The number of sustenance cases included in this figure is not ascertainable.

(Victorian Hansard, Dec. 15.) —AND THEY STILL CONTINUE.

Mr. Kent Hughes (Kew).—This afternoon the honourable member for Carlton asked the Minister of Labour a question about evictions. I think I can answer it, for I am interested in it. Unfortunately, the honourable member has had to leave early, but he inquired how many of the 15,540 eviction orders issued during the term of the Argyle Government were issued by the Courts on persons who were receiving sustenance. The correct figure is 8941, and all of these persons were assisted by the Sustenance Branch. The actual number of evictions for the first eight months of the year 1936 under this Government is 3581, which is a slightly higher proportion per month than there was under the Argyle administration.

—Victorian Hansard, Dec. 15. PROSPERITY!

social order means social justice. Once money, instead of being tied up, is released, in justice, to flow evenly throughout the whole of the social system, the main cause of poverty will no longer exist. There would be, as there should be, ample for everybody—for everybody amply to satisfy their needs. It is retorted that only so many money-notes are manufactured. I can only reply: It is the necessities of life that matter, not money-notes. It is bread that matters, not paper. It is the masses of England who matter, not the Bank of England. "And therefore, if the masses need more money, so that all may purchase their full needs, do not prate about a monetary system as something sacrosanct, but demand of it, in the name of justice and charity, that more money shall be made—that human life shall come first, before the system."

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IAN McDONALD

THIS WEEK'S GEM
"In spite of what technicians say, MONEY IS STILL A COMMODITY, and its price must go up with increased demand and shortening supply."
—E. O'Sullivan, joint general manager of E.S. & A. Bank, Dec. 22.
* * *
Who shortens the supply of this "commodity" kept in ledgers?

"30 TO 80 PER CENT. INTEREST"

If a plantation owner would pay rent to his tenants for the right to live on his own plantation we would consider him insane. Yet we do about the same thing.

Let us consider Uncle Sam as a plantation owner. He pays about a billion dollars a year interest on government bonds to private bankers. Why? To make his credit "good" so he can issue his own credit—something, which already belongs to him. What is back of government bonds? The entire wealth of Uncle Sam and his taxing power. What is back of the money (credit tokens) printed by Uncle Sam? The same thing—the entire wealth of Uncle Sam and his taxing power. Why then should the Government issue bonds? It should not.

Today legitimate business is taxed to death for the benefit of the money changers. The workers toil but their produce goes to the parasites who sit behind metal cages and merrily slip coupons while the country goes on its way to disaster. It should be remembered, too, that most of these bonds which bankers own were bought with fictitious money which bankers manufactured out of inked figures written by bookkeepers at small pay.

Under our present banking system, banks are allowed to issue and draw interest on from five to ten dollars counterfeit money (called "bank credit") checking accounts for every dollar image deposited by the public. The real dollar image deposited immediately becomes a debt the bank owes the public, which, added to the five or ten counterfeit dollars the bank issues, is the bank's debt to the public, on which the borrowing public pays the bank from 3 to 8 per cent, interest. This makes it possible under favourable circumstances for the banker to collect from 30 to 80 per cent, interest per year on a dollar that does not even belong to him, one that he owes to the public.

—The People's Money (U.S.A.).

WHAT THEY SAID IN NOVEMBER

From a four-page article, "The New Edwardianism," in the November issue of the English magazine, *Nash's*:—

"King Edward has already begun to fulfill the prophecy made about him when he succeeded his father, that he would be the first working-man's King . . . So determined indeed, was he that the Coronation ceremonies should be it a real sense popular, that a Court official is said to have laughingly suggested to him that 'perhaps the best thing would be for you, Sir, to be crowned at Wembley.' . . . The King's whole mode of life is a lesson in simplicity . . . At the head and corner stone of our society we have a man packed with common sense, endowed with all the best democratic instincts, straightforward in speech, simple in life, and one who, as he himself said in his fine speech to the Guards, 'has known the weight of war with all its horrors.' He has shown already that he typifies in himself the proud position of England today as the pillar of fidelity to freedom and democracy in a Europe that is rapidly destroying both."

Freedom and democracy!

TO OUR ADVERTISERS

The NEW TIMES wishes a happy Christmas and a prosperous 1937 to all those who have used its columns for advertisement notices. Realising, as it does, that in many cases the advertisements at first proceeded as much from goodwill as from the expectation of results, it extends these wishes all the more heartily. For the same reason it commends its advertisers to its readers, and asks the latter to show those who stand by their paper that

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NONSENSE IN HIGH PLACES

II.

A Letter to the Editor from BRUCE H BROWN

A fortnight ago consideration was given to the statement of Mr. R. G. Casey, Treasurer of the Commonwealth, that criticism of the Bank Board is "positively futile," and that "you might just as well blame a pint pot for not delivering a quart." It was shown that it is only through public criticism that the unsatisfactory features of governmental machinery are brought to light, and that it was not a question of getting more than a pint from a pint pot, but of stupidly trying to force gallons into a pint measure. Obviously, if it is futile to criticise the Board, then the Board must either be an autocratic body above the power of Parliament or else it carries no responsibility for Australia's financial affairs. The fact, of course, is that the Board is *not* above the power of Parliament, and *does* carry responsibility for the financial conditions in the Commonwealth. In any case, however, Parliament alone can determine what power the Board may exercise, and Parliament alone can discipline the Board if it fails to give full and satisfactory effect to its directions. Mr. Casey is well aware of this, and he knows that the Board has been allowed to usurp the prerogative of Parliament in regard to financial policy. His talk about the pint pot is the flimsiest camouflage. High falutin speeches and "statements" will not dispose of the fact that Ministers of the Crown and members of Parliament who borrow privately - manufactured money for Government purposes, and who submit to the lie that Governments cannot have money because private industry wants it, are allowing their positions to be improperly used in the interests of a private monopoly and betraying their country to pawnbrokers.

"POLITICAL PROPAGANDA."

The two other statements of Mr. Casey, which were referred to last week but not commented on, were as follows:—

(a) Federal Ministers regard criticism of the Bank Board as political propaganda. Treasurers of some States had embarked on extensive loan works as part of a political programme. When that programme was threatened because the additional money required for private industry was now returning to its normal amount, a scapegoat had to be found. That scapegoat for some Treasurers was the Bank Board. (b) Mr. Stevens says, in effect, that the Commonwealth Bank can at will increase the size of the pot to a quart, or, I suppose, a gallon. This is the argument of the inflationist in its crudest form, and the Commonwealth Government is directly opposed to such a policy.

As to (a), it does not matter whether Federal Ministers regard criticism of the Bank Board as political propaganda or not, but it does matter whether a majority of the people agree with the criticism and whether the criticism is just. What Government work is *not* part of a political programme? If our Defence arrangements are improved the Government never misses an opportunity to take praise for it. If the activities of the Health Department are extended for the welfare of the community the Government calls attention to what it has done. If telephone and postal facilities are developed in country areas you will find prominent references to it in Government Statements. If new roads and bridges are constructed the Government of the day will say, "Look what we've done?" If any benefits are provided for the aged and the infirm the Government will make the maximum

political capital out of it. Every Government, irrespective of its political affiliations, makes a point of giving the widest publicity to anything done during its term of office. All its actions are political. They could hardly be otherwise.

THE EFFECT OF GOVERNMENT WORKS ON BUSINESS.

But whether we call them political programmes or not, every businessman knows from experience that he has a much better chance of making a success of his business when Government works are in progress on a large scale, for the simple reason that the Government is not only purchasing materials for its own purposes, but is also placing thousands of workers in the position to secure goods also. The intelligent businessman knows only too well that cessation of such works, or even their substantial curtailment, lessens the money available to buy his goods, and spells disaster to all industry except that specially favoured section, which finds it easy to obtain financial accommodation in the form of bank-credit. Proof of this has been given frequently in the *New Times*, and most readers will be aware that when public works were curtailed in 1930 bankruptcies were more than doubled within two years and unemployment rose from 9 per cent, to 30 per cent. They will also be aware that it was not until governments resumed the circulation of additional money in 1932 that there was any improvement. Thoughtful men no longer dispute the fact that liberal distribution of finance by governments on works that are not for sale is absolutely essential for the solvency of industry.

WHY NOT PUBLIC WORKS AND PRIVATE INDUSTRY, TOO?

Apart from the foregoing, however, how utterly absurd it is to say that necessary and desirable public works, such as hospitals, schools, roads, bridges, and the like, cannot be put in hand because money is required for private industry! Who has decreed that the quantity of money in the country shall be less than sufficient to meet the needs of public works *and* private industry? No one would suggest that all the physical necessities for both are not available, and no one would suggest that there is any physical reason why both activities should not proceed concurrently. The only reason against it is that it would help to provide the people with money and call more pointed attention to the swindle of the arrangements under which finance is now provided.

If the works programmes of the States were "threatened," as Mr. Casey says, some person or body of persons must have been responsible for the threat. And if, as he also says, the threat came from the fact that private industry now required its "normal amount," it is up to him to say what that normal amount represents, and why it is that with expanding business we cannot have an expanding quantity of money. How is it possible that programmes of sovereign governments *can* be threatened by non-government interests, and what is the medium through which the threat is made? If the National Government has no control over that medium, who has? And further, if as Mr. Casey admits, it is wholly a question of money diversion, who but the banks are in control of the diversion and who but the banks should be criticised for it? Does Mr. Casey, a man educated at Cambridge, really believe that Australia, with assets exceeding five thousand million pounds, to

say nothing of her ability to create more and more assets, should allow her money supply to be privately and arbitrarily fixed round about five *hundred* millions, and that when private industry is calling for money there is to be none for public or government work? If he does think that, is it not the clearest evidence that he is hopelessly ignorant about the nature and origin of money and has given no consideration to the true function of money? That a responsible Minister of the Crown could utter such nonsense on this question shows the very pressing need that exists for every one of us to join wholeheartedly in the movement for mobilising the will of the community to demand results, instead of tolerating a lot of infantile patter.

SEEKING A SCAPEGOAT.

Then there, is the talk of a "scapegoat." Such a term has no application at all to a set of circumstances in which, as in this case, the cause of the nation's financial embarrassment is definitely known and correctly stated. If Mr. Casey believes that an attempt has been made to saddle the Bank Board with blame due to others he ought at least to tell us who the others are. If it was not the Bank Board who caused the States' requirements to be cut down from £10 millions to £7½ millions, who did cause it? It is not sufficient to say that money is required for private industry and that the banks are merely diverting it there, because if the quantity is so limited that the needs of industry can be met only by starving necessary Government works, then the obvious duty of the responsible experts is to have the quantity increased. The Bank Board is not the scapegoat: it is the culprit; and the apparent need is for the Government to amend the Bank Act to indicate quite clearly that the Board's duty is to control the creation and cancellation of all Australian money; to equate purchasing power with prices, and to formulate measures to ensure that the increase of purchasing power thus made available will secure a wider distribution of goods and *not* an increase in prices.

The duty of the Board is to manage the Bank in the interests of the Australian people, not in the interests of the private banking monopoly, and if this is not already made clear in the Act under which it operates, then the Act must be altered to make it clear. The Bank Board is failing the Australian people when its actions are calculated to make an inadequate supply of money even more inadequate, and yet in the face of this the Commonwealth Treasurer says it should not be criticised!

THE PRETENCE OF INFLATION

As to (b), this statement in the name of the Government is so serious that it automatically condemns the Government as totally unworthy of the respect or confidence of the electors for the following reasons, viz:—

1. It is a straight-out refusal to carry out its duty of seeing that the community is regularly provided with sufficient money to meet its requirements.
2. It is a straight-out refusal to place the citizens of Australia in the position to meet their financial commitments, either publicly or privately.
3. It is a shameful and abject surrender of the nation's sovereignty to a private monopoly.
4. It is an open licence for the banking monopoly to continue the private manufacture of the nation's money as their own property.
5. It is a brazen declaration of intention not only to sanction counterfeiting by specially favoured persons, but actually to "borrow" counterfeit money and tax the people to pay permanent

tribute to the counterfeiters.

6. It is a shameful betrayal of Australia to the pawnbroker and an inexcusable refusal to use the financial powers conferred upon Parliament by the Commonwealth Constitution Act.

Mr. Stevens, the Premier of New South Wales, is equally culpable in this, for although he admits that the quantity of money can and should be increased, he advocates it in such a way that he would hand Australia over to counterfeiters and pawnbrokers residing in other countries. You, Mr. Editor, dealt admirably with that aspect a few weeks ago, showing clearly that the sham differences between Mr. Stevens and Mr. Casey are designed merely to cover the appalling fact that the whole of Australia's policy is dictated by the owners of Australia's debts, and that both of these great politicians would not permit Australia to increase its quantity of money except as further debt to a gang of counterfeiters.

Can you tell us why it is that an increase of money is referred to in derogatory tones as "inflation" when the term is never applied to an increase of anything else? The public debt is going up at a tremendous pace, but no one seems to condemn it on the ground that it is inflationary. Mr. Casey will have none of an increase of money, but he shows no qualms about an increase of debt, which can only be paid with money! When a motorist buys three gallons of petrol and the price is inflated from 2/11 to 4/9 to help meet the increasing interest demands on the public debt, he does not get into a frenzy about inflation. When the quantity of butter and wheat and sugar and goods of all descriptions increased enormously in recent years, no one told our farmers and manufacturers that they were indulging in the terrible thing called inflation. Of course not, but we are asked to believe that inflation of the same kind, applied to money, upon which all real things are made to depend for distribution and use, would be calamitous.

As a matter of fact, more than 99 per cent, of the money used in the every day business of the community is inflationary, for it is nothing more than bank credit operated by cheque. Legal money—i.e., notes and coin—is used for less than 1 per cent, of our financial transactions. We have only to realise that with less than £20 millions of cash in their possession the banks have more than £550 millions entered in their books as deposits, to realise what an extraordinarily good thing inflation has been to them. So we see that when Mr. Casey says the Government is directly opposed to a policy of inflation he says something entirely opposite to the actual conduct of the Government and the oft-repeated public declarations of the Prime Minister in favour of the banking system and its methods.

WHAT INFLATION REALLY MEANS.

If we are to reconcile such statements it can only be done by assuming that Mr. Casey, the Prime Minister, and the members of the Government are all ignorant as to the true meaning of the term, "inflation." It does not mean an increase in the quantity of money. It means a rise in prices following the circulation of a greater quantity of money. Even were we to increase the quantity of money a hundred times, there would be no such thing as inflation unless *prices* were so increased that the community lost the benefit of the extra money. Japan has actually liberated great quantities of additional money in the community without increasing prices, and C. H. Douglas has shown how, by the application of his "Just Price" principle, the circulation of additional money would bring about the distribution of more goods without any

increase at all in prices. The extra money would be used to bridge the gap between the producer and the consumer, and cause the goods to pass over the counter to the customers.

MANIPULATING PRICES.

Sufficient has been said to show that the crux of the matter is *prices*, and prices have always been manipulated to suit the purposes of the controllers of the financial system. Permit me to give an example: Professor J. R. Commons, of the University of Wisconsin, giving evidence in 1927 before the Banking and Currency Committee, said that the inflation after the War was deliberately created. "What I wish to say to you," he said, "was learned by me in confidence from a member of the Federal Reserve Board. . . . In 1919 and 1920 the Federal Reserve System was inflating prices. . . . They (his friend and another) protested at the time against what the board was doing, and considered whether it would not be better for them to offer their resignations and then give their reasons to the public for resigning. They finally agreed to go along with the majority, and simply to file their reasons in the record of the Board so that in case the question was raised after their deaths their record would be clear."

Mr. Western Starr, head of the Farmer-Labor Party, had given similar evidence. He produced the minutes of a conference of the Federal Reserve Board, the Federal Advisory Council, and the directors of the Class A banks at Washington on May 18, 1920, in which secretly and under orders of secrecy they had decided to deflate. He went on to say: "Some of the great employers of labour felt that they were paying too large a share of their income in the form of wages. They had to reduce wages first thing. Now, in order to reduce wages, they had to cut the cost of living. That meant they had to hit the farmer first. That was the first step, and God knows they hit him." A member of the committee asked whether this decision had anything to do with the gathering in soon after of the hundreds of millions of securities of the little holders, and Mr. Starr replied: "My dear sir, it is only another illustration of the practice that has prevailed for more than 2000 years. It has been the practice of what you may describe as the moneyed class for more than 2000 years to create alternate periods of high and low prices, buying when things are low and creating artificially-stimulated high prices on which they sell out, only to create another period of deflation on which they buy in. . . ." Is not that exactly what happened here in 1929 and 1930? It is no mere coincidence that Montagu Norman's appointment as Governor of the Bank of England was made in the year 1920, and that since that year the British Empire has been subjected to the selfsame deflationary policy of the Federal Reserve Board. It is no mere coincidence either that when Mr. Casey says the Government will have nothing to do with inflation he is merely acting as the mouthpiece of the same Montagu Norman. It is interesting to note also that Montagu Norman is a member of the committee controlling the *London Times* (which led the attack on King Edward) and that his brother is in control of broadcasting in England.

The time has therefore come for us to demand the termination of treasonable nonsense in high places, and to insist that the men in Parliament be in fact what they profess to be in theory—viz. our representatives. When that change comes about Parliament will do what the people want it to do, and not what the fiends of finance want. — Yours faithfully,

BRUCE H. BROWN

BRITAIN SEEKS PEACE?

By AQUARIUS

Bradford, recently the platform for Dr. Blunt, has now been chosen by Mr. Anthony Eden, British Foreign Secretary, as the stage for a pronouncement on British foreign and armaments policy, and Britain's alleged desire for peace.

The date of the pronouncement, December 14, closely precedes a season generally associated with the idea of peace on earth and goodwill to men, and it is perhaps excusable to seek anxiously for some indication in Mr. Eden's words of a genuine desire on his Government's part to tackle the underlying cause of war. No such indication is to be found, but merely reference to derivative issues, such as treaties and breaches thereof, rearmament, tariff walls, dictatorships, blocs and alliances, and so on, with copious reference to Britain's "vital" and "legitimate" interests.

THE CREEPING ERROR

The cause of war is not to be found in the ends of the earth. It lies in a matter of domestic maladjustment capable of immediate remedy in any one country, or in any number of countries, by domestic action. No treaty or international conference is required. The cause of war in the modern world lies in the fact of abundance, coupled with the fact of sufficient money in each and every country to distribute that abundance. This state of affairs is not to be remedied either by accelerated or decelerated production. The deficiency still persists and the difference is one of degree only. The creeping error of the financial cost-accountancy system creeps fast when production is slowed down, but much faster when production is speeded up.

In the time of the First World War (1914-1919) all artificial restrictions of "sound finance" were lifted from industry, which was speeded up to its utmost physical capacity. Industry then, as now, was the sole distributor of income to the community. In a self-liquidating cost accountancy system, it would have recovered its total costs of production from the community, via price and taxation, and at the end of the war there would have been no aftermath of debt unrepresented by money.

Industry did during the war recover its production-costs—but not fully from the income it distributed. It did so only

through an enormous increase of the public debt—from £700 millions in 1914 to over £7000 millions in 1919. It was not even the case that the recipients of industry's payroll had hoarded a large portion of their wages and salaries or refused to spend them. Bank deposits at the end of the war showed an increase equivalent only to one-seventh of the increase in the national debt.

This enormous leakage of six billion pounds in the short space of five years represented money paid out on production, but short-circuited from the consumption market—short circuited by re-investment in further production, and by premature withdrawal and cancellation of bank credit by the banking system.

POSSIBLE ENEMY BASES.

"South Africa is vitally concerned in the future of Tanganyika territory, for it would be a serious menace to her security if a possible, enemy base were so close."

—Bishop Chambers, of Tanganyika, in Melbourne, Dec. 21.

* * *

And if South Africa holds Tanganyika, what about the territory adjoining—and so on and so on?

The one thing, which does not seem to occur to the Bishop is to inquire WHY a neighbour becomes hostile.

In times of "peace," when production is limited by the rules of "sound finance" to a pitch just short of failure to satisfy the irreducible consumption needs of the community, the creeping error still creeps. In Australia, for example, it has compelled an increase in the public debt of about £150 millions in the last five or six years of cheese-paring economy.

PRESSURE TO EXPORT.

The deficiency, however, has other effects as well as an increase of debt in each country. It compels each country to endeavour to export more of its production than it receives in return by way of import. And here again, the faster the cost-accountancy error creeps, the greater "surplus" there is seeking an external market. Failure to export this surplus means unemployment at home. Unemployment under "sound finance" means stoppage of individual income. Lack of income means starvation and degeneration. To the unemployed, at any rate, the glories of peace are hardly as attractive as the glories of war.

A BANKERS' DILEMMA

It is the policy of the financial monopolists, the international banking gang, to stay in power as long as they can, and to this end it is obvious that they must regard war with disfavour. By restricting production in every country, through Central Bank restriction of credit, they endeavour to keep international surpluses and gluts down to minimum levels. This in itself is a valuable aid in keeping the system tottering along. But there are limitations on the rigid enforcement of this policy, and these limitations are gradually assuming growing strength. They, in turn, spring from the fundamental banker philosophy that incomes may be paid to the masses only in return for work and the endeavour to apply that philosophy to communities where the growth of scientific invention daily increases the output of industry per human energy unit, and so leads inevitably to increased production or decreased employment.

In other words, work must be found for a large proportion of each community, otherwise there will be sufficient suffering to render impossible the maintenance of internal law and order. If work is found, such a mountain of production must ensue that any general attempt to dispose of it externally must lead to a bitter competition for external markets, which in turn must lead to war. War in turn (vide 1914-1918) must, under present rules, lead to such an increase of public debt as to send the crazy financial system toppling.

The debt structure is already unmanageable, and is increasingly difficult to handle in times of peace, then allowing for pseudo voluntary reductions of interest and other repudiations, which temporarily lighten its burdens.

WHY ARMAMENTS?

It becomes the policy of finance therefore to endeavour to encourage production of such things as will keep employment at a sufficient level, but, at the same time, will not lead to any violent struggle for export markets. Paradoxically the form of production, which commends itself to the bankers for this allegedly peace preserving purpose, is armament production. The four huge battleships now being laid down in Britain are not intended for export, nor will they come on to the British or any other consumption market.

In other words, some form of waste has to be capitalised before existing consumable goods can be bought. Armament production, like inordinate capital expansion of factories and machines, temporarily achieves this purpose at the expense of increased debt. Capital expansion of machines and factories, however, in turn increases the flood of consumable goods, disposal of which becomes a pressing problem, and a potential cause of war. Armaments don't have this effect, and under our crazy money rules are potentially less likely to lead to war than production of increased quantities of rayon underclothes, cotton piece goods or foodstuffs. It may be considered that the world's bankers would like to see national armaments abolished altogether, and to have charge of one international force of bombing 'planes centred at Basle. This may be so, as armed force is a potential challenge to banking power. But the bankers do not yet think the time is ripe for instituting any such Utopian scheme, and they can keep themselves reasonably free from challenge by handicapping international rearmament on an even basis so that the eventual outcome of the next armed conflict will be exhaustion and stalemate for the combatants. This happy result now appears likely in Spain.

There are two other aspects about re-armament which com-

mend themselves to bankers. The first is that the apparent urgency of rearmament tends to blind the public to any departure from sound financial restrictions, which may be involved. The second is that it is easier to persuade people that they should go short of food and underclothes, if it is obvious to them that an appreciable amount of national effort is devoted to building guns, banks and battleships.

Mr. Eden did not neglect to rub in this lesson in his speech when he stated that "too large a part of the world's wealth was being spent on armaments" and that "a world which persists in rearmament is persisting in its own impoverishment."

NO DISTRIBUTION WITHOUT WASTE.

But what Mr. Eden did neglect to say was that under the present financial system there is no technique for the distribution of con-

"IMPROVING" SHIPPING BY BREAKING IT UP

Continued improvement in the outlook for the shipping and ship-building industries is noted by the annual report of Lloyd's Register of Shipping.

The amount of laid-up tonnage, which three years ago reached the enormous figure of 12,000,000, has now been reduced to 4,250,000.

This reduction, it is pointed out, has been brought about to a large extent by the breaking up of surplus ships.

—London "Daily Herald," November 4.

sumable goods without capitalisation of waste in some form or another—either the waste of excessive production of capital goods, the waste of armaments, the waste of ploughed-in crops, burnt coffee and slaughtered calves, the waste of export, or the waste of war.

In the physical sense this waste, which is a waste both of materials and effort, does impoverish the world. Under our crazy money rules it becomes a necessary part of our economy. The subject was fully dealt with by Major Douglas in "Economic Democracy" so long ago as 1919, and a specification given of a monetary system, which would distribute the product of industry without giving any incentive to waste. The handsome Mr. Eden has not learned the lesson yet. His solution is apparently extension of international currency stabilisation, as commenced by Wall Street, Threadneedle Street and the Bank of France in the recent three-power monetary agreement—coupled with a pulling down of tariff barriers. On these lines alone Mr. Eden's Government thinks progress is possible. The matter of putting Britain's own backyard in order

(Continued on page 8.)

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DEMAND YOUR NATIONAL DIVIDENDS!

A NATIONAL DIVIDEND IS WAITING TO BE DRAWN

WHAT IT IS, AND HOW TO GET IT.

A dividend is the share of a sum to be divided up. Persons who have saved and invested their savings, and persons who have inherited the savings or accumulated wealth of their forebears, draw a dividend periodically—that is, they draw out a share of the profit on their investment or inheritance. If no profit is made, they can draw on the capital until it is exhausted.

A peculiarity about dividends is that they are, in a sense, "something for nothing." They are paid whether the person drawing them works or not, whether he is good or bad.

In that respect dividends are not like wages and salaries, which are the direct reward of work. Nevertheless, no one who receives a dividend hesitates to accept it, or to spend it if he needs to, merely because he does not work for it.

THE SOURCE OF DIVIDENDS

The source of dividends is the wealth accumulated by fortunate and industrious persons who have received incomes greater than the amount they needed to spend.

During the past century or so the people of this country (and of many other countries also) have accumulated vast wealth. It is to be seen in the form of cultivated fields, factories, workshops, railways, roads, telegraphs, and all the thousand and other things that go to make up our power to produce goods and services.

A hundred years ago there were not any railways, very few and primitive factories, no means of rapid communication. The country then was, in fact, very poor, in comparison with its present state of wealth.

OUR GREAT INHERITANCE

During the period between then and now the inventive genius, the research, the industry, and the co-operation of our people raised the present structure of modern industry, with its enormous capacity to produce all the things desired by people for a full life.

Not just a few clever persons, not one or two particularly bright generations, but the whole population, working together through many generations, achieved this thing. They built up the great wealth, which is now ours to use.

This great civilisation in which we live is OUR INHERITANCE.

What are we doing with it? Where is the dividend—we ought to be drawing it? Why are we so sick and sorry, when we should be happy and prosperous?

Our farms and factories are producing a fraction of what they might produce; our transport is not working half so efficiently as it could; the means of production are rusting, and even some of the goods which are being produced are being destroyed.

What is the reason for this destruction? It is not because we are all rich enough already, for most of us are very poor, and most of those who are not very poor live in the fear of poverty.

POOR WHEN WE MIGHT BE RICH.

We are a poor people living in a world which could make us all rich—rich beyond the dreams of past generations which had not at their command the machines that are ready to work for us, that do work for us.

And in working for us, they give us leisure—no, that is the wrong word,

—they THROW US OUT OF WORK! But, surely, we invent and install machines so that they shall work for us? "Nearly every tool which has ever been invented was invented for the purpose of doing a given piece of work in less time," Major Douglas has said, and said truly.

MACHINES SHOULD WORK FOR US.

The purpose of machines is to do work in less time than men alone, without their aid, would take to do it. Therefore, it is futile and foolish to have machinery and not to let it work for us! "The machine that takes our job must work for us!" We must be able to enjoy the fruits of its work.

Now, we have a great industrial system ready to work for us. It has been built up by our forebears and improved and increased in capacity by ourselves. It is a great inheritance, but, unlike the ordinary inheritances to which a few fortunate individuals fall heir, we do not draw a dividend on it!

We OUGHT to draw a dividend on it. Every citizen is a rightful heir to the inheritance, and the only way in which he can benefit by it is through a dividend—a National Dividend.

A NATIONAL DIVIDEND FOR THE ASKING

That is what is meant by a National Dividend: a share for everyone in our common inheritance. Mark particularly that it is a share for EVERYONE, and is not drawn at the expense of ANYONE.

The people of this country can have this National Dividend just as soon as they decide that they want it. But unless they decide to have it, and to insist upon having it, they will not get it. That may seem a strange statement, but it is a perfectly true statement.

In a democratic country like ours the people can voice their demands through the Parliamentary vote. It follows, therefore, that if they use their Parliamentary votes to demand the issue of a National Dividend, they will get a National Dividend.

The will of the people must prevail, but, in order to prevail, it must be clearly expressed as a demand to Parliament. Parliament cannot avoid doing the bidding of its masters, and its real masters are those who elect it.

PUT OUR STATEMENTS TO THE TEST.

These statements may be disputed, but they can be put to the test at the next election. Until they have been put to the test, they cannot be proved wrong.

The main purpose of this article is to point out to the people that they have supreme power, and to show them how to exercise it. We must also stress the fact that with this power goes a very great responsibility.

If we neglect to make proper use of our inheritance by drawing a National Dividend on it, it may crumble beneath our eyes. Or it may be misused and destroy civilisation.

EVERYONE CAN HELP.

Already there are signs of this happening. The time left to us is short. We therefore urge everyone who realises the facts, actively to work against the sitting member unless he is prepared to take action to abolish the present state of poverty and anxiety in the midst of plenty.

The Machine is Doing Your Work

DEMAND THE NATIONAL DIVIDEND

— (Continued from page 7.)

is not considered worthy of a moment's thought.

CURRENCY STABILISATION VERSUS TARIFFS

This leads to the further interesting reflection that stabilisation or alternation of exchange rates has a similar effect to tariff regulation, with one important distinguishing feature. If England imposes a tariff against France, French people will feel resentment against England. If, on the other hand, exchange rates as between the sterling group or bloc and the franc group or bloc are stabilised or otherwise cooked to achieve the same results, the bewildered Frenchman will know that he has been kicked, but won't know where to kick back. The British Government's policy in advancing this "solution" is clearly dictated from Basle and Threadneedle Street, and indicates another ramp of finance to enable it to sit on the volcano for a further period.

THE SUN NEVER SETS.

Prior to the World War, London had been for two full centuries the headquarters of international finance. In addition to this, the inventions of Watt and others made

Britain the first industrialised country of the world. During the nineteenth century, Britain disposed of her "surplus" labour and "surplus" production by export, and by developing large undeveloped areas of the world. Under this urge she consolidated and extended the Empire, until it became her proud boast that the sun never sets on British possessions.

In recent years, however, all other nations have become industrialised, even including the Dominions and colonies of the Empire. The avenue of wholesale export and development is closed, and two further disturbing factors have appeared.

The first is that the Dominions and colonies are at economic war with Britain and amongst themselves, through the very same deficiency of purchasing power which we have referred to. Their unity is solely political. The other is that nowhere in the world may a fight start but Britain's and the Empire's alleged vital and legitimate interests are threatened, whether the fight is between Italy and Abyssinia, internally in Spain, or even a tribal fight amongst the Negroes of Africa or the

Esquimaux. An analogy presents itself in the case of our banks and hotels. It is difficult to start a fight at any street corner without being bang up against some bank or hotel, and, accordingly, injuring the vital and legitimate interests of our major and minor

PAY AS YOU RISE
United Dominion Trust Ltd., the hire-purchase financiers, whose largest shareholder is the Bank of England, are now prepared to extend their "normal services" to include financing the building of bomb-proof shelters on easy terms. . . "Effective protection against gas and bombs cannot be improvised in a few hours' notice," goes the announcement, "and we shall be lucky if we are given as much as that." It is a wonderful system when you come to think of it. No stone is left unturned. The bankers will finance the fight for export markets, which leads to war. They will finance the war when it comes. And, in the meantime, they will lend you the money to enable you to shelter yourself from the war they have engineered when it comes off. It's just a part of the Monty Norman service.
—"Social Credit."

monopolies of banking and beer. Mr. Eden stated that this situation has been aggravated by "the march of science," and that phrase to an Eden means not

man's ability to grow two stalks of wheat where one grew before, but the ability of a bombing plane to fly four thousand miles without refuelling.

No wonder Mr. Eden states that Britain's interest in peace is world-wide, but he will find no comprehensive solution in currency stabilisation agreements, in Locarno Pacts, in removal of tariffs, or even in restriction of armaments. Mr. Eden and his Government must focus their eyes not on the ends of the earth, but on England, and particularly on the Bank of England. All that is needed is the equation of Britain's collective income to the collective price of Britain's products by means of the National Dividend and the price discount. The Dominions would quickly follow this lead, and so would other countries. At one stroke the struggle for international markets would be stopped, and so would the appalling philosophy that the end of industry is to provide work. It would no longer be necessary either to build armaments or to use them. This is the only course which can avoid the rapid disintegration of the Empire, and which can avoid

the danger of Germany or any other country thinking that she is encircled by enemies, or otherwise handed the dirty end of the stick.

This simple course, however, needs guts, Mr. Eden, and won't necessarily involve cessation of your melodramatic prancing across the international stage. Mr. Eden, the handsome, pretty boy film star, would be no match.

"The citizen," as Arthur Brenton has so well pointed out in the *New Age*, "carries his liberty in his purse. The price of this liberty is the eternal vigilance which demands money to be put into the purse, and resists demands for money to be taken out except at the just rate."

And that purse and that vigilance are also respectively the repository and the price of true international peace.

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