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Vol. 3. No. 28.

MELBOURNE, FRIDAY, JULY 9, 1937.

Every Friday 3d

How Prime Minister Abandoned Eleven Children

*

The Prosperity Lie

*

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(Continued on page 3.)

Prime Minister of Australia But Could Not Get One Man A Job

"REALLY GENUINE CASE," SAYS PROSPERITY JOE

AND HE SAILED FOR LONDON WHILE EVICTION TOOK PLACE!

Of late there have been frequent references in the press suggesting that some of our politicians are again discussing overseas the question of a renewal of immigration. Just what has been said and done by J. A. Lyons and his associates in their latest trip is, of course, too "delicate" for their masters, the Australian electors, to be told; on this, as on every other matter of importance, we are expected, in the Prime Minister's own choice phrase, to "keep out of the ring."

However, as Mr. Lyons will shortly be amongst us again, and as he will doubtless regale us with wonderful stories of our abounding prosperity (largely due, as he will admit in all modesty, to his own wise leadership), it may not be out of place to publish at this stage some correspondence that passed between himself and a lady welfare worker in Melbourne prior to his Coronation expedition.

The subject of this correspondence was Mr. O. Gatti, the returned soldier who, with his wife and eleven young children, was some time ago put off his Mallee farm by the Victorian Closer Settlement Commission. Readers may remember that in our issue of April 9 last we reproduced correspondence between Mr. Gatti and Mr. W. M. Hughes, friend of Diggers and of large families, which showed the elderly politician in a very sorry light. The correspondence we now reproduce shows Prosperity Joe in even worse complexion.

An Appeal to Mrs. Lyons

The first letter goes back to the beginning of last October. Addressed to Mrs. Lyons by one of those women who had interested themselves in the Gattis' plight, it set out the history of their case, and went on to say: "As Mr. Lyons is in Tasmania, it has occurred to me that if you state the case to him he could perhaps procure some suitable work with one of the big firms or companies over there, in which case, after getting settled, Gatti could take his family across."

Letter Number One

On October 8 Mr. Lyons replied personally: "... I note your suggestion regarding the possibility of suitable employment being available in Tasmania and I am making immediate enquiries. I am also communicating with the Premier of Victoria to see whether it is possible for his Government to do anything further on this unfortunate man's behalf. The case appears to be a really genuine one, and I am hopeful that something may be done to assist Mr. Gatti and his family. As soon as I am in a position to do so I will write you again."

Letter Number Two

On October 26 Mr. Lyons again wrote: "In continuation of my letter of 8th October, I am enclosing, for your information, copy of a communication just to hand from Mr. E. Parkes, Under-Secretary, Premier's Office, Hobart, having reference to the case of Mr. O. Gatti. When the further advice referred to in Mr. Parkes's letter is to hand, I shall write you again."

The letter from Mr. Parkes was a note to Mr. Lyons, stating that the case of Gatti would be brought to the personal notice of Major Davies, in charge of unemployment matters in Tasmania, and that suitable enquiries would also be made elsewhere.

Letter Number Three

On October 21 the welfare worker had again written to Mrs. Lyons informing her that Mr. Gatti had been compelled to accept the surrender value of his life policy of £200 in order to try and keep up the instalments on his truck, and that he was still battling with little success to get some sort of work that would enable him to keep the wife and eleven children going. This elicited another personal note from Mr. Lyons, in which he said: "I am at present awaiting advice from the Premier of Victoria and the Premier of Tasmania, and when this is to hand I will write you again."

Letter Number Four

On November 14 the Prime Minister again wrote: "I am enclosing, for your information, copy of a letter I have received from the Hon. A. A. Dunstan, Premier of Victoria, having reference to the case of Mr. O. Gatti. I am sorry that the Premier's reply is not of a more encouraging nature but, in the circumstances, I am afraid there is nothing further that he can do on Mr. Gatti's behalf. I am at present awaiting advice from the Premier of Tasmania, and when this is to hand, I will write you again."

The Victorian Premier's letter said: "Dear Mr. Lyons, —I duly received your recent letter relative to the wish of Mr. O. Gatti, a former Mallee settler, to obtain employment. I have had inquiries made concerning his case, but regret that I do not know of any employment, which could be offered to him. I have been advised by the Officer in Charge, Sustenance Branch that Mr. Gatti has interviewed the Minister of Labor and that he has been offered relief work. His motor truck was not, however, suitable. I am also advised that he has been helped in the way of clothing. I understand that he is anxious to rent one of the new homes, which have been erected by the Victorian Government at Fishermen's Bend, Port Melbourne, and I am informed that his claims in this direction are receiving full consideration. While I sympathise with Mr. Gatti in the position in which he finds himself placed, I am afraid that I am unable to help him."

Letter Number Five

The Prime Minister's next letter followed on November 19: "In continuation of my letter of the 14th November regarding the case of Mr. O. Gatti, I am enclosing copy of a communication received by me today from Mr. E. Parkes, the Under-Secretary of the Premier's Department, Hobart. I am hopeful that something may eventuate from his negotiations with the Manager of the Agricultural Bank, and when I have further advice I will write you again."

Mr. Parkes said: "Dear Mr. Lyons, —With further reference to your letter of the 8th October last, regarding the case of Mr. O. Gatti, I beg to inform you that we have been in consultation with the more important industrial undertakings here, but none of them are able to place this man."

"Mr. F. H. Peacock, of H. Jones and Company Ltd., replied to our enquiry in the following terms: '.... Gatti would appear to be an ideal case for settlement on a small fruit farm, where his large family could do most of the picking, which is always such a problem on a small fruit property. Perhaps the Closer Settlement Department or the Agricul-

tural Bank has a small fruit property not being properly worked or abandoned which they could put him on. I should think he could make good on this, if he is a worker.

"I therefore asked the Minister for Agriculture (Mr. Cosgrove) to give consideration to the case, and I am today in receipt of a memorandum from the Manager of the Agricultural Bank, to the effect that enquiries are now in hand with a view to ascertaining whether there is a suitable property upon which Gatti could be placed. Immediately I receive information from the Bank, I will advise you."

Letter Number Six

After this there was silence until December 30, when Mr. Lyons again took up the correspondence: "Adverting to previous correspondence regarding the case of Mr. O. Gatti, on whose behalf you wrote to me, I now enclose copy of a further letter from Mr. Parkes, the Under-Secretary, Premier's Office, Hobart, in which he states that unfortunately so far it has not been found possible to suitably place Mr. Gatti and his family. I am extremely sorry that this reply is not of a more favourable nature, but in the circumstances I am afraid there is nothing further I can do in the matter."

The final letter from Mr. Parkes said: "Dear Mr. Lyons, —In continuation of my letter dated 13th November, regarding the case of Mr. O. Gatti, the Manager of the Agricultural Bank has now informed me to the following effect: '... I have to advise that enquiries have been made from members of the Extension Service Staff with respect to placing Mr. Gatti and his family on a suitable property. I regret it has not been possible to find a suitable property to date ...' We have been in communication with the more important industrial undertakings here, and I am sorry to say that none of them can place this man."

Incredible!

On January 16 the Gattis' friend sent this further letter to Mrs. Lyons: "... Needless to say I am intensely disappointed that nothing has resulted from the great efforts made by Mr. Lyons during the last three or four months to place Mr. Gatti in a position to earn a decent living, with the aid of his truck, to support his wife and eleven children. In any ordinary circumstances it would be amazing to meet with only negative results from such influential combing of industries, but, realising that he is a returned soldier sacrificed to the grim mistake of the Victorian Government, vouched for as 100 per cent, as a settler and a worker over a period of 17 years by officials of the Closer Settlement Commission, who dealt with his eviction —well, it is incredible.

"What is wrong with Australia when the industrial undertakings in two States cannot place a man of this type, who fights for work in time of peace with the same courage as that displayed in time of war? Scorning to accept sustenance since he was evicted from his home, he now has to realise that the Prime Minister of the Commonwealth and the Premiers of Victoria and Tasmania have had to acknowledge themselves defeated in their efforts to provide work to support a family of 13.

"Fortunately, he did not sit back waiting for this result. As I explained in a previous letter, after accepting surrender value of his £200 life policy to leave

reserve cash with his family for living expenses, he took his truck to St. Arnaud, and has had part-time work with the Shire Council carting sand. In his absence, the owner of the house served an eviction summons on his wife—not for arrears of rent, for this was paid punctually, but simply and solely on account of the size of the family, and this in a country crying out for population. Their application for tenancy of a house at Fishermen's Bend was refused for the same reason. ... I cannot persuade myself that the first citizen of the Commonwealth, your esteemed husband, will fail to continue to use his far-reaching influence in order to help this unfortunate family ..."

Letter Number Seven

To this a perfunctory—and final—reply came from the Prime Minister, dated January 26 (Australia Day!): "My wife has passed on to me your letter of 16th January having further reference to the case of the Gatti family. I regret very much that so far my inquiries on Mr. Gatti's behalf have not been successful, but you may rest assured that I am continuing my efforts on his behalf. Should I hear of any opening, I will let you know at the earliest opportunity."

And Off to London

And so Prosperity Joe and his missus went off to the Coronation, leaving their children surrounded by the comforts of the Prime Minister's lodge. And in due course the children of the Gattis were thrown into the street—because there were too many of them.

Joe and the Dame will be back in a week or two. And it is earnestly hoped that as many of you as possible will be at the station to give them a hearty welcome home.

MAFEKING AND DEMOCRACY

Last Tuesday (writes Yaffle in *Reynolds News*) some officers and ex-soldiers who were present at the relief of Mafeking celebrated the anniversary of it at a dinner.

I write this standing. I have not forgotten, if you have, how 37 years ago Democracy trembled in the balance against the onslaughts of Boer militarism.

Kruger—cruel, despotic and with a terrible set of whiskers—was dreaming of world power. It was said he even wanted to govern his own country. Civilisation was threatened.

Desperately, the gallant little British army stood at bay, facing an army nearly one-fifth its size. Came the siege of Mafeking. Kruger concentrated all his forces on one last blow that should break forever the power of Christendom, with which was incorporated Messrs. Eckstein, Beit, Schumacher, Albu, and Barney Barnato. "I will darken the sky with my aeroplanes," he said.

But aeroplanes weren't invented then.

Ah, but he didn't know that. He was a very uneducated man.

Anyhow, with the relief of Mafeking the power of the tyrant was broken, and his place as Public Enemy No. 1 was taken in turn by the Tsar, the Kaiser, Lenin, Stalin, Hitler, Mussolini, and the Miners' Federation. Democracy was saved.



TRUMPET SOLO

By YAFFLE, in "Reynolds News."

A number of highly-placed military officers, a few Cabinet Ministers, and a bishop or two have written to me expressing surprise that I have not added to the general chorus, and said a few words in praise of the British Empire.

The only reason I can think of at the moment is that my heart was too full for words.

There is little doubt that the events of the past few weeks have proved that the British people possess moral and spiritual virtues, which are quite unique.

Perusing the various comments, which, from a detached and unbiased standpoint, we have passed upon ourselves, I gather that we constitute collectively something in



the nature of a Chosen Race.

The Aeroplane, for example, says, "For some unexplained reason God loves the English much as He loved the children of Israel." Nevertheless, explanations are not lacking. Some light is thrown on the subject by the *Lord's Day Magazine*. Discussing the Empire, it says:—

"Think for a moment of the Empire's extent—three times as large as Europe, 20 times as large as Germany, 50 times as large as Spain. . . . Why is Britain exalted? . . . It must either be dismissed as inexplicable, or we must admit that God is still the God of nations as of old. 'Righteousness exalteth a nation. . . .'—Proverbs, xiv. 34."

This assurance of a monopoly of Divine favour represents a spiritual and temporal merger that should offer a safe field for investment, and dispel all fear of serious competition in the world markets.

This consolidation of our position, however, carries with it certain duties. It renders all internationalist theories automatically blasphemous, and puts the Empire definitely into the category of not to be taken away.

It is clear that we got our Empire because we are good Christians.

Nevertheless, doubt has arisen as to whether we are all Christians, or only some of us.

The Bishop of Chelmsford said recently that a man cannot be a Christian if his income is under 50/- a week or over £1000 a year. He says those below are too concerned with the struggle for material existence to have thoughts for their souls' welfare, while those above are demoralised by wealth.

I cannot accept this method of distinguishing the sheep from the goats. By putting the wealthy man in the same category as the fifty-shilling sinner, all Cabinet Ministers, financiers, captains of industry, and other respectable citizens would be herded together in outer darkness with agricultural labourers and unemployed, while such people as busmen and journalists would pass bumpily into heaven.

It would be safer and less insulting, I think, to regard the nation collectively, and go by the average income per head. This works out at about £3 a week. It is, I admit, a narrow margin. It is not very reassuring to find that we are, per head, only about ten bob inside the Christian fold. Nevertheless, as no other nation except America seems to reach that figure, the English-speaking peoples will have the place, more or less, to themselves.

It will be asked—seeing that we are more virtuous than other races—is it not our duty to spread the light a little more thoroughly in dark places?

It is often said that greater facilities for foreign travel would tend to create international understanding and dispel mutual envy and



suspicion. Unfortunately, it does not always happen like that.

Many English people return from Continental holidays to demand a bigger Navy. Noting the difficulty of obtaining a nice cup of tea in villages, and observing that the natives play football on Sundays and keep cafes open at all hours for the sale of alcoholic liquors, they naturally conclude that a foreigner

"BUDGET A DECLARATION OF FINANCIAL BRIGANDAGE"

English Trade Paper Hits Out at Financial Racket

In our last issue we drew attention to the remarkable statement on finance just issued by the Federation of British Chambers of Commerce. Another indication of the growing revolt in British trade circles against the domination of private finance over the entire nation comes from *Shipping*, organ of the shipping and transport trade. We republish below the comments of this journal on the British budget.

The Budget is a declaration of financial brigandage upon the community, repeated with increasing severity and accepted with patient resignation each year.

Mr. Chamberlain's valedictory promise of increased taxation is based upon the assumption that no other course is reasonably possible.

We must, in fact, endure a reduction of personal purchasing power in the interests of a financial system that proposes to solve our domestic difficulties by borrowing ourselves out of debt.

No businessman would, in his own business, regard the proposals with favour, yet businessmen, in many cases, regard the Budget as a balance sheet indicating the strength of our national position.

It is, of course, an estimate of national expenditure and income for the financial year.

No credit is recorded, either in the Budget or elsewhere, for the vast sums expended, over a period of years, in the creation of national assets.

In 1913-14 Budget expenditure was nearly 200 millions and by rapid stages, involving the creation

of enormous national debt, has risen to an annual tax of nearly £863,000,000. Just think of it—over 16 million pounds a week.

This process is the result of using privately owned money and credit to distribute domestic purchasing power in payment for national services or goods.

The taxpayer, both individually and collectively, has raised his voice repeatedly against this growing burden, which deflates his earnings and defeats the most enterprising.

The taxpayer does not on the whole appreciate that the trouble arises from borrowing the mechanism of a financial system, which brings apparent benefits into existence as a debt.

The question is purely a practical one and calls for examination of our national system of taxation and which would be certain to disclose, at least, that our present method requires drastic amendment.

There is a school of thought in the country who believe that:—

Money or credit for national purposes should be created by the Government and not borrowed from banks or taken from the taxpayer.

If consideration is given to that proposal there is a prospect of gradual reduction.

Part of our prosperity, which industrialists and politicians have envisaged for the next five years, is due to the Government promise to spend on national account 1500 millions.

That represents both borrowed money and taxation and a large part of which will ultimately be funded from rearmament loans.

The taxpayer will be called upon to pay the interest out of his future earnings as tribute to a financial system, which, for its ultimate security, rests entirely on the national credit.

It is obviously poor policy for the Government, under these circumstances, to neglect the creation of money for national purposes and to continue the present method of subordinating everyone to a debt machine.

If, by the proper use of the nation's credit and by degrees the Government relieved the taxpayer from unnecessary burdens, the shipping and the shipbuilding industries, as well as other trades, would derive direct benefit.

By taxation reduction the increased income (of the community) would be used to acquire wealth provided for consumption; but which, under the present method, imperfectly functions—because a large part of individual income is not spent by the individual, but by the Government.

The Government keep an overdraft with the Bank of England secured on the National credit, known as "Ways and Means Account."

Government supply departments (such as War Office, Admiralty, Air Ministry) make their payments from this account, and subsequently sums received in taxation are placed to the Government credit on the "Ways and Means Account."

The position, therefore, is that money is created by the Bank of England, loaned to the Government and repaid by taxation out of wages, etc.

We take ten pounds from Jones, give it to the Inland Revenue, who in turn hand it to the Bank, who originally issued it.

A complicated process of adding to the National Debt and the financial chains, which bind the taxpayer.

The Right Rev. W. H. Johnson, Bishop of Ballarat.

Your Lordship, —

Permit us to offer you our tribute of congratulation on the splendid address you gave in Melbourne a week ago, when, while deploring Communism, Fascism and war, you declared that none of these is the disease, which the Church and civilisation must attack. These things, you very rightly said, are only symptoms of the real disease, which is the individual and national fear of POVERTY, and of a poverty existing while all the fruits of nature are available for man in abundance.

The moral of your Lordship's discourse is that the first and only worthwhile activity of every Christian today is to join in the crusade—for it is a real crusade—to abolish poverty. As you pointed out, the alternative is a reversion to paganism and to material disaster, on the brink of both of which we literally stand.

It has long been a mystery to us that instead of the few, the vast majority of our Church leaders have not unceasingly raised their voices in the way you are doing. If they look for example to their Founder, what was His practice? Are not the Scriptures full of how His ministrations and His miracles began by attention to the temporal and material wants of men? Did not His public life commence with the miraculous supplying of wine for the marriage feast? Did He not then feed the multitudes, heal the sick and even restore life to the dead? Did He not proclaim in one of His parables that those who are unemployed because no man hath hired them have the same right to a livelihood as those in full-time occupation?

Yet how do our churchmen apply these lessons?

In the great majority of cases they spiritualise them out of existence. They are ready to see in them their mystical meaning, but they miss the obvious; they preach the change of heart, but rarely do they note the physical needs. Yet, at the same time, although Christ took the fields and the highways for His own temples, although His own Apostles left everything to follow Him, the apostles of this twentieth century are busy enough about their personal temporal needs. Rarely do they denounce the shocking conditions under which so many of their parishioners are housed, but they are unceasing in their demands for material improvements to their own churches and homes. Rarely do the professional followers of Christ lift their voices against the abominable standard of the dole, but they are quick to cry out against the injustice of the three-penny bit on the plate. With fifty-two weeks in the year for sermons, the lesson of the money changers in the temple—or of the Apostles who slept while their Master suffered—seems about as rare as Sunday, the 29th of February.

We share with your Lordship the belief that no one today, whether cleric or layman, should have to worry over the material needs of life; that we could have houses for our people AND spires for our churches. Thanks to God's providence, there is plenty for all. But unless churchmen incessantly denounce the economic paganism whereby it is restricted and even destroyed in preference to its being distributed—we share also your view that the abandoned multitude will revert to religious paganism. They are doing so now.

God give your Lordship the strength to go on as you are going.

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MELBOURNE (Cont.)

(Continued from page 2.)

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(Continued on page 7.)



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Mr. Addison Again

Last week we commented upon the falsehood broadcasted by Mr. Stanley Simpson Addison, secretary of the Sound Finance League of Australia, when, in a propaganda address over Station 3UZ, he declared that, "in spite of what cranks may tell you, banks cannot lend more than they borrow." Mr. Addison was on the air again this Monday, and he had the impudence to repeat the lie. From what he said, it appears that listeners have been protesting to the station, both against his use of the word "cranks" and against the inherent falsity of his statement. Unabashed, however, Mr. Addison explained that he had not used the word in any opprobrious sense, while the substance of his statement was correct. His "proof" was the general statement: "It is a physical impossibility to get out of anything on earth more than you put into it."

Such a statement confirms our view that Mr. Addison would be in a better element if he were airing his views to the patients at Mont Park. For he is apparently so out of touch with realities that he has never heard, for instance, of a farmer who sows an ear of wheat, or the gardener who plants a bulb, or any similar physical process. Even in the intangible realms of finance, on which Mr. Addison purports to be such an authority, it would be a sorry day for the banker if he got no more out of the borrower than he lent him!

Mr. Addison, if we remember aright, indicated that he would be prepared to debate, upholding the negative, the proposition that banks create financial credit. We suggest that he issue his challenge to Professor Copland, whom we quoted in the affirmative. Or, if he desires to provide us with some real entertainment, he might go along to the State Savings Bank in Melbourne. *Savings Weekly*, the organ of the

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officers of that bank, published in its issue of June 22 an article (reprinted from the *English Bank Officer*) entitled, "Banks and the Creation of Credit." In the course of that article these statements appeared: "That 'loans create deposits' is now accepted by all leading economists." And, again: "Experience has taught British bankers that they can create credit to about nine or ten times their cash reserve. This can easily be confirmed by a glance at any of their balance sheets." Apparently Mr. Addison, the bankers' spokesman, will have to start a school to educate bankers what they must *not* say—especially around election times.

In his latest broadcast Mr. Addison went on to make a number of other serious misstatements. Thus, speaking of current account depositors, he said, "their money is always safe and always available." The merest glance at the banks' returns shows this to be wildly untrue. The last (March) Quarterly Summary of Australian Statistics, for instance, shows the average non-interest-bearing deposits for the quarter in the cheque-paying banks of Australia to have been £136 millions; against these obligations the banks were holding, on the last Monday in March, only £14,884,790 in notes and a couple of million or so in silver and copper. The fact is, your deposit is safe in the bank only so long as you do NOT ask for it.

But we do not propose to follow Mr. Addison and his Sound Finance League through all their devious ways of misrepresentation. That such matter can be seriously put forward as bank propaganda is surely sufficient proof, if proof were still needed, that our financial machinery is long overdue for a thorough clean-up.

The "Argus" Shows Up the Bankers

More and more frequently circumstances are compelling our mentors to let the cat out of the bag. Thus, the *Argus*, in its financial leader last Saturday, had this:

"Deliberate devaluation of the pound sterling was considered by the Macmillan Committee in 1930 as one means of remedying the economic malaise from which Britain had long been suffering. But this committee of financial experts of first rank, in rejecting such a course, said that, 'while all things may be lawful, all things are not expedient, and, in our opinion, the devaluation by any Government of a currency standing at its par value suddenly and without notice (as must be the case to prevent foreign creditors removing their property) is emphatically one of those things which are not expedient.' And yet, a year later, Britain was forced to take a step, which experts had considered would almost irreparably damage the prestige of London as a financial centre. As events subsequently proved

AMERICAN RECOVERY AND ITS BANKING SYSTEM

130 Congressmen Are Demanding National Control of Credit

Though we hear very little about it through our daily newspapers in Australia, the public demand for reforms in the monetary system of the United States is growing rapidly—as it is in Australia. The article below is reprinted from the June issue of *Dynamic America*, and its author is the Hon. Jerry Voorhis, a member of Congress from the State of California. In its broad outlines the money system of the United States is similar to ours—that is, the private banks, through the granting and the calling in of loans, effectually create and destroy most of what serves the nation as its money.

There are more than 130 Members of Congress who are drafting legislation for public ownership of the twelve Federal Reserve Banks. In line with that effort, I would like to comment on the disappointment expressed by the President in his April 20th message that tax revenues have fallen below expectations.

Faced with actual revenues half a billion dollars below expectations, the Administration must postpone its attempt to balance the Budget and endeavour to cut expenses this year by 250,000,000 dollars. A part of this cut will affect necessary parts of the programme of providing useful work for the unemployed.

Why should these things be? Manifestly, recovery has not been so rapid as expected. We have had recurrent warnings from the President and from the Chairman of the Federal Reserve Board of Governors, Mr. Eccles, that recovery has been unbalanced. This is why, in the face of a sharply rising stock market and great activity in some industries, we still have almost as much unemployment as ever.

The unbalance has come from monopolistic forcing of higher prices for goods, which the people use. Recovery has been warped by speculation to expand the heavy-goods industries, at a time when the existing equipment of industry for production of wanted goods which the people eat, wear, and use is being employed at not more than half capacity.

Not long ago the President in-currency depreciation proved an effective method of stirring the sluggish wheels of trade of a debt-burdened world."

The *Argus* could have gone further, and have reminded its readers that, just as going off the gold standard against the bankers' advice had benefited the people of Britain, so the previous return to it in accordance with their advice had proved calamitous.

And if this applies to bankers' advice on matters of technique on which they should be presumed to be expert, how much more does it hold good in matters of industry, national development, and the like, about which bankers have not even a theoretical knowledge?

When in 1929 we were producing more real wealth than ever before, the bankers suddenly discovered that we were poor. Yet, if war were declared tomorrow, and we started out to *destroy* men and material at the maximum possible rate, there would be no bankers' talk of poverty. The plain fact is that the interests of those who now control banking policy are directly opposed to the interests of the people. They are essentially debt merchants who thrive on usury. Both in principle and in technique our prosperity is their undoing. Hence their advice is not given and cannot be given in the best interests of the people.

The *Argus* knows this and casually admits it. But, as election time approached, it is morally certain that it will again be crying: Hands Off the Banks.

formed the country that, during 1936, the industries of this nation attained a maximum average working time of 33.4 hours per week. That is less than a 6-hour day, with a single work shift.

Of course, it is possible to work our machinery an average of two, or even three, daily shifts instead of one, to use it 60 hours, or even 90 hours, a week instead of 33, and thus more than double the national income with the same existing equipment. What would happen to tax revenues then?

We have the men. We have the machine power. We have the raw materials to make up into finished goods. All that industry lacks today is the orders. All that is needed by the mass of people today is the monetary means to make our industries hum at full capacity. They do not lack the physical means. They do not lack the real wealth. They lack only the monetary symbols to match and so actuate that real wealth. If we can so organise our money and credit system as to reflect the physical facts of our existence as an industrial people, we shall achieve real recovery.

Our recovery should not have as its goal anything resembling the present impotent attempt on the part of speculative investors at return to the boom period of 1929. For, in 1929, nearly one-half of the people were unable to meet a family budget of health and decency. We must aim at higher than the standard of living in 1929. In that year the American people produced only 81,000,000,000 dollars worth of goods. But we can produce 120,000,000,000 dollars worth of goods, which consumers want, and with a dollar that buys more goods than the dollar bought in 1929. We can easily double the revenues of Government without increasing the rate of taxation. We can balance the Budget. We can pay the national debt.

The Trouble Defined

What, then, is the trouble? Why have we not, as a nation of consumers, the purchasing power to match our selling power as a nation of producers? What has this proposal, that the Government take over the twelve Federal Reserve Banks, to do with actualizing mass buying power, in step with the actual producing and selling power of our industries?

A short answer to this question is found in the warning uttered by Thomas Jefferson:

"If the American people ever allow private banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all their property until their children will wake up homeless on the continent their fathers conquered."

With this warning coming to us down the years of our history, a right diagnosis of the plight of our people must include the following six points:

First. It is wrong for the bank of issue of the United States—the Federal Reserve Banks—to be the private property of private banking interests.

Second. It is wrong for our Government to have to pay interest on its own credit.

Third. It is wrong for the American people to have to bor-

row into circulation the money they need to carry on their business.

Fourth. It is wrong for one kind of businessmen—about 75 big banks and financial houses—to be able to force the Government to print money for their use and back it with the Government's credit when other kinds of businessmen cannot do the same thing. This leads to financial and industrial monopoly.

Fifth. The twelve Federal Reserve Banks were created to stop booms and depressions; they were intended to pay all surplus earnings into the Treasury of the United States—see section 7, paragraph 1, of the original Federal Reserve Act; they were supposed to pay interest for the use of Government-issued and Government-backed money—see section 16, paragraph 4, of original Federal Reserve Act; they were supposed to prevent the growth of a financial monopoly in this country.

Sixth. The facts are, however, (1) that the worst depressions in our history have occurred since the passage of the Federal Reserve Act, and that it is at least an open question whether the Federal Reserve Board is at present in a position to prevent another and yet more violent cycle of boom and depression; (2) that the Federal Reserve Banks have only paid about 150,000,000 dollars into the United States Treasury in all their history, and that by the Bank Act of 1933 the franchise-tax requirement that surplus earnings be paid into the Treasury was repealed outright—see section 7, paragraph 1, of the Federal Reserve Act as amended; (3) that the original provision empowering the Federal Reserve Board to charge interest to the private Federal Reserve Banks for the use of the Government's credit has never been carried out, and through all of these years the banks have never paid any interest on the Federal Reserve notes issue for their use; (4) that whatever else may be claimed for our present financial policies, certainly they have permitted a steady growth of financial monopoly, until today 75 great financial houses control half the assets of all the 15,000 banks in America and are reaching out to control our industries as well. The small bank is helpless before these great aggregations of capital and is disappearing from our economic scene.

The primary reason for these conditions is the fact that by congressional action the American people have given over to an essentially private banking system the right to employ Government credit free of charge as security for the issuance of bank notes—Federal Reserve notes. Coupled with the privilege which all banks enjoy, of maintaining only partial reserves against their deposits, this power enables our banks to create and destroy the medium of exchange—whether it be cash money or cheque-book money—upon which all America depends to carry on the business of the country.

The Remedy

The Democratic platform of 1936 declared:

"We approve the objective of a permanently sound currency so stabilised as to prevent the former wide fluctuations in value which injured in turn producers, debtors, and property owners on the one hand and wage earners and creditors on the other. A currency, which will permit full utilisation of the country's resources."

In consonance with this declaration these principles are fundamental:

First. There is only one agency in the nation, which has a moral or a constitutional right to issue money, and that is the Federal Government. We propose, therefore, to make the bank issue of the United States—the twelve Federal Reserve Banks—Government property.

Second. When Government
(Continued on page 7.)

THE HISTORY OF THE LARRAKIA

As Related by Mr. F. M. Baker, M.H.R.,
in Parliament on June 20

If a government makes itself ludicrous, the electors laugh it out of office. This Government has been responsible for more humorous incidents than any other government since federation, and it will receive its reward for its absurdities at the election. Things that make a government look ridiculous count more with the electors than the things, which really matter. For one instance of the ludicrous actions of this Government we have to look to the comedy of the *Larrakia*. Through the *Larrakia* incident, the most Gilbertian situation in the history of this country, the Government had made Australia a laughing stock in the eyes of the world. This tragi-comedy is the fault of a government which claims to know how to defend Australia, and how to build the Navy necessary to protect this great country, but whose actions are causing other nations to regard Australia in such a light that they feel that there would never be any risk of a government of this kind defending Australia in any way.

It is difficult to ascertain the truth about the *Larrakia*. The Government lacks sufficient candour to give any information beyond that which it is forced to give. The Minister for the Interior (Mr. Paterson), when asked to lay on the table the papers concerning the *Larrakia*, refused to do so. For his refusal there can be only one explanation, and that is that if these papers were tabled the facts would be given a face even worse than they appear to bear from the press reports. Nevertheless, whilst it is impossible to get any information from the Minister, it seems possible to get fairly close to the truth from other sources. It appears that the *Larrakia*, when engaged on its usual patrol work, arrested the mother ship, the *New Guinea Maru*, and a fleet of about 50 Japanese vessels. As soon as the *New Guinea Maru* had been arrested, the *Larrakia's* wireless equipment went out of action. The arrested mother ship was then approached with a request to use its wireless, but it was found that it also was out of action. There is little reason to doubt that the men on the *New Guinea Maru* themselves disabled it; they were not willing to assist the people who had arrested them.

When the patrol boat began to escort the arrested vessel back to port, the starboard engine of the vessel became disabled, and shortly afterwards the propeller on the port engine sheered off. Then arose the ludicrous situation of the arrested lugger having to tow the arresting craft. Could the humiliation of the men in charge of the *Larrakia*, or of the Australian nation itself exceed that? It would be difficult to contemplate a greater humiliation of this country than occurred on that occasion. Once the journey back was started, it was discovered that as the *Larrakia* had broken down in so many ways, it was necessary for it to proceed through the inner channel, and, as the 250-ton *New Guinea Maru* had too much draught for that channel, it had to be released.

Then comes the next interesting incident in that tragi-comedy. No news had been heard at Darwin from the *Larrakia* for 36 hours, and the Commonwealth authorities endeavoured to communicate with the crew. As usual, there were no aeroplanes available within 1000 miles of where they were needed. The authorities, therefore, besought "the Flying Doctor," Dr. Fenton, the man whom they had pursued with all over Australia, the man whose licence they had suspended and threatened to cancel because he flew out of the country to see his sick mother, to fly to sea in order to ascertain if the patrol boat was safe.

Dr. Fenton, who could easily have refused to undertake this

service, took the Australian attitude, and as men's lives were possibly in danger, he immediately flew out in his own aeroplane, the machine which was donated to him by the Australian people. This Gilbertian Government promised last year that it would give Dr. Fenton an aeroplane, but it has not yet kept its word. Dr. Fenton was able to ally all fears as to the safety of the *Larrakia* by reporting on his return that it and other vessels were returning to port. As I have stated, the *Larrakia* had to release the mother ship, but it brought two smaller vessels into Port Darwin.

The previous history of the *Larrakia* is also interesting. It has been stated, and not disproved, that it was used formerly for patrol work in the River Thames; yet today it is charged with the patrol of 600 miles of open sea. This Government, so well able to decide these things, selected the *Larrakia* as the ideal boat for the work on which it is now engaged, but when it first arrived at Port Darwin, spick and span, and supposedly ready for service, and was tied to the wharf with a 6-ft. chain, it immediately sank. When recovered, it was found that the automatic baling device was upside down and that, instead of baling water out, it was siphoning it in. Naturally, the vessel sank, and subsequently it had to be repaired. When it went on its first trial, engine trouble was experienced, and I understand that it had to be towed back. It is said that the crew could not sleep on the boat, so I imagine that when darkness over-

UP THEY GO-FROM RENTS TO CARS

"Sun", July 3:

Reports have been received by the Slum Abolition Board that rentals of slum properties have been increased since the announcement of an increase in the basic wage. Tenants who reported the increases to the board said that owners of premises had ascribed the higher rents to the rise in the basic wage.

"Herald", July 3:

Car price increases of 7½ per cent or about £23 on a £300 car, are likely almost immediately. The president of the Chamber of Automotive Industries (Mr. A. C. Aubrey) said today that the rise was inevitable.

took them, no matter where they happened to be, a return had to be made to Darwin. Apparently, only a man of small physique could go around the engines. The engineer was too big for the job, and he had to be left behind on the latest cruise.

A year or eighteen months ago the Government was told that its second boat, the *Roogannah*, would be unsuitable for the work, which it was expected to do. We are told that it was formerly a private fishing yacht, but it now has to take to the open sea to arrest offenders, and, if necessary, to fight. No doubt this fiasco has caused considerable amusement throughout the world, as it has among Australians, but it is a serious matter. I am criticising, not the officers and crew of the *Larrakia*, but the most inefficient and incompetent Government Australia has ever had. The captain and crew of five men set out to arrest offenders. They found a mother ship of between 200 and 250 tons, which, I understand, carried 50 naval men. There were at least 50 other vessels—the number has even been stated as high as 78—following the mother ship. An Australian captain with five men was expected to bring these vessels into port!

LETTERS TO THE EDITOR

SHALE OIL

The outrageous action of the Commonwealth and New South Wales Governments in committing the taxpayers of Australia to the burden of financing this Newnes Shale Oil stunt calls for the use of a powerful searchlight. Taxpayers' associations should step in at the right end of our problems and not wait until the damage is done. The silence of such bodies, combined with the approval expressed in the newspapers concerning the Newnes project, has an unwholesome snuff about it.

This venture is being financed by the Commonwealth putting up £334,000, the State of New South Wales £166,000 and a Mr. Davis, who is in the gelatin business, £166,000. Mr. Davis, by the way, is chairman of the Cockatoo Dockyards Co., a private concern that has taken over that Government undertaking and is running it with a government guarantee of certain work and income.

The Government contribution to this shale oil racket is by way of 4½ per cent, debentures redeemable over 20 years, so that if the show flops the taxpayers lose the money invested, and if it succeeds they will derive no benefit.

It is recognised that Newnes cannot produce petrol at prices competitive with the imported product, so, to put it on a commercial basis, the Commonwealth Government will either have to raise the import duty on petrol coming into the country or pay a bounty on the Newnes output. In either case the taxpayer will pay.

The estimated potential output of Newnes is only a fraction—about 5 per cent.—of the demand of Australia, and all this expense to Australia and the signing away of our possessions to a private concern which could sell out to foreign oil trusts, is "justified" on the score of defence requirements and the necessity of a training ground for oil chemists and engineers.

The anti-social policy of Commonwealth Oil Refineries—on the board of which Billy Hughes represents Australia—should provide a lesson for us and satisfy intelligent people that policy and not ownership is the key to these problems. If Billy would instruct C.O.R. always to sell at prices below those of the major oil companies the Australian taxpayers would benefit to the extent of millions of pounds a year. The C.O.R. could drop a million pounds, or more, annually, but the oil trusts would have to drop ten or twenty times as much in meeting the competition, and C.O.R. could be reimbursed out of the savings made by petrol users enjoying the lower prices. But this would be bad business for a few oil magnates, who evidently are much closer to the hearts of Billy Hughes and Joe Lyons than are the people of Australia.

D.L.

MUSSOLINI'S WAR WIDOWS

Returning to Australia from abroad recently, I was struck by the appearance of a number of Italian women, none of whom could speak a word of English, and all of whom were dressed in black. On inquiry, I was told that these were widows of the Italian soldiers who had lost their lives in Abyssinia, and that they were coming to Australia as assisted immigrants—assisted by Mussolini to that extent, and thereby relieving the Italian treasury of their permanent upkeep.

While not subscribing to the silly outburst against Italian immigration (especially of the fine types from Northern Italy) I submit that, if the facts are as stated, it is scarcely right that Australia should be saddled with part of Mussolini's Abyssinian debt.

N.D.

NATIONS CAN CO-OPERATE!

By LEONORA POLKINGHORNE.

The cables in the dailies nowadays are so depressing with their recurring threats of the imminence of war that it is extremely gratifying to hear from Professor Copland over the air that there is a very real attempt on the part of nations to get together and do something. This surprises us, we must admit, as every morning pronouncements by Mussolini or Dr. Goebbels are of such a nature as to spoil the flavour of the breakfast bacon. Anything less like a spirit of co-operation in the interests of humanity in general than these pronouncements can hardly be imagined—but wait!

There is a co-operation, Professor Copland assures us—"not spectacular, which gets no headlines in the press"—a co-operation that has nothing to do with national discords, that rises supreme above race antagonisms, that stands like some strong tower among the turbulent waves. It is the silent, steady, constant co-operation of Finance!

The Shining Goal

The professor bids us remember that, while we are all het-up about Spain, Japan and Russia, we should take comfort in the fact that there are those who work on in spite of these distractions for a common purpose. What is that purpose? We close the door against alien sounds and come closer to the radio. We learn that the purpose is stability. What sort of stability? Well, it seems it is the sort of stability we had in 1929 when we were all on the gold standard, and that is the shining goal that these philanthropists are heading for. Now, isn't that nice?

It doesn't matter, the professor assures us, what nation it is, or what politically they think of us, this peaceful co-operation goes on all the same. At the very moment that Germany is calling England everything but a lady, and blaming her for all the sorrows that surround the Spanish situation, the professor particularly instances Germany as one of those countries with which we are co-operating in this noble work.

We needed this assurance. We must be glad to learn that there are those who do not care whether we are pure Nordics or undiluted Aryans, or whether our shirts are black or red, whether we are under a monarchical system, a plutocracy, a dictatorship or Communism.

We poor, simple women nevertheless find it all hard to understand. Few of us have made an intensive study of economics, and so feel duly humble when listening to great authorities like Professor Copland when he descends from his eminence to explain things to us so kindly.

"If We Could Talk Back—"

If we could talk back to the radio we would, perhaps, ask whether it was true that when Phillip Snowden agreed that England should return to gold some years ago there was great suffering among the masses in consequence. We want to know why that does not seem to matter. We want to know more about this stability. What sort of stability is it? Is it stability of income for the masses? If so, were they more stable when we were on gold than they are now? Will it remove the threat of war and its menace to our sons, husbands and brothers? The professor did not say so, but he said that it would have a definite effect on unemployment, through facilitating the flow of international trade. That, of course, is because we can only become really prosperous by sending away as much of our real wealth as other nations are willing to take from us.

Another thing the professor said seemed curious to a poor ignorant woman. It was that there is such a large increase in the world's gold that it is upsetting everything. The

United States is choked with it, and that in some obscure fashion is why things are so difficult over there, and why the police have to be armed against the strikers, etc. He did not mention that, but the cables give a very gloomy picture of industrial conditions in that country.

"No Headlines in the Press"

What seems so funny is that while orthodox economists like Professor Copland tell us that gold is the only true standard of wealth, countries become poor if they have too much of it. I humbly agree, of course, that women cannot be expected to see through all this delicate and complicated network of finance—they only see that while all countries are producing all the things we need at a great rate, we are all being asked to draw our belts tighter. For instance, the professor said, with regard to returning to the gold standard, that the democratic countries should be prepared to make a sacrifice in order to get there. But just who would be called upon to make the sacrifice? Would Montagu Norman, for instance, be expected to cut down his food and drink ration?

Anyway, it is nice to think that while General Goering and Mr. Chamberlain may be quite unable to have a comfy chat together to stabilise the peace of Europe, there is not the slightest difficulty about getting Dr. Schacht and Montagu Norman to a private conference—but, as Professor Copland assures us, it will not be "spectacular," and "it will not have headlines in the press." Apart from their philanthropy and freedom from nationalistic prejudices, there is nothing for which financiers are more noted than for their modesty.

MORE CAPITAL FOR COMPANIES OF WHICH MR. R. G. MENZIES IS DIRECTOR

It was announced during the week that Jason Investment Trust (Australia) Ltd. had received subscriptions for over £65,000 of capital, and that National Reliance Investment Trust had raised an additional £50,000.

The four allied investment trusts on the boards of which Mr. Menzies sits have now a subscribed capital of approximately £825,000.

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" EXTRAORDINARY PROSPERITY "

More Foolishness From Sir Henry Gullett

A Letter to the Editor from BRUCE H BROWN

Sir,—

In the course of my letter last week a brief reference was made to the statement of Sir Henry Gullett to the ladies of the A.W.N.L. at East Malvern that if we change the Federal Government at the next elections it will be to change "from extraordinary prosperity to doubt and uncertainty." A few days after saying this, Sir Henry took his place in the House of Representatives and addressed the members of the Labor Party as follows: "I believe in political honesty and candour . . . The electors will not be led to believe that the distress in the community is due to the actions of the present Ministry. The people are too well off earning money and keeping their jobs to want a change of government . . . Let the Labor Party tell the country where it stands in regard to the Empire, and in regard to defence, particularly Empire co-operation and defence. These are the questions to which the people will require answers."

If the distress in the community is not due to the actions of the Government, then whose actions have caused it? And seeing that more than 81 per cent, of Australia's breadwinners receive less than £4 per week, could he have been serious when he said, "the people are too well off earning money"? One aspect, however, gives us cause for hope. He has openly admitted that *the people* are sovereign, and that their approval or disapproval is the most important consideration. No fewer than four times in the brief passage quoted he professed great concern about what "the people" would think. At long last it would seem, you and I (the people) are assuming our correct place in the matter of governing ourselves, and it is up to us to tell Sir Henry and all the other "representatives" what we do think.

Economising in Truth

The first thing to tell Sir Henry is that a man of his status should not make statements so inconsistent with facts, and that there is neither political honesty nor personal honesty in referring to the existing conditions of the community as "extraordinary prosperity." These words mean "an unusual, rare, or remarkable advance or gain in anything good or desirable"; also "unusually or remarkably successful progress and good fortune." Only those who economise in truth or do not think straight could describe the plight of the people at large as something good or desirable, much less say that it is extraordinarily good or extraordinarily desirable. Every seriously-minded person knows only too well that the reverse is actually the case; and unless we take steps to change that plight into conditions affording the opportunity for our people to enjoy the real prosperity to which they are undoubtedly entitled, and to which they can easily be given access, then we can blame only ourselves if civic disturbances develop.

Conditions of Prosperity

As reasonable men and women we know that a prosperous community is one in which the people (a) have adequate access to all the every-day necessities, (b) are living in comfortable homes, (c) have leisure in keeping with the progress of science and mechanics, (d) enjoy good health, and (e) have freedom from the worries of debt and servitude. Any community, which does not enjoy these conditions, is *not* prosperous.

Everyone knows that our access to the things we need is governed by the money we receive as income. No income, no goods. Those of us who have a good income have no trouble at all in obtaining what we desire from the merchant. He is glad to supply us. That is how it was that Mr. R. G. Casey, Federal Treasurer, was able to get a beautiful house built in the most desirable part of London, "regardless of cost." He receives a

large income, even though he has done nothing personally to warrant his being specially favoured in that way. It is true that he is the son of his father, but aren't we all? He must feel terribly ashamed, too, at getting "something for nothing," particularly as it is said to be so demoralising and such a mistake on God's part.

But those whose incomes are drastically limited (and unfortunately they are in the great majority) have no end of trouble to get even the barest necessities, and it is this very lack of income that is the greatest cause of human unhappiness and social unrest. This being so, it is important for all of us to understand exactly how the people of Australia fare in this respect.

The People's Incomes

Taking the population as a whole, more than half of them get no income at all; but as this includes babies in arms it will be more appropriate to consider only the breadwinners of the country. The official figures for the last census speak for themselves, as follows:—

Weekly Income.	Percentage of Breadwinners.
Nil	10.6
Under £ 1	29.8
From £1 to £2	18.4
From £2 to £3	12.2
From £3 to £4	10.2
From £4 to £5	7.9
Over £5	10.9

From these figures it is obvious that less than 1 in 5 of our workers receives more than the basic wage, and that consequently the great bulk of our people are living on the breadline standard or below it. This, mark you, in a land flowing with milk and honey, where we destroy food or prevent its production and where we tip fish back into the sea. What insanity, and yet we have the almost unbelievable spectacle of a knight and former Minister of the Crown going from meeting to meeting telling women that these conditions represent "extraordinary prosperity."

Some may say, "Yes; but the figures you quote are for the year 1933, whereas wages have since been increased." So they have; but as prices were rising *before* the increase, and have suddenly jumped up further *since* the increase, the people on the breadline have not had their positions improved at all, while those on sustenance or with fixed incomes are definitely worse off.

The Unemployment Position

In addition to the foregoing, and despite what is said to the contrary, the unemployment position is still alarming.

The official figures purporting to show that unemployment is back to what is called normal (round about 9 per cent.), and which are quoted so gleefully even by the workers' "advocates," are seriously misleading and very damaging, because they take no account of the thirty thousand men who depend on their families and are not permitted to register for sustenance, or of the tens of thousands of youths who have never had an opportunity to gain a place in industry or to become registered as trades unionists. The Rt. Rev. W. H. Johnson, Anglican Bishop of Ballarat, described the problem of unemployed youth as the most pathetic and, potentially, the most mischievous phase of the economic depression (Melbourne *Herald*, 13/4/37). All over the country there are young boys and girls keeping older brothers and fathers on miserably inadequate earnings, while war widows are keeping grown sons on their tiny pensions.

The *Workers' Voice* of October 9 last gave illustrations in support of the assertion that "while the rich grasp for more and more wealth the poor are

driven to scavenge for scraps of food." I know the latter to be true, for I have seen these unfortunate people actually combing the city's refuse tins, and the sight caused me to feel ashamed that for so many years I had taken no interest in the *cause* of such revolting conditions. Sir Henry Gullett, as a prominent member of the Commonwealth Parliament, has even more reason to feel ashamed.

Some idea of the doubtful value of the unemployment figures given in the press and quoted by public bodies may be gathered from the following. According to the Quarterly Summary of Statistics relating to Queensland, it was stated officially that at the end of June, 1933, there were 27,906 trades unionists unemployed, but the results of the Census taken at that particular time showed that the correct number of persons unemployed in Queensland was no less than 98,613! There is every reason for believing that the official figures published periodically in this respect are still equally misleading.

What a Medical Writer Says

Doctor E. P. Dark, of Katoomba, N.S.W., writing in the *Medical Journal*, says that in Australia "there are more than 200,000 unemployed, with their dependants and children. This means, probably, 500,000 people without enough food, badly housed, poorly clothed, and with nothing on which to use their mental and physical energy. They may not even produce children without despair. When they think they must feel themselves 'without God and without hope in the world.' . . . What is society going to do when it is confronted with a vast army of men who have been from youth without food, without work, without hope, defeated and hating the society which defeated them?"

Yet this is called "extraordinary prosperity"! Doctor Dark's question concerns all of us. Will such a vast army, when it does confront us be anxious about our comfort, our possessions, or even our necks? What would our own attitude be in similar circumstances?

Ousting Men from Industry

And as if all this was not bad enough, we see homes in the real sense being wrecked because women and children are being used to oust the higher-paid men from industry. Women and children are not being used because they work better or faster than men, but because they have to be paid less and thus give a *financial* benefit to the employer. Study the following figures relating to the employment of women and children in industry:—

WOMEN.	
1928-29	117,000
1934-35	127,133
CHILDREN.	
1930-31	13,800
1934-35	26,300

It may not be generally known that the Chief Inspector of Factories may, in the case of poor families, grant permits for girls of less than 15 years to be employed in factories, and that in one year in Victoria alone 2630 permits were issued, including many for girls aged only 13 years. But we must say nothing against the financial system responsible for such savagery and regard it merely as one of the signs of "extraordinary prosperity"! These circumstances explain why there is an abundance of goods on one hand and thousands of seriously undernourished people on the other hand; and any man who could bring himself to describe this situation as "extraordinary prosperity" could be regarded as "the cold and calculating upholder of a system that has lived beyond its day mainly by the efforts of those who benefit by its survival" (*Argus*, 13/3/35).

The Empire Aspect

Besides telling us that we are too well off "earning money and keeping our jobs," Sir Henry stressed the Empire aspect of our interests and apparently holds the belief that his "extraordinary

prosperity" is Empire-wide. Where he got the idea from has not been explained, and the sad fact remains that conditions are equally shocking in England.

Sir John Orr, F.R.S., of the Aberdeen University, and a member of the Committee investigating Nutrition, recently declared in a broadcast address that "the poor mother's food problem would baffle a Chancellor of the Exchequer," and that half the population of England are getting insufficient to eat.

Side by side with this we have the serious and urgent warning of Sir George Paish, the well-known British economist, who has just returned from Canada and the United States, that there will be another trade collapse in 1938. "We have not yet seen a world economic collapse," he said, "but unless something is done the trade of the world will come practically to a standstill next year . . ." He went on to say: "Even the rearmament boom cannot, in my opinion, postpone the threatened collapse. Less money is being spent on it than was spent on the building boom, which is now coming to an end." If money is not being spent it does not reach the people, and when money ceases to reach the people they have no claim on goods and must starve. Sir Henry's remarks in Parliament show that he is fully aware of this, and yet he dishonorably seeks to make it appear that any alteration of the money system to ensure that money *will* regularly reach the people would spell disaster.

Even Sir Keith

Even Sir Keith Murdoch sees the danger, despite the fact that he attended the London School of Economics. Upon returning to Australia last year from one of his joy rides abroad he gave an "interview" to his chain of newspapers and said this: "Informed observers predict two years of increased prosperity and then, when the rearmament programmes have been completed, either a huge displacement of labour or war." Poor Sir Keith could see no alternative, presumably because he had not been told of one and was himself unable to envisage anything outside the ambit of the jargon he had "studied" in London. If we displace labour the rank and file will be without "wages" and therefore without claim to the necessities of life, but if we have war there will be plenty of *work* and wages may be continued. Such a thing as peace work is out of the question and it would be a frightful thing to give money to men without requiring them to kill. It may be all right for Mr. Casey to get plenty of it in the form of dividends, but the idea of dividends for the masses is of course too absurd!

Obviously it is all a question of

the distribution of *money*, and the two main avenues employed in recent years have been building and rearmament. These are now ending and there is increasing apprehension, but while some of the knights are intelligent enough to see it there is at least one who is sublimely ignorant of developments and has the hallucination that we are in a condition of extraordinary prosperity."

S. M. Bruce

Another well-known gentleman, sometimes referred to as "Australia's Noblest Son," is also waking up. According to the *Argus* of April 24 last Mr. S. M. Bruce said, "Prosperity is resting on the insecure bases of protection, re-housing and rearmament." On another occasion he made the more startling declaration that unless we give the masses the benefit of the world's plentiful and increasing production, and of the discoveries of science, it will not be possible to avoid revolution. The masses are *not* getting these benefits, and what is more they *cannot* get them by any of the processes so far suggested by Sir Henry. The money system alone stands in the way, but he would not have that touched and prefers to speak of our extraordinary prosperity.

One more reference. The judges of the Arbitration Court have admitted, in their latest judgment, that production has increased since 1929 by 25 per cent but the wages they granted were on the basis of "back to 1929." Clearly, therefore, the masses have had no share in the admitted increase and are not intended to have any share. Actually their share has been reduced, for while the production has been expanding they have been subjected to pay cuts which took them even below the basic minimum. As the workers got none of this greater quantity of goods, who did get it? Mr. Editor, if I wrote what I really think of the business you would not print it. Empire and defence are put forward as the important things. Food for the stomach, like unemployment, is only a secondary consideration (as one of the banks actually said in 1932), and here we have Sir Henry Gullett uttering the same sort of offensive rubbish. Is that, I wonder, part of the purpose of his knighthood?—

Yours faithfully,

BRUCE H BROWN

(To be continued.)

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AMERICAN RECOVERY AND ITS BANKING SYSTEM

(Continued from page 4.)

credit is extended it should benefit all the people equally, the consumers, farmers, wage earners, businessmen, and small bankers, as well as the large bankers; and this can be brought about by stopping the process of borrowing credit from a few big banks, and instead of that, by having the Government handle its own financing through its own Federal Reserve Banks, save the interest on bond issues, permit payment of the national debt, and remove the necessity of further bond issues.

Third. Our national debt should be gradually liquidated by replacing it with Government money. As this is done the legal reserve requirements against demand deposits should be raised correspondingly, so that not a penny of inflation need result. There should be but one kind of legal tender in the nation, and but one kind of reserve behind all bank deposits, and it should be United States Government notes.

Fourth. Historically the function of the banks is not to manufacture the monetary means of payment for goods. That belongs to government. The function of the banks is to receive money, manufactured by the Government, as deposits from the people; to safeguard such deposits, to keep the accounts of their depositors, clear their cheques thereon; to lend their own capital and the money of their depositors as trustees. Their function is that of an institution for service. They can obtain reserves, up to 100 per cent, of existing deposits, in exchange for their present holdings of Government securities. They can make ample profits by legitimate service charges for handling accounts and serving as agent and trustee on behalf of their depositors as lenders and investors. Of course, also, time and savings accounts would continue to have earning assets behind them as at present.

Fifth. We desire to bring about a complete unification of the banking system of America by bringing all our banks into one truly national system effectively controlled by a really national Federal Reserve Board consisting of twelve members, one from each Federal Reserve district, and employing as a central bank of issue the twelve Federal Reserve Banks, which would be as much a part of the Government as the Treasury itself.

Explanation of the Trouble

Mr. Frank A. Vanderlip, formerly president of the National City Bank of New York, defines the objective of a Federal monetary authority as follows:

"We want money in which we will have unshaken confidence. We want a dollar that will, in the language of the President, 'not change its purchasing and debt-paying power during the next generation.' We want to improve on the dollar, whose value merely meant a certain number of grains of gold. We want to end the control over the dollar's value, which has been exercised by both domestic and international bankers. We want to avoid the changes in price levels that have resulted from international speculators who sometimes invade and sometimes augment the very basic foundations of our currency. We want to free our domestic price level from the danger of manipulation by foreign central banks.

"All this can be done, and done simply, and without bringing into action any power that has not been proven by the experience of other countries to be safe and effective.

"I have proposed that this be done by creating a Federal monetary authority - as much a part of the Government as is the United States Treasury. To this au-

thority would be given the exclusive control of currency issue."

In this statement Mr. Vanderlip bares the root of our troubles. It lies in our failure to make a distinction between legitimate banking functions and the essentially governmental function of bringing money and credit into original circulation.

Since we depend for over 90 per cent, of our circulating medium upon bank credit it is necessary for the American people to borrow into circulation nearly all the purchasing power they ever possess. Since our partial reserves are required of the banks, each of them becomes, really, a private mint coining credit—which is our money—in boom periods and destroying it in times of depression. Thus we have a constant succession of inflation and deflation, a constant increase in the nation's interest charges, and a constant transfer of property ownership, both in homes and in industrial property, from the people to the moneylenders.

At present there is no scientific relationship between our wealth production and need for money and credit on the one hand, and the amount of money in circulation on the other. This results largely because the national credit and even our national money—Federal Reserve notes—are essentially commodities bought and sold by one kind of businessmen—and not by the Government—to all other businessmen and the community generally.

How the System Works

Let us explain how the system works: When a loan is made by a bank, either to a private individual or to the Government, new money to the amount of the loan is put in circulation. Most people, whether bankers or other citizens, do not realise that on the basis of the loan an endless chain of transactions is begun which will continue as long as this credit substitute for money remains in circulation.

This is why we can accurately say that those who loan credit actually are the creators of America's money.

On the other hand, when a loan is called in or repaid, the opposite happens. Someone draws down a deposit to pay the loan and that much credit goes out of existence. There is that much less "money" in the country. With the power to create money goes the power to destroy it. And some 90 per cent, of all the business of America is done with credit money. This is a staggering thought. Our nation depends completely on the banks. Every dollar in circulation must be borrowed into circulation. If the banks loan abundantly, we have a boom. If they do not, we have a depression.

A few figures will illustrate. All our 15,000 banks have as capital, surplus, and undivided profits about 7,000,000,000 dollars, about half of which belongs to 75 large banks. But the banks own 18,000,000,000 dollars of Government bonds. That is, they have in effect drawn on the nation's credit for 11,000,000,000 dollars of credit money and loaned it to the Government at interest. But, in addition, the banks have about 25,000,000,000 dollars of other loans and investments. So that, starting out with 7,000,000,000 dollars, our banking system has multiplied its holdings to somewhere in the neighbourhood of 43,00,000,000 dollars. And this has been made possible because, through our banking laws, the system is able to employ the credit of the American people to acquire the real property of those people and the bulk of our Government's securities.

In the twelve Federal Reserve Banks is concentrated all the reservoir of what may

be termed the credit of the nation, since it is credit, which is based, in by far the larger measure not on the resources of the banks, but on the wealth of the nation and the taxing power of the Government. Our Government stands behind every Federal Reserve note that is issued. Yet these notes are really nothing but private bank notes.

Now, how did the banking system obtain this power? The answer is by spending the small sum of 132,000,000 dollars in the purchase of the stock of twelve Federal Reserve Banks. For by this purchase, under our laws, the banks in effect bought the money-creating power of the nation and the right to control and use the nation's credit. And since the Federal Reserve Banks are no longer required to pay their surplus earnings into the Treasury, it may be accurately said that the member banks may exchange commercial paper for money guaranteed by our Government. This is true because the charge for discounting the commercial paper goes to the Federal Reserve Banks, which belong to the member banks, and whose earnings are accumulated for the member banks themselves. Under present law such earnings could be restored to the nation only in case of the liquidation of the twelve Federal Reserve Banks, as proposed in the Bill now being framed. And when Government bonds are "purchased" by the banks they can be deposited by the member banks with the Federal Reserve Banks as collateral for Federal Reserve notes in the proportion of 60 per cent, collateral and 40 per cent gold backing. If this is done, the bond still belongs to the member bank; Government interest continues to be paid on it to that bank, despite the fact that the bank is at the same time enjoying the use of the money itself, which likewise is guaranteed by our Government, and is in effect, therefore, a blanket mortgage on all the property in America.

Justification of the Remedy

Our colleague in the drafting of the proposed bill, Mr. Patman, of Texas, has stated:

"The first step should be for the Government to take over the 12 Federal Reserve Banks and co-ordinate their activities with the Reconstruction Finance Corporation; then the Government's credit can be used for all banks—national, State, or private—all business, all agriculture, all commerce, and all people. Interest rates can be substantially reduced and the Government can obtain considerable revenue by charging a small sum for the use of its credit; all Government financing can be handled through the new set-up without charging the Government interest which will eliminate the necessity for the issuance by the Government of another tax-exempt interest-bearing bond, or to increase taxes."

Accordingly, the powers and advantages described in the preceding subdivision are too great powers and too great advantages to be left in private hands. We believe our Government should purchase the stock of the Federal Reserve Banks from the member banks which now hold it; and then, first, reclaim the right to create money; second, obtain the power to regulate directly and effectively the flow of money and credit; and third, end forever the ridiculous practice of borrowing its own credit from private financiers.

Already the Federal Reserve Board has raised the legal reserve requirements as high as it can raise them under our present law. This measure has, of course, been taken as a means of forestalling an inflation of bank credit. Whether other means of control open to the Board will prove adequate, we seriously doubt. And we would feel far safer for the nation if the 12 Federal

Reserve Banks were Government institutions and if the Federal Reserve Board enjoyed broad enough powers to control directly and absolutely the issuance of credit money in the nation. Only under such circumstances do we believe booms and depressions can be done away with. Only under such circumstances can the small banks which cannot now afford to belong to the Federal Reserve System at all be accorded fair treatment with the larger institutions and thus brought into one unified banking system.

As I have said, in the 12 Federal Reserve Banks is concentrated all the reservoir of what may be termed the credit of the nation—credit based on our wealth as a nation and on the taxing power of the Government. Our Government stands behind every Federal Reserve note that is issued. Yet they are really private bank notes. We think they should be Government money instead, and that it should be the Government that has the control directly and absolutely over their issue, and the Government that derives the benefit from putting them into circulation. And if the Government can issue a bond and pay interest on it and have the bond worth par, how much easier can it issue a dollar and pay no interest and keep it worth par.

We think the Government should stop "selling" bonds to private bankers; instead, it should "sell" bonds to its own Treasury, paying interest to itself, instead of to private groups, and using such bonds as backing for the issuance of money and credit. This can be accomplished by means of book-credit entries, precisely as the private banking groups issue money and credit today.

Two safeguards are needed in such a system as we suggest. First, to do away with inflation and deflation, our Federal Reserve Board of Governors should be charged by Congress with the task of maintaining a stable price level on an expanding economy of national production and consumption. Since it would be in complete command of the situation, the Board could easily accomplish this simply by regulating the supply of money and credit, expanding them only as warranted by expanding production and trade. A threatened price rise could be prevented by an issue of Government money or credit spent into circulation, with due attention to the indexes of production and consumption, thus checking the danger of over-expansion. And as production expanded and America's wealth increased, her currency would be expanded in proportion. Businessmen could plan for the future with safety. Costs could be figured with assurance. Speculation in inflated values would be impossible, for there would be no inflated values. The people could no longer have their property taken from them by deflation or their purchasing power stolen from their pockets by inflation. The nation would march steadily forward. A dollar would be worth 100 cents yesterday, today, and tomorrow.

The second safeguard should be to empower the Federal Reserve Board to raise the cash reserve requirements of the banks, if necessary, even to 100 per cent., in order to prevent inflation. And if this were done, the Board could then gradually go about the business of eliminating our national debt by purchasing outstanding Government securities from the banks and raising the reserve requirements as it did so. This would save our Government 800,000,000 dollars a year in interest on the public debt once it was accomplished.

In justice to the banks, if reserve requirements were raised in this manner, they should be allowed to compensate for loss of legitimate revenue by making service charges for the use of

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(Continued from page 3.)

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their facilities by depositors. And they would, of course, enjoy the right of lending such money as belonged to them and such money as was put in their charge in the form of time deposits, with the understanding that it was to be lent by the bank, or invested by the bank, acting as the depositor's agent.

Do we want to abide by our Constitution and fulfill the Government's exclusive right and duty to coin money which the Constitution gives it?

Do we want to save our Government the 800,000,000 dollars interest on our public debt?

Do we want to end booms and depressions?

Do we want the income derived from bringing money and Government credit into circulation to go to the people instead of the big bankers?

Do we want to save our small banks from destruction?

Do we want to stop the trend toward monopoly?

Do we want to prevent international finance from plunging us into another war?

If the answer to all these questions is "yes," then let us buy back the Federal Reserve Banks from their present private banker owners and create a real national banking system that will work for the people and not against them.

ELECTORAL CAMPAIGN NOTES

VICTORIA

To enable a sovereign people to convey to Parliament its command that Parliament put all other law making aside until poverty is banished from the land, is the purpose of the Electors' Campaign to Abolish Poverty. For, know, the voice of the people is sovereign law—it is not sectarian, nor is it sectional (party); it is a spontaneity of opinion arising from the community, and as such is SUPREME power.

Business Man—man of integrity—why are you waiting? Do you not understand that the Campaign to Abolish Poverty is to your advantage and is your responsibility? Have you fear? Fear of what? It is a craven fear destructive to yourself. Who is behind this Movement, you ask? You are the moment you step in and accept your responsibility. Every decent minded citizen is part of this Movement, and there is nothing debaring anyone from assuming a responsible part. Read the panel above. It is a concise explanation. Cannot you see that it is your Campaign, and that it is your duty to yourself and to your fellow man to give your substance and energy to a campaign that will save, in a constitutional manner, a world from collapse?

The address of Head Office is McEwan House, 5th Floor, Little Collins and Elizabeth Streets, Melbourne. It is your office, waiting for you to walk in and commence playing a part in conducting the Campaign.

Country Folk! What are you waiting for? Haven't you got hold of the idea of the Campaign yet? Is there not one individual in each electorate who has grasped the idea of the Campaign? Time is flying. Elections are only a matter of months away. Cannot that one individual call a few sympathisers together and establish a centre for the electorate? Organise a big meeting and have those present place their names and addresses on a card, and, from those names, form groups in various localities. It will then be the work of groups to spread the idea further afield. Don't let time slip by. Do it. It doesn't matter who you are, you can do it. Anyhow, what can Head Office do other than send a man to carry out that which is suggested above? And a local person can do that better than an outsider. If more details of how to set about the work are required, write to Head Office, and every assistance, possible will be given to you.

Preliminary Meetings. - Preliminary meetings are arranged by

posting invitations (an average of 100) to representative citizens living in the district concerned. This does not mean that sympathisers are precluded from attending—all are welcome. The purpose of preliminary meetings is to consider ways and means of summoning citizens to meet in their City Hall to give serious thought to the criminal absurdity of poverty existing in a land of plenty; and to have placed before them a plan for removing this unnecessary condition from our social state. The plan is involved in the Electors' Campaign to Abolish Poverty, and, when the Campaign has been explained to citizens present, it is expected that they will assume responsibility for conducting the Campaign in their district. Posted below is a list of fixtures for preliminary meetings in the centres mentioned. It will be noticed that the mayor of the city concerned will preside. There is only one discreditable exception.

- COBURG, Thursday, July 8. (Mayor presiding.)
NORTHCOTE, Wednesday, July 14. (Mayor presiding.)
OAKLEIGH, Thursday, July 15. (Mayor presiding.)
HEIDELBERG, Thursday, July 15. (Mayor not presiding.)
ESSENDON, Tuesday, July 20. (Mayor presiding.)
PRESTON, Wednesday, July 21. (Mayor presiding.)
SANDRINGHAM, Thursday, July 22. (Mayor presiding.)
KEW, Thursday, July 22. (Doubtful.)
CAMBERWELL, Tuesday, July 27. (Mayor presiding.)
FITZROY, Tuesday, July 27. (Mayor presiding.)
WILLIAMSTOWN, Tuesday, July 27. (Mayor not yet interviewed.)
HAWTHORN, Wednesday, July 28. (Mayor not yet interviewed.)
MORDIALLOC, Thursday, July 29. (Mayor not yet interviewed.)
PORT MELBOURNE, Thursday, July 29. (Mayor not yet interviewed.)

Names of workers in this Movement are not given publicity. There is no room for place seekers or persons seeking kudos. Still, the person who has been interviewing the mayors deserves credit for the very valuable service he has contributed. He reports that in his interviews he has had no difficulty in conveying the idea of the Campaign to his listener; and that the mayor readily recognised that, as first citizen, it was his duty to interest himself in the Campaign, and that he willingly consented to preside at the preliminary meeting. It is expected that he will be guided by this preliminary meeting of representative citizens, and will use his position to summon the people of his municipal-

ity to meet and consider the abolition of the poverty that exists in their midst. Councillors have also been extended an invitation and supplied with explanatory literature. It is anticipated that they will realise the connection that the objective of the Campaign to Abolish Poverty has with the well being of the citizens they represent, and will conduct themselves accordingly. A synonym for the Campaign is "Pressure politics"—that is, it compels representatives of the people to yield to the pressure of public opinion.

The objective of the Campaign can in no way be dissociated from being the wish of the majority, and it is right and just that a majority should displace a representative who so far misinterprets its wishes as to remain inactive. It will be interesting to note what action ratepayers will take at the forthcoming municipal election in respect to the discreditable exception appearing in the above list.

There is no malice in the foregoing remarks. They merely outline the power of the Campaign, which is to compel representatives to attend to the wishes of the people they represent.

Balaclava Electorate. The supervisor reports that fourteen Groups are now established and there remain two to be formed to complete the organisation in the Balaclava electorate. He declares that, given twelve hours' notice, a leaflet can be placed in every letter-box in the electorate in one day.

Speakers' Class —Members of the class will be sorry to hear that their instructor has been under the shadow of a bereavement, and, in consequence, the regularity of the classes has been somewhat disorganised. Members, on reviewing the list of preliminary meetings above, will realise that there is any amount of work ahead. Each preliminary means a major meeting following, and in quick succession. Your instructor has undertaken the work of consolidation, consequent to the major meetings—that is, the formation of groups and generally placing the district concerned on a firm working basis; a big job requiring able assistants. The class will get down to solid work, commencing again next Tuesday, July 13, at 8 p.m., in the Rooms, 5th Floor, McEwan House, 343 Little Collins Street, City. There is plenty of room for new members. Just walk in and receive a welcome.

SOUTH AUSTRALIA

Queen Competition. - We are pleased to report that Whitefields Institute has decided to co-operate with the Electoral Campaign Organisation in the conducting of a Queen Competition. The Rev. A. C. Stevens, present Superintendent of Whitefields, has assured us of assistance to this end. By the means of this competition we are assured of publicity and funds for more publicity—all of which will be essential for the pre-election opportunity which will soon be ours. That: pre-election fever will stimulate the public mind in the direction of some sort of action.

Now it must be asked of Electoral Campaigners: Are you ready to take very definite action? If not, then you have missed the E.C. idea, and have fallen short of the E.C. ideal. While it is true that the Movement went through what was known as a "crisis" early in the year, there is no need to carry that over into next year. The "crisis" is now a thing of the past; the organisation is satisfactorily picking up the leeway; and is now ready to take any step forward that is made possible by each individual, each unit, showing a willingness to step, too. Will you step out to help the Movement to step forward?

The Queen Competition gives you one opportunity. We require help in organising it. Would all interested, particularly country members, write in to H.Q. and state what they are prepared to do? Supporters of Whitefields will be enlisted from their H.Q. Workers for local mayors' funds, relief, or charity,

HOW THEY BEAT THE TAXES IN U.S.A.

Press references during the last few weeks to wealthy Americans evading taxation have been evoked by a campaign started by President Roosevelt at the end of May.

Time (June 7), gives the story of the opening of the campaign:—

"Franklin Roosevelt was in a little better than his usual good humour one day last week when his newshawks came to press conference. The session had been postponed from the usual 10.30 a.m. to noon to get maximum attendance. Soon he was pouring into their ears a tale of unethical practices, of rich men who had avoided taxes by hiring high-priced lawyers to find loopholes in the law. He had before him case histories provided by the Treasury Department. One man had incorporated his yacht and transferred to the corporation

3,000,000 dollars in securities. Much of the income from these securities then escaped taxation, being used to pay the 'losses' of the corporation from which he 'chartered' the yacht at fees, which fell far short of paying its upkeep. Other rich men formed partnerships with their wives and children, thus splitting their income several ways so as to escape high surtaxes. A retired Army officer, who has a large income from securities that he hopes to sell at big profit, took out Canadian citizenship papers and transferred his securities to four corporations in the Bahamas in order to escape the income and capital gains tax. Some of such schemes were illegal some might be technically legal. All were immoral. Franklin Roosevelt was going to bring them to the attention of Congress.

"Eager newshawks began questioning. How much revenue had the Treasury lost by such schemes? He could not say, exactly. Had this tax dodging just sprung up? No; it had been growing for several years, but lately it was much worse. How many people were engaged in it? Not many, perhaps about 150 of the very rich. Who was the yacht owner? Oh, it was illegal to name the tax-dodgers out of court. They would come out. A Congressional investigation can reveal anything.

"Newshawks smacked their lips over a good story and a better one to come, for tax-dodging tycoons are juicy copy. But newshawks

"Delayed sowing and planting make the prospects for this year's farm crops very poor."— From a Ministry of Agriculture Report.

"A series of good harvests might soon create a difficult situation."— From a review of the world's grain crops by the Imperial Economic Committee.

"What the devil AM I expected to do?"—Mother Earth.

"Two things at once, dearie."—Dame Nature.

—"Reynolds News."

were gently cynical. Just two years ago at this time the President put forward his soak-the-rich inheritance, gift and surtaxes. Early last year he put forward his undivided profits tax on corporations. Some suggested that Franklin Roosevelt was having a periodic attack of soak-the-richitis.

"Chairman Doughton of the House Ways and Means Committee seized the opportunity to blame on wealthy tax-dodgers the whole 400,000,000 dollars shortage in revenues from the estimate in the President's last Budget message. But that would have taken 8000 millionaires wiggling out of 50,000 dollars in taxes each, and the Doughton theory soon perished.

"What remained true was that, from a political standpoint, 150 rich men could do much to make the country forget Nine Old Men. Politicians calculated that with the Wages and Hours Bill which he proposed a fortnight ago, plus a red-hot new hunt for malefactors of great wealth, the President might recover some of the popularity he had lost on the Supreme Court issue."

(The Nine Old Men are the elderly judges of the U.S. Supreme Court, whose decisions against the validity of much of Roosevelt's "National Recovery" legislation prompted the President to seek popular approval for packing the Court by the appointment of new nominees. This proposal has been strenuously attacked from many quarters. Originally it seemed that the President would win through, but latest advices indicate that the opposition-aided by some recent Court decisions, which are more popular—will defeat him.— Ed.)

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