

THE "NEW TIMES"
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AT
ALL AUTHORISED
NEWSAGENTS

THE NEW TIMES

POETIC JUSTICE
IN WOOL
(See Page 4)

A WEEKLY NEWSPAPER EXPOSING THE CAUSES, THE INSTITUTIONS, AND THE INDIVIDUALS THAT
KEEP US POOR IN THE MIDST OF PLENTY

Vol.3. No 49

MELBOURNE, FRIDAY, DECEMBER 3, 1937.

Every Friday, 3d

**WHAT LANG
REALLY SAID**

*

**Former Woolbuyers Now
Sell Us Their Wool
Substitutes**

*

**Bruce Brown Has Some
Questions For Prof. Copland**

New Times SHOPPING GUIDE and Business Directory

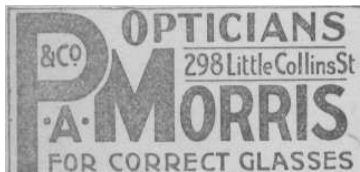
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(Continued on page 3.)

"There Has Never Been a More Scandalous or Corrupt Transaction" Lang's Charges Against U.A.P. Government on Sale of Pipe Works

Mr. Lang, introducing his motion of censure against the Stevens Government over the sale of the New South Wales State Monier Pipe Works, said: "When I asked the Minister to table the papers connected with the sale of the Monier Pipe Works, he refused on the ground that he proposed to bring in a bill later. When I gave notice of a motion that the Minister should be instructed to table the papers, he brought them to Parliament and made my motion unnecessary.

"Since I have examined the papers I can well understand the Minister's reluctance to have their contents made public. They disclose a story of amazing incompetence, corruption and maladministration, lacking only direct evidence of bribery to make it the worst scandal that has ever been exposed in the House.

"The history of these Government undertakings is well known to members. Most of them were created by earlier Labor Governments to act as a brake upon the combines, which control many industries in this State, particularly the building industries.

"The manufacture of monier pipes was conducted under a patent over which the Government had sole rights and a virtual monopoly. It was one of the most prosperous of the many prosperous undertakings conducted by the Government. During the twenty-two years of its operation the net earnings of the State Monier Pipe Works amounted to £172,452. This amount was earned after meeting all charges, including interest on capital, provision for income tax paid to the Treasury, and an amount of £62,564, share of profits allotted to employees.

"In addition to the splendid cash returns made by the undertaking, the Government also benefited considerably by having large public works constructed at a low cost. One of the biggest works undertaken was the construction of the George's River Bridge, and it was built for a price that was thousands of pounds less than any other quote.

"It was this wonderful asset that the Government decided should be sold in furtherance of its policy of having all Government work done by private enterprise. A committee was appointed to call for tenders for the purchase of the undertaking and to report on the tenders received. The members of the committee were Mr. A. E. Barton, Public Accountant; Mr. A. J. Gibson, civil engineer; and Mr. E. H. Swift, an officer of the Public Works Department.

"The committee obtained valuations and divided the asset into two lots. Lot 1 consisted of the asset employed in the manufacture of cement products, principally pipes. Lot 2 comprised the plant used in carrying out contracts for the erection of bridges, silos, culverts, etc.

"The assets were valued, and the valuation of Lot 1 was as follows: - Land £9600, valued by Richardson and Wrench; buildings and structures, £26,173, Julius, Poole and Gibson; factory plant, £7723, Frazer, Uther and CO.; motor vehicles, £1060, insurance valuation; stock and stores, £22,623 Frazer, Uther and Co.; making a total of £67,179. In regard

The censure motion launched against the Stevens Government by the Leader of the Opposition, Mr. J. T. Lang, in the N.S.W. Parliament on Thursday of last week has been rather briefly dismissed by almost every daily paper in Australia. In view of the importance of the issues raised, we reprint the debate in considerable detail.

to the land, the Valuer-General's valuation was £11,600, being £2000 more than that of the estate agent.

"Tenders Were Called"

"Tenders were called, and two tenders were received for Lot 1. The Hume Pipe Company of Australia Ltd. tendered £40,000, and a syndicate, consisting of Wildridge, Jamieson and Renshaw, tendered £26,500. For Lot 2, which was valued at £11,743, the only tender received was from the Renshaw syndicate, who offered £2648. The committee rejected both tenders—that of the Hume Pipe, because it was informal, and that of the syndicate, because it was unsatisfactory.

"Tenders were again called, and this time the tenders for Lot 1 were: Hume Pipe, £20,000, plus stock at value, less 11.7 per cent, discount. The syndicate changed its name, and now appears as the Kidd, Renshaw and Jamieson, who tendered £18,887, plus stock at value, less 55 per cent, discount. For Lot 2, the syndicate increased its offer to £2908. On comparative basis, the tenders for Lot 1 were: Hume Pipe, £35,890; and the syndicate, £26,990.

"Mr. Barton, a member of the committee, interviewed the Hume Pipe Company, and persuaded them to increase their offer to the original figure of £40,000. The committee recommended to the Government that the offer from the Hume Pipe Company be accepted, and that as the offer of the syndicate for Lot 2 was so low, it recommended that the assets be transferred to the Public Works Department.

"At this stage the story as disclosed in the official papers breaks off, and there is a long gap before any further action is recorded. We can fill in the gap, however, by examining the qualifications of the tenders, because it will help to explain the remarkable things that happened subsequently.

"The Hume Pipe Company, of course, is an established concern. It has been operating for a number of years. When the Hume Pipe Company tender was rejected as being informal, the Government had before it an opinion from the Crown Solicitor pointing out that Renshaw's tender was also informal because it was made on behalf of a company to be formed. The tender, said the Crown Solicitor, is therefore informal, because no one can tender on behalf of a non-existent person or body. Further, the Government has express notice that it is a syndicate, which has submitted the tender in the name of Kidd, Jamieson and Renshaw. The position is, that we do not know who the tenderer is.

"One of the inferences from the Crown Solicitor's remarks is, that the Renshaw syndicate might be a dummy, and I think that I can prove to the House that Renshaw was a dummy for a very highly-placed member of the Untied Australia Party.

Monier Industries Ltd.

"To meet the Crown Solicitor's objection, a company known as Monier Industries Ltd. was registered on January 6, 1936, with the usual list of signatory shareholders. Mr. Walter T. Renshaw, who was the principal member of the syndicate, was at the time that he was making the tender chief engineer and manager of the State Monier Pipe Works. He was both the seller and the potential buyer.

"Believing that they had got over the Crown Solicitor's objection, the Government disbanded the committee which it set up to examine the tenders, disregarded the committee's recommendation to accept the Hume Pipe tender, and itself called for fresh tenders. The third lot of offers were as follows: Lot 1, Hume Pipe Co. Ltd., £32,643; Renshaw's Syndicate, £30,680. Lot 2, Renshaw's Syndicate, £5000.

"Now, although Renshaw was the manager of the State enterprise, and should know the value of the asset which had been valued at £78,000, it took three attempts before the job could be put through for Renshaw.

"On the first occasion, Hume Pipe tendered £40,000 and Renshaw £26,500, and both were thrown out," said Mr. Lang. "On the second occasion, Hume Pipe again put in £40,000, and Renshaw moved up to £27,000; but again both were thrown out. On the third occasion, Hume Pipe put in £32,000, and Renshaw £30,000. In addition to this, Renshaw had doubled his previous offer for Lot 2. State assets valued at £79,000 were sold to Renshaw for £35,680.

"Having got it into a position where they were ready to sell to Renshaw, the Government was confronted with another hurdle by the Crown Solicitor. He advised the Government that it was its duty to see that the purchasing party was provided with sufficient capital to pay for the assets.

"The Government made inquiries from the newly-formed company, and they were informed by it that Mr. Renshaw, who would be managing director of Monier Industries Ltd., proposed to subscribe for and hold 25 per cent, of the capital in Monier Industries Ltd.

"Now, Mr. Renshaw was the manager of the State Monier Pipe Works on a salary of £631 per year, and it is unlikely that out of that he would have been able to save enough money to pay for a 25 per cent, interest in this new company. But the Government appears to have made no further inquiry, and merely accepted this statement.

"Either the Government was completely indifferent as to whether the company would be able to pay for the asset or not, or it knew and did know all along, that Renshaw was dummying for somebody who had very substantial means.

"The new company took over the undertaking on March 8, 1936, and, naturally, the

rally, the stock-taking at that date was of tremendous importance to both the Government and the purchasing company.

Brother Sells to Brother

"Now, Mr. Renshaw, who up to the date of the sale had been general manager of the State undertaking, represented the new company, of which he was managing director, at the stock-taking, and the Government appointed as its representative Mr. H. C. Renshaw, a brother of the company's representative. (Uproar.)

"What a scandalous and extraordinary arrangement that these two brothers should be placed in that position!" continued Mr. Lang.

What the Auditor-General Said

"The scandalous position is very forcibly described in a memo from the Auditor-General.

The Auditor-General's memo, is dated Sydney, July 8, 1936, and reads as follows:—

"Mr. J. B. Crum, who, under my general direction, supervised as auditor the sale of the stock-in-trade and stores of the State Monier Pipe industrial undertaking to Monier Industries Ltd., reports certain features of this transaction which proved unsatisfactory, and indicate a lack of appropriate representations by your department.

"The interests of the employees of the undertaking left in charge as representatives of the department conflicted with their interest as prospective shareholders and employees in the purchasing company. Other reports have already been sent you in which the actions of the employees of the undertaking also appear to have been influenced by their interest in the purchasing company.

"The report is referred to you:

"(1) for information and action in regard to matters

(Continued on page 5.)

All matter in this issue dealing with Federal political affairs, and not bearing the name and address of the writer, is written to express the editorial view of the "New Times," and legal responsibility for its publication is accepted by T. J. Moore, Elizabeth House, Melbourne.

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BOOKS BY EIMAR O'DUFFY

The following Works by Eimar O'Duffy, mentioned by "YTEB" in his article in the "New Times" of November 5, are available from SOCIAL CREDIT PRESS, 166 Little Collins Street, Melbourne:—

"LIFE AND MONEY". 4/1d posted

"KING GOSHAWK AND THE BIRDS" 5/7d posted

"SPACIOUS ADVENTURES OF THE MAN IN THE STREET"

5/8d posted

"ASSES IN CLOVER" is now, unfortunately, out of print.

WHAT WILL THEY WANT NEXT?

By YAFFLE, in "Reynolds News."

Mr. T. Belk, Clerk of the Middlesbrough Magistrates: Why have you not sent your child to school regularly?

Mr. J. T. Hewlett: Because he has no boots.

The Clerk: But you went to school without boots when you were young, did you not?

The Parent: Yes, sir.
The Clerk: Then why cannot your son do the same? It will not do him any harm.

In thus challenging the outrageous assumption that the lower orders have a right to wear boots when young, this courageous and devoted public servant has introduced a new and striking principle which should revolutionise the Government's economic policy—namely, that we should determine the people's standard of living by that of their parents.

Only a bold and original mind could have thought of it. A great deal of intelligence and ingenuity have been devoted to the invention of methods of keeping the poor as poor as possible in the interests of national prosperity, but this one will probably get the Nobel Prize. If not, offer the lad the choice of cigars or nuts.

It is particularly opportune just now, coming at a time when the Government is taking steps to determine the cost-of-living figure—in other words, to find out how low it can safely fix the minimum wage.

The demands of the working-class, as the Clerk of the Middlesbrough Beaks no doubt feels, are growing daily more audacious.

Instead of meeting them with courage and firmness, the Government heaps luxuries upon them at the taxpayers' expense. Free milk follows vaccination, and now there is talk of giving them vitamins.

The claim to children's boots is the thin edge of the wedge. If this is admitted we shall have them demanding socks and pants, and the Empire will go down in ruin.

In this insolent demand for boots we see the menace of social upheaval.

But for the unflinching courage and prompt action of men like the Clerk to the Middlesbrough Magistrates, the foundations of our civilisation would be undermined by the extravagance of a dissolute class of pampered parasites who batten like ghouls upon our hard-won wealth and want to send their children to school with a boot on each foot.

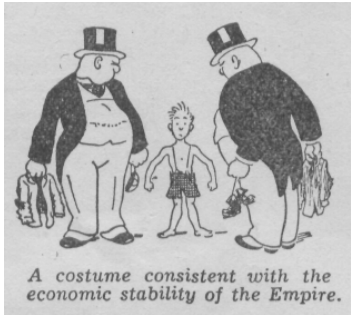
Shall we stand by and see the strength and vitality of a nation that rose to greatness on plain living and wet feet sapped by the debauchery of a profligate proletariat, with no soul above bodily comforts and seldom more than half a sole to its uppers? Never.

I'd sooner go out with odd spats on.

It is not that there is a shortage of boots. Indeed, if it were not for a financial system specifically designed to keep the ravening lusts of the proletariat in check, our efficient industrial machinery would be capable of providing enough footwear for a nation of scolopendroid chilapods (centipedes to you).

It may be true, as the poet has observed, that every child comes into the world trailing clouds of glory; but that is no reason why it should go to school every morning trailing festoons of boots.

People must not imagine that they can have what they want



simply because the things are there. The main object of good government is national thrift, from which it follows that the chief reason for producing goods is to see how many of them you can do without.

Indeed, from a cursory glance at the workings of a sound capitalist system, it would appear to be an axiom that a boot in the shop is worth two on the feet.

Having accepted the new principle of fixing the standard of living by what was good enough for your ancestors, there is scarcely any limit to the possibilities of national economy.

If the kids can go without boots, why not without shirts?

The shirt is, after all, a comparatively modern affair, and has not been in our midst much longer than boots, if at all. Neither have been fashionable for more than seven or eight thousand years, while for millions of years before that our forefathers went without both. And the important fact to note about that is—it did not do them any harm.

Pursuing this excellent economic principle further, we find ourselves faced with the question: Need our economies for working-class children stop at boots and shirts?

If a costume that was good enough for the father was good enough for the son, it follows that

grandfather's outfit was good enough for both, and so, by the same token, was his grandfather's. It is, therefore, reasonable to ask: "how far back in history should we go?"

The adoption of wearing apparel in the first instance was, we know, the result of man's first submission to the Tempter, and is the registered trademark of Original Sin.

Yet I take it that not even so pure a spirit as the Clerk of the Middlesbrough Magistrates would suggest that working-class children should go to school in the primordial state.

Innocence is all very well in its place, but working-class children cannot go to school in nudist camps. Only the middle classes can afford to be as innocent as that.

Clearly, some compromise is needed between the demands of social convention and the limits

THIS WEEK'S GEM

The sum of £50 was raised by the successful "Back-garden Fete" organised on Saturday afternoon by Miss Nance Armstrong at the home of her mother (Mrs. H. J. G. Armstrong) in Testar-grove, Caulfield.

Proceeds were for "boarding kennels" at the Lort-Smith-Lyle Hospital in Vil-liers Street, North Melbourne, where animals will be able to be kept under skilled veterinary care after operations.

—Argus, November 29.

of national prosperity. And it seems to me that a pair of shorts, of a size and material consistent with the maintenance of the economic stability of the Empire, would meet the bill—subject, of course, to the approval of the Bank of England and the Clerk of the Middlesbrough Magistrates.

Snobbery is at the bottom of this demand for boots. This man evidently regards boots as a mark of social status, like an aspidistra. To him, no doubt, boots signify respectability and the dignity of citizenship.

What right has he to civic dignity, or, indeed, to any sort of dignity? Has he added a single yard to the bounds of Empire? Has he even presented a drinking fountain to the borough?

Let this man learn humility. Let him and others of his kind be content with that station in life to which it hath pleased heaven to call him, and in which the Rising Tide of National Prosperity will probably drown him.

A PARABLE

The Kingdom of Sane Finance is likened unto six men who were cast upon an island, and one was a farmer, another a tailor, another a carpenter, another a shopkeeper, another an economist, and yet another a loose end. And the carpenter had a wife.

The island was of great beauty, well wooded and fertile; so they agreed among themselves that this is the place for a village.

And soon the economist told them in language mysterious that they must have a medium of exchange, for how else could they have food, clothing and shelter?

And four of the number were God-fearing men; they wondered exceedingly and charged the economist, asking whether, if they didn't have this thingummybob, the Creator would withhold His bounty. And the economist answered them, saying they wouldn't understand, even if he told them, and besides they were too young to know, anyhow. So they fell for the idea.

And then he told them how, now they were to have a medium of exchange, they couldn't do without a bank, because it simply wasn't done.

So they fell for this idea, too, and agreed among themselves that the loose end should be their banker.

But the loose end didn't know the first thing about banking, so he said within himself, I will ask the economist; he knows everything.

And the economist answered him, saying, It's as simple as kiss your hand; all you have to do is to have a lot of something that nobody else has, and, heigh, presto! there's your bank and there's your medium of exchange, just as nice and pretty as could be.

Now there abounded on the piece of land allotted to the loose-end a peculiar tree which grew nowhere else on the island, and the banker cried out in great glee, Eureka! We shall give them each five pieces of bark so that each with one piece can pay the other for goods and services received.

And the economist answered him, saying, Good on yer, brother. You're a brighter kid than I thought.

But the carpenter, passing by, butted in, saying, Why not give us a couple of extra pieces each, just in case?

Whereat they carried out in great astonishment, Don't be silly.

Now the time of the carpenter's wife had come and she brought forth a son, whereupon the farmer milked another cow, the tailor made another garment, the carpenter sharpened his saw, the shopkeeper put a rattle in his window, the economist read another chapter of Adam Smith and the banker sat tight.

But, lo and behold! there arose a great consternation, for the baby had no pieces of bark; so the carpenter put the hard word on the banker, and the banker answered, saying, Ask the economist; he knows everything.

And when the economist was asked what about it, he said it simply wasn't done.

What happened next has not been revealed. Some say they killed the carpenter's baby outright, others that all died a lingering death from exposure and starvation.

THE AUSTRALIAN WOMEN'S MOVEMENT FOR SOCIAL AND ECONOMIC RESEARCH

FINAL MEETING FOR 1937.

To be held at the Business and Professional Women's Club Rooms, 4th Floor, McEwan House, Little Collins Street, Thursday, December 9th At 2.45 pm. Sharp

Hon. B. S. B. Stevens, Premier of New South Wales.

Sir, —

The strength of the party vote made it a foregone conclusion that the N.S.W. Legislative Assembly would support your action in the matter and manner of the disposal of the State Monier Pipe Works, which we report rather fully in this issue. But it does not follow from that vote either that your action was right or that it will receive the general endorsement of the people. We have read your explanation of the incident with considerable care and, we hope, without being unduly influenced by such minor, if surprising details as your sale of stocks at half-price and re-purchase of them at full price. We have endeavoured to keep our attention on the major policy behind the deal. And here we note a glaring inconsistency, which we are sure many others beside ourselves would like you to explain.

You gave as a reason for selling out to the so-called employee company that you did not want to strengthen

the hands of the big private monopoly in the pipe industry, and that you would sooner encourage the small, independent enterprise. Highly commendable, Sir, but many people believe that it was to act as a buffer against the monopoly that the State enterprise was itself first set up. In which case, why not continue it as such?

It is hardly an answer to suggest that the State works had now ceased to be a payable proposition. You tax our credulity unduly if you suggest that the employees would be prepared to purchase and take over a losing business; still more if you suggest that they were able to obtain for that end the financial assistance of such big business men as it now appears arc shareholders in the new company.

And, as for the small, independent company, you must as a businessman know that the fate of small, independent companies which try to buck big monopolies is generally either (a) to be crushed, (b) to be absorbed, or (c) to fall into line with the monopoly's prices. Where can the public look for protection in this direction?

THE NEW TIMES

New Times SHOPPING GUIDE and Business Directory

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MELBOURNE (Cont.)

(Continued from page 2.)

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(Continued on page 7.)

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FRIDAY, DECEMBER 3, 1937.

Poetic Justice in Wool

The position of the wool producer continues to go from bad to worse. Catalogues at the sales are shrinking as growers refuse to accept present prices. For the first time the *Argus* admitted last Friday "costs of production are higher than current prices for wool. Values are within the range of depression figures, and because many growers refuse to accept these low values only small selections are made available at the sales."

The drop in wool prices is now becoming universal. At the opening sales of the season in New Zealand last Saturday only one-third of the 25,000 bales offered were sold, the average price being 10d a lb., representing a fall of 40 per cent, and more on the opening prices last year.

The closing sales for 1937 in London were thus described by the *Economist*: "The final series of colonial wool sales for 1937 has closed. The result is the worst for years, the decline in prices being an average of 20 per cent to 25 per cent. The fact that three selling days were cancelled is proof that the auctions were difficult and competition limited. In the trade, good business had been forecast for August and September, with prices climbing, but the very reverse occurred."

At the Brisbane sales, which opened on Monday competition was described as "keen and general." This sounded very heartening, until one read on and discovered that "values generally were down 15 to 20 per cent, with faulty descriptions showing the greatest decline. The average for greasy was between 12d and 13d a lb., compared with 16.18d at Brisbane last month . . . Neither America nor Japan bought." Still, competition was "keen and general."

When the Lyons Ministry initiated the disastrous slide in wool prices by its mad "trade diversion" policy last year, it will be remembered that it had the support, among others, of Mr. G. D. Kelly, chairman of the Australian Woolgrowers' Council. At the time we criticised Mr. Kelly for his stupid attitude; but he now appears to have seen the light, for he is reported to have said in a broadcast address a week ago: "The wool

market has to a degree been sacrificed to secure markets for other Australian products. To some extent this policy may be justified, but obviously it is disastrous to carry it too far. The present move for reciprocal trade relations with U.S.A. is definitely an advance in the right direction, but the policy should be extended to facilitate Continental wool purchases here."

The difficulty is—which Mr. Kelly apparently has yet to find out—that we cannot facilitate a general exchange of our exports for other people's exports without first making our own community capable of buying the whole of their own production, whether of wool or of anything else. And that our community is not in this position is now quite generally admitted, not only by those who until recently were pooh-poohed as monetary cranks, but even in the most conservative quarters. Sometimes this admission is startling in its candour, as in the case of Sir H. Gullett, whose surprising confession has been several times quoted in these columns; sometimes it is merely implied, as when Professor Copland speaks of the effect on prosperity of building, public works, and similar devices which issue immediate purchasing power without immediately withdrawing it through the channels of issue. But the regrettable feature, whether from the point of view of the wool-growers or from that of the community at large, is that nothing is being done by those in power to bring about the condition, which is now recognised as essential to our prosperity. For any such action would imply some interference with the private banks' control over our money supplies.

As a result of this inaction, we are now seeing a position arise which, were it not so tragic, would be high comedy. *Australia is being faced with the prospect of imported wool substitutes displacing wool in her own internal markets. And the competition comes from countries which would instead have been big buyers of our wool had we not driven them out.*

Speaking at Albury on Monday, Mr. Mair, a New South Wales M.L.A., said that Sydney shops now held large stocks of synthetic wool, both in suit lengths and in manufactured garments, at prices about a quarter of those charged for genuine woollen fabrics. Unfortunately, when Mr. Mair sought a remedy, he suggested nothing better than a tariff directed against the wool substitute. He appears to overlook that a tariff is merely a tax, that a tax adds nothing to community income, and that this particular tax would fall upon those who are driven to buy the cheaper substitute simply because their income will not allow them to purchase the genuine article. Which hardly seems a happy way out.

As we have said over and over again, and apparently will have to continue saying yet awhile, the only way to attack the inferior substitute is to put the original within the consumer's reach. In the case of wool, the first line of attack is to make it possible for Japan, Germany, Italy and other buyers of our wool to secure ample supplies—since they have turned to substitutes only through desperation. And the only way to enable them to get those supplies is to enable them to sell in our markets things, which our own people really desire or require.

And the only way to do that is to add to the *real* incomes of our people. And the only way to do that is to issue to them more money—not in such a manner that it has to be taken back through higher prices (as in the case of wage increases to be paid by employers) or withdrawn through heavier taxation (as in the case of interest-bearing national loans), but as direct grants of money from the national Treasury authorised by our Federal Parliament. Parliament has this power, and so Parliament must be the point towards which pressure is applied until this is done.

Ford Says It

What we have just said is no more than was said in substance last week (and on numbers of previous occasions) by Henry Ford, as well as by leading industrialists in England and elsewhere. Discussing modern business in an address at Detroit Mr. Ford said that the present system "has got us twisted into producing things with which to buy dollars, when what we need is a system that will produce dollars with which to buy goods." That is, in a nutshell, the position of the modern world, and it arises simply because, as Mr. Ford went on to point out, those who control the issue of dollars (and pounds) seek to control labour, to control the Government, to control the food industry, and even to control the schools.

The situation was expressed even more emphatically by the present Pope when he spoke of "those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will."

"Short or Long View?"

Meantime, of course, there are quite a lot of people who are desperately anxious to blame the present "recession" on to any cause but the right one. Probably the most naive of these attempts was that of the Melbourne *Argus* last Friday when, trying to explain away (under the above heading) the present state of the stock market, it proceeded to offset the short view of the pessimists against the long view of the optimists, and concluded: "Some of these investors are making confident purchases in the market, but others are holding off *because of the necessity for conserving funds for expenditure in the holiday season which is now but a month away.*" The italics are ours, but the statement was seriously put forward by the *Argus*.

And now, if you want a nice vacation problem, you can just work out for yourself what influence on the Stock Exchanges is likely to be exercised by those whose purchases have to be held over so that they may have a few pounds for their Christmas holidays.

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QUESTIONS FOR PROFESSOR COPLAND

A Letter to the Editor from BRUCE H BROWN

Sir,—

In a series of three articles, which appeared in the Melbourne *Herald* on November 17, 18 and 19, Professor Copland made some admissions, which indicate either that he has made important discoveries since 1931, or that he has been forced into the position of having to change his ground. For example, in the first of these articles he actually wrote this:—

" . . . Banking policy is one of the important determinants of fluctuations in business activity, and, therefore, of the levels of unemployment, of national income, and of the revenues and expenditures of governments."

Seeing that the "crisis" of 1931 was entirely financial and consisted of a serious decline in business activity, an alarming increase in unemployment, an enormous drop in national income, and a widespread dislocation of government accounts, why was it that he failed at that time to explain the *cause*, or the "important determinant," to the people? As chairman of the committee, which formulated the basis of the Premiers' Plan robbery, he was strangely silent on this all-important aspect. That silence was most pronounced when the Government of the day was being thwarted by the controllers of banking policy from applying remedial measures.

That the admission quoted above was no slip of the pen is confirmed by article No. 3, in which he went on to say, "If the Bank" (meaning the Commonwealth Bank) "feels that it must take steps to control the investment policy of the trading banks, it is contemplating action that may have serious repercussions upon employment, national income, wages, and Government budgets." Here, at long last, is the public admission from the Professor himself, twice within three days, that booms and depressions are the result of the "investment policy of the trading banks," and that when we blame the banking system for our economic difficulties we do in fact blame the actual culprit. This, I suggest, is definite progress, and, now that the Professor has openly admitted so much of what we have been showing, it may be wise to get his agreement on other essential features of the situation.

What "Economics" Means

In one respect his attitude is a puzzle to me. The *Herald* carefully explained, in a special panel, that Professor Copland "is an authority on economics," and it is because of his claims in this respect that his views are placed before us in such an authoritative way. But we never hear what is really meant by the term "economics." When we look into the meaning of the word and examine his public record we are forced to the conclusion that that is one of the subjects on which he is *not* an authority. The word "economics" is derived, I am told, from the Greek word *oikonomia*, which come from *oikos*, meaning a house, *nemo* meaning I distribute, or *nomos*, meaning law. There can be no doubt, therefore, that economics is nothing more complicated than the science of household management, and that in its widest sense it means the science of the production of goods in a community and their distribution amongst the people.

In recent years Douglas Berry Copland has done more to limit the distribution of goods than to facilitate distribution, and what has transpired in that direction prompts the question: "If you look upon yourself as an authority on household management, why do you so studiously avoid reference to the artificial conditions which render household management so difficult in practice for the great majority

of the people—i.e., shortage of money? Could you manage your own household on less than £3 per week, as more than 70 per cent, of breadwinners are required to do?"

Household management is difficult or easy according to the amount of money available to the manager, but this obvious fact finds no place in the Professor's articles. Money itself is never discussed and the absurdity of people being chronically short of money when there is an abundance of everything else is conveniently ignored.

"Investment Policy of the Trading Banks"

Now, in view of the admission that depressions arise from the "investment policy of the trading banks," we naturally want to know what the phrase means. In a few words it may be stated as the procedure followed by the banks to increase or decrease the volume of bank credit money. At one stage the policy is inflation and at another stage deflation. Inflation is a rise in prices consequent upon an increase in the supply of money. That usually means expansion in business. Deflation is a fall in prices consequent upon a decrease in the supply of money. That usually means contraction in business, or a "dampening down," as the Professor prefers to say. When banks are "investing" they are expanding credit, and when they are not investing they are contracting credit. When they are expanding credit we have prosperity, but when they are contracting credit we have depression. When we have prosperity the liabilities of the banks increase, but when we have depression the liabilities of the banks decrease; which means that continuous and progressive prosperity would lessen bank liquidity, and "investment policy" is deliberately designed to prevent it. So we see that while prosperity is good for the community it is dangerous for the banks.

The foregoing emphasises the fact that unless we make ourselves familiar with certain fundamental points we are not competent to come to a correct opinion about the economic problem or any solution put forward to meet it. May I therefore put a few questions to Professor Copland with suggested answers, and invite him to give his answers to the same questions?

Question One

As shortage of money is the only thing that prevents most of us from purchasing the goods we would wish to have and which are available in plenty, the first question to put is: *What is Money and what should be its function?*

The answer suggested is that money is buying power and may take the form of anything which has reached such a degree of acceptability that no matter what it is made of, and no matter why people want it, no one will refuse it in exchange for his product. It is a claim to goods and the licence to live. It is the means whereby distribution of goods is affected. Its function is simply to act as a ticket to enable the transfer of goods from one industry to another and to place the community in the position to obtain goods as consumers.

Question Two

On the basis of this answer, the next important question is: *What should determine the amount of money in existence?*

The suggested answer is that the quantity of money should be determined by the wealth of the country in goods combined with the capacity of the country to produce more goods as required, when required, and where required.

At present the quantity of
(Continued on page 8)

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(Continued from page 2.) requiring attention; (a) with a view to my being furnished with any explanation of the circumstances before framing my report to the Colonial Treasurer.'

"Where are the reports referred to by the Auditor-General?"

Mr. Knight (Lab., Hartley): "We will never find them."

Mr. Lang: "They don't appear in the file of papers tabled in Parliament. Were they abstracted before the file was sent to Parliament?"

"But what a scandalous position is disclosed!" he went on. "A number of people who are either shareholders or employees in the purchasing company are appointed to represent the Government, who is the vendor. The responsibility for that must lie personally with the Minister, because both the Auditor - General and the Crown Solicitor continually pointed out irregularities throughout the whole of the transaction."

"I will read to members a few extracts from the report made by Mr. Crum, who represented the Auditor-General:

"On folio No. 116—Mr. W. P. Renshaw, chief engineer, as the senior officer of the undertaking, presumably carried out the duties of manager after the retirement of Mr. Stephens, and it was a most unsatisfactory state of affairs when at the same time he became managing director of the purchasing company, Monier Industries Ltd., and in the latter capacity he acted as one of the purchaser's representatives in connection with the January stocktaking of manufactured pipes and sundry products at Erskineville factory. Attention is drawn to Mr. Renshaw's action in signing the stocktaking certificate as manager of the State Monier Pipe Works."

"Mr. Harold Renshaw, a member of the engineering staff and brother of Mr. W. P. Renshaw, was placed in an invidious position by his nomination, without his knowledge or consent, as the vendor's representative under clause 17 (3), and other responsible officers, such as the accountant and secretary, Mr. C. H. Lane, the assistant accountant, Mr. E. S. Manton, and the factory manager, Mr. J. A. Caffyn, were also situated in an unsatisfactory position."

"The auditor, in his desire to be fair, mentions that Mr. Harold Renshaw was appointed without his knowledge or consent; but, seeing the interest

both Mr. Renshaw and his brother had in the success of the purchasing company, surely Harold Renshaw was under a moral obligation to the community to refuse the appointment."

"The result of having Mr. W. P. Renshaw in the dual position of managing director of the purchasing company and manager of the vendor undertaking is referred to by the auditor in the following words: 'In view of the pending sale of the undertaking's pipe stocks at the drastic discount of 50 per cent., and especially taking into consideration the anomalous position of Mr. W. P. Renshaw and other executive officers of the State Monier Pipe Works, it might have been expected that manufactures at Erskineville factory would be restricted by the management to the requirements of orders awaiting supplies. That such restrictions were not imposed during the period from December 31, 1935, until the date of sale on March 8, 1936, will be seen from the following figures.'

Profit of 100 Per Cent, on Sale at Cost

"After quoting a number of figures, Mr. Crum goes on to say: 'The value of these stocks are approximately cost, so that their manufacture and sale to Monier Industries Ltd. at the discount of 50 per cent, involved the undertaking in a loss of £571/6/8, and from the purchaser's point of view the company acquired stocks whose subsequent sale at the actual cost of manufacture would have realised a profit of 100 per cent.'

"What an extraordinary position! Mr. W. P. Renshaw, as manager of the State Monier Pipe Works drives the manufacturing plant at its maximum because Mr. W. P. Renshaw, in his capacity as managing director of Monier Industries Ltd., will purchase all those manufactured articles at half the cost of production. What a wonderful wicket he was on!"

"On Folio 124, Mr. Crum, in referring to disputes regarding stores stocks, says this: 'These two representatives, Mr. Renshaw, representing the Government, and Mr. Renshaw, representing the purchasing company, were almost invariably in agreement, and my position became untenable at times.'

"There was the auditor sent along to arbitrate in disputes, but there never were any disputes. If he thought the Government was being robbed, there was nothing he could do, because both the Government's representative and the com-

pany's representative were quite sure that everything was all right—that is, all right for the company."

"On Folio 129, Mr. Crum gives a few instances of what happened at the stock-taking: 'Factory steel—71.15 tons at £10, £711/10/-, was sold for £355/15/-. Most of this stock was purchased during January and February 1936, at prices ranging from £10 to £12/2/6 per ton."

"Cement—70 bags, sold at 2/2½d per bag, had been purchased the previous week for 5/2¼d."

'Timber—Second-hand stocks of Oregon, 14,197 super ft., and hardwood, 4895 super ft., were sold at 2/6 per 100 super. Most of this timber was in good condition, and its average market value was considerably more than the rate of 5/- shown by the Schedule "G" stock sheets. The latter rate was only a nominal value fixed for the management for stock-taking purposes, all issues being charged at 10/- per 100 super.'

"On Folio 130, the auditor reports as follows: 'Stocks of manufactured pipes and sundry products, valued at £12,698/5/11, and materials, factory steel and stores, valued at £1606/14/4, representing a total valuation of £14,305/0/3 for stocks on hand at the date of sale, March 8, 1936, were sold to the purchaser for £7200/3/-' "Generally, the circumstances associated with the stock-takings of stock in trade and stores for the State Monier Pipe Works proved to be most unsatisfactory, and I am not in a position to report that these assets were realised to their fullest extent in the sale settlement price of the undertaking.' "Is it any wonder that the Minister was reluctant to produce the papers for members' perusal? What an absolute swindle is disclosed in these auditor's reports!"

"Cement purchased for 5 2/4 one week is sold to the new company for 2/2½d the next week! Pipes manufactured by the State undertaking at a cost of £2 are sold to the new company for £1. Fourteen thousand pounds' worth of stock and stores sold to the new company for £7000!"

"And all this was done under Ministerial instruction, because the board which Cabinet had set up to supervise the sale of these undertakings was disbanded by the Minister before this sale was entered into."

"So far as we have gone, it is very clear that the whole thing was a swindle."

"But we have only heard half the story."

"The Government continued to purchase from the Monier Industries Ltd., and when the accountant of the Public Works Department received the bill from the new company he got a shock. On 24/3/'36 he wrote to the legal officer about it. The following is a paragraph from his memo: "In this connection, it was pointed out that pipes were taken over by Monier Industries Ltd. at a considerable discount, and are now being supplied to the department at the full order price."

"And the legal officers advised: 'In respect of pipes supplied by Monier Industries Ltd., the price should be as quoted in the contract in order to be completed by that company.'

"What a scandalous position! We have already seen where the Government purchased cement at 6/2¼, and the next week sold it to Monier Industries Ltd. for 2/2½d. And now we find, according to those two memos that the Government is buying that same

cement back from the company at 5/2¼. Pipes, which the Government sold to the company a few weeks before at £1 each were being resold to the Government for £2 each."

"There has never been a more scandalous or corrupt transaction in the history of the New South Wales Government. The Premier's dipping into the Treasury for £2000 to finance his trip abroad is a mere circumstance compared to this."

"One week the Government buys cement at 5/-, the next week it sells it to the company for 2/, and the following week the company sells it back to the Government for 5/-. And this is done by a Ministry, which professes to be shocked by the manipulation of outside company promoters."

"If this Parliament stands for a Ministry which permits this to go on, it makes itself as culpable as the Ministers who arranged the swindle."

An Unlisted Asset

"Even so, that is not all the story. Mr. Crum, the auditor, formed the opinion that a valuable asset not included in either Lot 1 or Lot 2 had been sold as if it belonged to Lot 2. This meant, of course, that the company was getting an asset worth £800 for nothing."

"In his report to the Auditor-General, Mr. Crum said: 'There can be no question that the total value of additions to Hume Pipe plant during the current financial year, 1935 - 36 (£762/18/-), represents an under-payment in the sale price of the undertaking.'

"As in duty bound, the Auditor-General regarded this very seriously, but when he investigated it he made a very alarming discovery, which is best expressed in his own words:

"It would appear that there may be some difficulty about supporting a claim by necessary evidence, having regard to the fact that witnesses upon whom the Crown would need to rely are interested in the purchasing company."

"It is hard to believe that such a position should exist. Here is the Government selling a public undertaking, which had turned over more than £1,000,000. Its officer, the Auditor-General, believing the Government is being defrauded, wishes to prosecute, but he is confronted with this fact: that at the sale of this valuable undertaking the vendor—that is, the Government—did not have one representative on whose word it could rely in a court of law."

"This is a businessman's Government. Headed by expert accountants, headed by a man who, a few years ago, but not now, was described as a 'financial wizard.' And this is how they deal with the people's assets."

"Wrong Man Gets Inside Running"

"What are the outstanding features in connection with the conduct of this sale? A board of experts is appointed to call for tenders. Tenders are received, but the wrong man gets the inside running; so they are rejected, and the board again calls for tenders. Again the wrong man gets his head in front, so the tenders are thrown out, and the board is disbanded. The Minister takes the situation in hand himself, and he calls for tenders. After a lot of juggling, the 'pea' puts in a price fairly close to that of the company whose tender has twice been rejected. Although it is the lowest tender, the Minister accepts it."

"Then the Crown Solicitor

takes a hand. He tells them that the successful tenderer is only an agent for an unnamed syndicate, and that it would be quite improper for the Government to carry on negotiations with him. The Minister gets in touch with the syndicate's agent, and is informed that the syndicate has been formed into a company, and, if the company is successful, a Mr. Renshaw will take up a quarter of the capital. Mr. Renshaw was at that time manager of the State undertaking at a wage of £12 a week. There was no attempt to inquire if Mr. Renshaw really had the money to acquire a quarter interest in a company of the magnitude of this. There was no inquiry as to whether Mr. Renshaw could get the money, or from whom he would get it."

"The inference is, and a very reasonable inference, that before ever tenders were called the Minister knew where Mr. Renshaw could get the money; or, in other words, he knew who Mr. Renshaw was dummying for."

"On this flimsy basis the sale proceeds, Mr. Renshaw being in the invidious, but advantageous, position of being general manager of the company that was selling and managing director of the company that was buying. Is it any wonder that the transaction turned out to be so highly profitable for those associated with Mr. Renshaw in the new company?"

"The whole thing was rigged up right from the start, and the Government and the public have been taken down for thousands of pounds."

"All the Auditor-General could do was to pick out isolated incidents of where the Government lost thousands here and hundreds there."

Who Was Behind Syndicate?

"And who was it that Mr. Renshaw was dummying for?" asked Mr. Lang. "We might find it if we go a little further in our investigation."

"Included in the assets sold was an area of over nine acres of land at Alexandria. Included in the land was a portion which embraced streets and lanes, and to which there was no clear title. The Government got over this difficulty by giving a Crown grant to Monier Industries Ltd., the purchasing company."

"Now, the Registrar-General's office shows that on 7/2/'36 the subject land was transferred to Monier Industries Ltd. for £17,352, and it shows also that one month later the same land was transferred from Monier Industries to Metters Ltd. for £15,830. Metters Ltd. is an operating company. All the shares in Metters Ltd. are held by General Industries Ltd., a holding company. And the principal director of General Industries Ltd. is Sir Sydney Snow, the general president of the U.A.P."

Labor Members: "Ah!" "That is why the Minister was not concerned about Renshaw's financial standing," said Mr. Lang. "He knew who was behind Renshaw. He knew who Renshaw was dummying for. And he knew that when it came to finding the money to purchase a bargain like the State Monier Pipes undertaking, Sir Sydney Snow and his friends would have no difficulty in finding whatever was required."

"This transaction embraces every crime in the criminal calendar. Misappropriation, thievery, corruption, all show (Continued on page 6.)

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(Continued from page 5.)
 their ugly faces right through the transaction. It is nothing but a swindle perpetrated by the members of the Inner Group of the U.A.P. for the pecuniary benefit of those members.

"The Premier and the Minister in charge of this department are experts in business transactions. They have more personal knowledge of this class of business than any of the officers in their departments.

"I must emphasise that the file indicates that many of the papers are missing, but they show that at least some of the officers in the department were aware of the corruption that was taking place.

"But the warnings were ignored, and the Ministers appeared determined to push the corrupt deal through. This is clearly a case where the State's assets have been fraudulently dealt with, and corruption has taken place at the express direction of the Minister and against the advice of reliable officers," concluded Mr. Lang.

The Premier's Reply

In reply, the Premier said that there was no evidence in the papers or elsewhere to sustain Mr. Lang's charges. There were counter reports and explanations in the files to deal with all the extracts quoted by Mr. Lang.

"On the strength of certain extracts, Mr. Lang tables a motion of censure, but, having quoted certain extracts, he does not quote the replies," added Mr. Stevens.

"The sum total involved in the alleged irregularities reported by Mr. Crum is about £562/10/-, alleged to be a loss to the Crown because of errors of omission on the part of the staff. That represents not quite one per cent, of the full purchase price."

Mr. Stevens denied that Sir Sydney Snow was a director or a shareholder, or in any way connected with the company to which the Government sold this enterprise.

"Since the launching of this motion I have spoken to Sir Sydney Snow on the long-distance telephone to Melbourne. He tells me that he had never at any time, directly or indirectly, had any interest in the Monier Industries Ltd.

"I produce to the House a copy of the list of shareholders in Monier Industries Ltd., the company to which this enterprise was sold. That company is now a public company, whose shares can be bought or sold on the Stock Exchange. From these lists members will see that Sir Sydney Snow is not a shareholder.

"I produce to the House, also, a letter sent to me at my request from the chairman of directors of Monier Industries Ltd. I think this is sufficiently conclusive as evidence in rebuttal of the statement that the assets of the Government were disposed of to a company in which Sir Sydney Snow is the principal director.

"The question of the policy of the sale of the enterprises is not involved in this motion. The motion alleges fraud in the sale. The question involved, then, is the integrity of the contract, and if any fraud exists it involves not merely the Government and the staff of the Works Department, but some person or a number of persons outside as well.

"Not one of the elements of fraud is alleged, even in the speech of the Leader of the Opposition, and much less is there any evidence of it in the official papers that were made available to me through the rules of the

House and which he studiously and deliberately did not refer to.

"Mr. Lang vaguely alleges something fraudulent in the sale of the undertaking. The facts prove just the opposite. The sale of the undertaking was conducted in the ordinary way—through the departments and the Crown Solicitor. When it was decided to sell the Monier Pipe Works, Cabinet decided to appoint a special expert committee to deal with the whole matter.

"The functions of the committee were: (a) To approve of draft tender advertisements; (b) to receive the tenders; and (c) to report to the Minister upon the tenders received.

"Before actually advertising, the committee, in conjunction with the Crown Solicitor, drew up conditions and terms of sale. Tenders were called, the first advertisement appearing on January 21, 1934, and closed on March 21, 1934. The tenders were opened and reported upon to the Minister by the Tender Committee, but no offer satisfactory to the Government was received for this undertaking.

"Subsequently fresh tenders were invited, closing on October 4, 1935. The assets of the undertaking were divided into two lots—Lot 1 comprising broadly the Erskineville factory plant and stores and the country pipe plant; and Lot 2 the general contract plant.

"On this occasion two tenders were received, one from the Hume Pipe Company, which only tendered for Lot 1; the other from a syndicate comprising Messrs. J. W. Kidd, of Sydney Ferries; H. B. Jamieson, chartered accountant; and W. F. Renshaw the acting-manager of the State Monier Pipe Works. The latter tender covered Lots 1 and 2.

"The committee expressed the opinion that the tender of the Hume Pipe Company (Aust.) Ltd., at £33,278, and of Messrs. Kidd, Jamieson and Renshaw, at £30,999, were both satisfactory offers for Lot 1 only, that of the Hume Pipe Company being the higher by £2279. The committee pointed out, however, that it had been advised that the staff of the undertaking was largely concerned in the offer of the lower tender. Mr. P. H. Renshaw, one of the tenderers, occupied the position of acting-manager to the undertaking, and the committee understood that the staff would subscribe for not less than 20 per cent, of the capital required and that arrangements would be made to enable the staff to increase gradually its proportion of the shareholding as additional capital was required. Further, the committee stated that, should the tender be successful, definite arrangements would be made to take over the whole of the administrative staff in their existing positions, with the exception of the manager, who was on leave prior to retirement.

"A further point stressed by the committee was that the only tender for Lot 2 was that submitted by Messrs. Kidd, Jamieson and Renshaw, and the offer was conditional upon the acceptance of their tender for Lot 1.

"After giving the report of the committee full consideration, the Government decided, in December, 1935, to accept the tender of Messrs. Kidd, Jamieson and Renshaw for Lots 1 and 2 in preference to the Hume Pipe Company's tender for Lot 1.

The Government's Reasons

"The reasons actuating the

Government in this regard were as follow:

"(1) The Monier Industries had tendered for the undertaking as a whole, whereas Hume Pipe had only tendered for part of it. If the Hume tender had been accepted, the Government would have been left with a lot of unsaleable plant.

"(2) The Government knew that the chairman of Hume Pipe Co. was Senator A. J. MacLachlan, a man actively identified with the affairs of the Federal party. It was thought that if his company were to become the purchasers, this might prove a source of embarrassment both to him and the Government at a future date.

"(3) If Monier Industries obtained the plant, there would be an independent manufacturer in the Monier pipe field, whereas if Hume Pipe obtained it they would have a monopoly. In the interests of the consumer, it was thought desirable to maintain conditions of competition on the market.

"(4) It was felt that the rights of staff and employees should be preserved. Had Hume Pipes been the purchaser, they would have amalgamated the plant with their own, and there would inevitably have been some dismissals. The Government was appreciative of the fact that the disposal of the undertaking to the syndicate largely representative of the staff would be the means of providing permanent employment for the members of the staff and give them the opportunity of becoming part-proprietors of the undertaking.

"(5) Monier Industries had its headquarters in Sydney, and was entirely a local company, whereas Hume Pipe has its headquarters in Melbourne.

"The combined force of these arguments was irresistible, and, as I have said, Cabinet decided to accept the proposition put forward by the syndicate, including the employees, although it was the highest tender.

"This syndicate was then formed into a limited liability company, and on January 7, 1936, submitted a substitute tender at the request of the Crown Solicitor in similar terms to that lodged by the syndicate. Acceptance was issued on January 14, 1936, and the sale finally completed on March 9, 1936, the company entering into possession from midnight on March 8.

"Let us now look at the transaction I have outlined, and see whether, by any stretch of the imagination, the word 'fraudulent' could be applied to it. These are the facts in summary: The conditions of the sale were drawn up with the utmost care; they were advertised by open tender on two separate occasions; the best offer received was accepted; the offer of Senator MacLachlan, the one person who might have been described as the 'friend of the Government,' was rejected, and the offer of the small, independent company was accepted.

"Concerning Mr. Lang's allegation that the company sold to the Government at full prices stocks which it had purchased from the Crown at 50 per cent, of schedule rates, it is pointed out that when the committee dealing with the tenders reviewed the general condition of the stocks at the State Monier Pipe Works, it ascertained that large quantities of these had been on hand for a number of years, were obsolete, in some instances defective, and certainly had proved, and would, in the future, prove most difficult to dispose of. As a matter of fact, large numbers of oval pipes on the books of

the undertaking had been manufactured over 15 years ago, and proved unsaleable ever since.

The Company's Statement

"The statement of the company, made to me yesterday, is as follow:—'Re stocks of pipes, etc.—In accordance with the conditions of sale, each tenderer was required to state in respect of stock in trade and stores whether he would accept valuations as set forth in the under-taking's stock sheets, or whether he would accept valuations plus or less a percentage to be stated in tender. In view of the fact that such stock of pipes included a large quantity of form pipes, etc., for which there is very little demand, and therefore considered unsaleable and likely to be on the company's books for an indefinite period, it was decided to tender—'

"It will be noted from this letter that only 7½ per cent, of the stock taken over has been resold to the Government, and that this trifling amount is offset by many of the unsaleable stock which is still on the company's books."

Continuing, the Premier said it was inevitable that the technical officer at the stocktaking should be a prospective employee of the company's purchasing company, since all the officers in the service who had the necessary qualifications figures stated in the undertak-

ing's stock sheets, less 50 per cent. Of the original stock taken over by the company—viz., £7200—there has been sold £4146, leaving a balance unsold of £3054; or, in other words, of the stock taken over by the company, saleable stock represented 57 per cent, and unsaleable stock represented 43 per cent—100 per cent. Of the stock sold, only £550 approximately has been disposed of to Government departments based on respect take-over price.'

"Parliamentary Representative" WHAT DOES IT MEAN?

We hear a lot at the present time (says *Why*, N.Z.) about broken pledges and the duties of a Representative or the duties imposed on those who have been elected to represent the people in Parliament. So that we can be sure of starting on a sound foundation, let us turn, first of all, to the dictionary, and see exactly what these words mean. Here we find the following:—

REPRESENT (Fr. *repraesentare* from Latin *repraesentare*—*re*, again, and *praesentare*, I present. . . . PRESENT) to give an account of; to describe; to supply the place of; to act as a substitute or agent. REPRESENTATIVE; acting as a substitute for another or others; performing the functions of others; (a representative body); conducted by the agency of delegates chosen by the people, n. one who or that which represents; something standing for something else; an agent, deputy, or substitute who supplies the place of another or others.

Now, first of all, it becomes obvious that a representative has no authority of his own, but acts in the place of, as a substitute, or as an agent for another or others.

Theoretically then, every person qualified as a voter has a right to proceed to Wellington when Parliament meets, and have an equal say with others in the framing of the laws. But as it is inconvenient to do this, the people are divided into different groups, called constituencies, and each group elects one of its number to take their place and act as a substitute for them, to act in their place, to act as an agent for them.

Now the derivation of the word "represent," *re*, "again," and *praesentare*, "I present," makes it clear that something has to be presented again. In the capacity of an agent then, or substitute, the representative has to "present something again." It's certain, isn't it that nothing can be presented *again* that has not been presented *before*? And what is that which it is the duty of this representative to present again? *Obviously something that he has already been presented with by his masters or principals, the people who pay his salary for this purpose.*

His electors present him with their instructions, and his duty is to re-present those instructions to Parliament.

This seems quite clear; the people in each constituency should INSTRUCT their respective agents, or substitutes, what results, as a sovereign people, they are demanding, and the representative should RE-PRESENT those demands in Parliament.

He should not be influenced or affected by what the "representative" from Petone or Wellington Central thinks about the matter, but steadfastly *re-present* the demands made by his masters. He should not be influenced by what the vested interests, who supply the party funds, think, but steadfastly and honestly act as the agent for his principals, *re-presenting* their demands with undiminished firmness.

Wait a minute! At election time these people, competing for the job of re-presenting the demands of the people, never wait to ask what the people want, they never seem the slightest bit interested to hear what their masters might have to say, but rush on to the public platform or soap-box, and with great eloquence proceed to lay down *what THEY will do* if placed in the happy position of drawing £450 per annum as the so-called representative of their electors.

Just think about this! You, Mr. Elector, are allowing these men to usurp your rights, to *tell you* what *they* think would be good for you, or what they think would be better still, perhaps, for the big vested interests supplying their party's funds. You are allowing these men, who should be your servants, to become your masters, and in many cases the servants of those big vested interests whose privileged position of power can only be maintained by keeping you and your family in a state of poverty and subjection.

Snap out of it! Make up your mind *NOW* that for the future you will exercise your prerogative to the full, and tell your re-presentative what *you* want *him* to re-present *for you* in Parliament.

Tell him the results you want, and see that you get them.

(Continued from page 6.)

were being taken over by the company in the terms of their agreement; but, in giving to the officers of the Auditor-General's department an over-riding authority, the interests of the State were adequately protected.

"With regard to the increase of stocks between January, 1936, and March, 1936, mentioned by the Leader of the Opposition, it may be noted that the movement was comparatively small, and entirely accounted for by the fact that it was a condition of sale that the whole staff should be taken over by the new company. In order to fulfill this condition, men had to be kept in employment between January 6, 1936—when the agreement was concluded—and March 9/1936, when the legal preliminaries were concluded. In order to keep these men in employment, the process of manufacture had to be kept up," he added.

The Auditor's Report

Dealing with the report by Mr. Crum, Mr. Stevens said that the auditor claimed that the company received £562/10/- worth of plant without paying for it. The company denied that. The auditor also discovered there was an item of £600 missed in the stocktaking. The company readily agreed that it had been missed, and paid for it. This was all shown in the official papers. There was not the slightest evidence of fraud.

"The audit report was sent by the Auditor-General to the Works Department. The papers disclosed that prompt action was taken on that report.

"Several parts of it are disputed, not only by the purchasing company, but by departmental officers, and I have before me a report by the Under-secretary joining issue with the auditor and claiming that there were not even any errors of omission in the stock-taking or in the compilation of the inventory of plant which was the basis of the settlement."

Mr. Stevens said that the latest evidence he had suggested that there was no negligence on the part of the public service. If there was no negligence there was no fraud. He was satisfied that the Minister had around him a group of officers

that would watch the interests of the Crown and not yield an inch if they could avoid it.

"I leave it to the House and the country to judge whether the Government operating in this case, through its trusted officers, has left the slightest evidence of fraud, corruption, or incompetence throughout the whole transaction," he said.

"None of these contracts go through easily. There has been this controversy, and the House has been told something about it in the hope that the House will be deceived into imagining that the Minister is involved in this alleged over-payment. The Minister knew nothing of it."

The Premier, referring to Metters Ltd., said that the managing director of that company had informed him that Sir Sydney Snow was not a director of Metters, and had no knowledge of the land transaction. He was not even president of General Industries Ltd. when the transaction took place. His interest in General Industries extended no further than holding £1 for every £100 of the company's capital.

Mr. Lang Returns to Attack

Speaking in reply, Mr. Lang said that the two things uppermost in the Premier's mind in his reply were to remove Sir Sydney Snow from the transaction and to blame the civil servants for anything that happened by appearing to defend them.

"Let us take Sydney Snow first," he said. "According to the Premier's reply, the documents in connection with the sale to Monier Industries were completed on January 6, but the new company did not take over until March 9. What happened between those two dates?"

"Let us refer again to the certificate of title which was registered at the Registrar-General's office and is a public document. That certificate shows that on February 7 all title in the land and improvements at Alexandria were transferred to Monier Industries Ltd.

"The Premier says that Sir Sydney Snow has no interest in Monier Industries Ltd. Nobody said he had. But one month later, on March 9, this same property was transferred from Monier Industries Ltd. to Metters Ltd., and Metters' is a company in which Sir Sydney Snow is heavily interested.

And mark those dates. On January 6 the transaction was completed, but the new company was not allowed to take possession until March 9. That is, it was not allowed to take over the industry until it had by legal document transferred the assets to Sydney Snow's company.

"The Premier cannot argue against the legal documents, with their sequence of events and fatal dates. The inference is clear, that this undertaking was sold to the Renshaws only on condition that they transferred it to Sir Sydney Snow's company.

"And they were not given possession of the undertaking until they had actually made the legal transfer.

A Clear Case

"If ever there was a clear case of a dummy sale made by a Government through an intermediary to one of its most powerful friends, that evidence was contained in the documents that were tabled in Parliament, and which may be seen at the Registrar-General's office.

"In his reply, the Premier said that tenders were called for twice, and that the expert committee set up reported upon the final tenders. According to the papers tabled in Parliament, tenders were called for three times, the first occasion being 21/3/34, and on these the committee made a report. Tenders were called a second time on 6/4/34, and on these the committee made a report.

"Twelve months later an advertisement was inserted again, calling for tenders, and this time there was no committee's report; or, if there was, it was not included in the papers which were tabled in Parliament.

An Ex Parte Statement

"As for the statement the Premier read as being sent to him by the company yesterday, it is an ex parte statement from the purchasing firm, and has no more value than that. But it does make a remarkable statement. It says that of the £7200 worth of stock that was taken over, £4146 worth has been sold, leaving a balance of £3054 unsold.

"According to the correspondence between the Under-Secretary and the Crown Solicitor, the company was entitled to sell back to the Government pipes for which it paid 10/- at 100 per cent, increase in price.

"On that basis the company has sold half the stock which it purchased for £7200 for £8290. That is, it has made a profit of £1000, and still has half the stock on hand. If it has not received £8290, then the company must be selling to outside customers at a lower price than it is selling to the Government. The Premier can have it whichever way he likes, for whichever way it is, it is bad.

"By quoting an opinion of the Crown Solicitor, the Premier endeavoured to indicate that I had not read a document which was unfavourable to my case. The letter from the Crown Solicitor pointed out that there might be some doubt as to whether items were new items or renewals. I did not quote the Crown Solicitor's letter, because I quoted the auditor's reply that there was not a shadow of a doubt that the items were new items, and that the Government had been defrauded.

The Shareholders

"The Premier seems to attach some value to a letter from the

Public Service Board which he had just received stating that no officer under the control of the Board had been guilty of any negligence. Well, who said they had? It is the Minister who has been guilty. It was he who dispensed with all the necessary safeguards. It was his actions, which brought about the conditions that the Auditor-General so consistently complained about.

"He gets up in his smug and sanctimonious way and says that he is sticking to the workers in the industry; that he is selling an enterprise to an employee company. (Laughter.)

"He says he could not sell it to the company that McLachlan is interested in, because it would be too crude. And for the same reason he could not sell it directly to the company that Sir Sydney Snow is interested in because that would be too crude. So he creates the dummy company of those employed in the undertaking.

"The Government sells it to the dummy company, and the dummy company sells it to Sir Sydney Snow, and he takes fine care that the Government does not transfer to the dummy company until after the dummy company has re-transferred to Sir Sydney Snow.

"It is a simple, clear story of corruption set out in public documents, and all the unctuousness of the Premier cannot save him from the position he is in.

"Let us have a look at the Premier's employee company, Monier Industries Ltd., and see who the shareholders are. One of them is Sir John Harrison, a master builder, with 1000; another is Mr. J. Wall, a master builder, who is also a director of R. H. Gordon Ltd. and Sargent's Ltd. He holds 1500 shares. Mr. G. F. Birks holds 1500 shares; he is a director of Berlei Ltd. Mr. J. Blackwood has 1500 shares; he is a director of Bond's Industries Ltd. (More laughter.)"

"Those are some of the shareholders in Mr. Stevens's employee company. He neglected to give us the names of the unions to which these workers belong. The Premier has talked himself out of a lot of things, but he cannot talk himself out of this."



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(Continued from page 3.)

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ELECTORAL CAMPAIGN NOTES

VICTORIA

Did you give earnest thought to the subject of last week's introduction to Campaign Notes? It is to be hoped that readers did so, and that they will do all in their power to propagate the *Home Meeting idea*. The Home Meeting must be made the main front of our activities. There is no method to equal it in effectiveness. It is ideal. It reaches the persons whom we have been endeavouring to contact. Those exasperating individuals on whom we have expended a considerable amount of conversation, to find in the end that they have not listened to a word of our harangue, and that our reward is a tolerant patronage, with the easily discerned thought, "Poor fellow, but he means well"—people of this type cannot be persuaded to attend public meetings, but they will gladly accept the hospitality of a friend's home, where the idea can be conveyed to them in the form of an address free from premature arguments.

They are our greatest concern, more so than those who are enlightened or have a leaning our way. That is not to say that the latter shall be neglected, as they will automatically be co-opted in the Home Meeting activities. The point is, in the past, a great deal of our energies has been expended in propounding our ideas to ourselves. Quite comforting, no doubt, to find one's audience in complete agreement with one's views, and to have support in deploring the ignorance and lack of understanding in the community. But that sort of thing is waste of time and energy. We all have friends, some of them sceptical of what we tell them, and some who won't begin to listen. These friends are our personal concern. Many of us are worried over their appalling ignorance, and the hopelessness of penetrating their stolid attitude. They can be reached by the Home Meeting. There, courtesy requires them to listen patiently to the whole idea, point by point, being conclusively and convincingly revealed to them.

Your Friends are Your Personal Concern. - - It is your responsibility to gather them together and provide them with the opportunity of learning the actual facts of our existing social state, and the simple means whereby the outrageous anomalies that are crushing civilisation can be removed. This is the

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answer to the question: "What can I do to help?"

The inviting of a few friends to spend an evening in your home does not convey the idea of being very important; and yet, there is no greater service you can render them and humanity than just this simple undertaking. Taken earnestly and sincerely, the Home Meeting idea can sweep to the furthestmost ends of the continent in quick time; and can purge the country of the iniquitous Party system of Government, and allow Democracy to usher in an era of Peace and Plenty. There is no exaggeration in making that statement. This paper is circulating in every State of the Commonwealth. Cannot you envisage what this means: Home Meetings in every portion of Australia? From one meeting is born several more; and from them, others; and from others, still more, until in a very short space of time the whole continent is covered. Latest developments in world affairs give grave indications that Australia may be dropped (again) in the "mud." Our principal markets overseas are to be interfered with—some of them have already vanished. The situation is far from being encouraging, so there is urgency that we place ourselves in the position to be able to instruct Parliament, through our paid servants (Members of Parliament) to make our home market accessible to the whole of the people, not merely to a section of them, and to the extent of satisfying their requirements, commensurate with the productivity of the nation.

The United Electors of Australia (Non-Party) came into being for the purpose of assisting the people to instruct their Members of Parliament to convey their Demand to Parliament that it set all other law-making aside until poverty is abolished from this abundant land. There are no other complications or confusing issues. There is not a constitutional objection; there is not an indignity; there is not an offensive suggestion that can be connected with the principles of the Movement. The worst and grandest that can be said of it is, that it is Democracy—the expression of, and the attaining of, the Common Wish.

The Home Meeting held last Saturday evening at Mr. and Mrs. Campbell's home, Elsternwick, was all that could be desired. The attendance, no doubt, exceeded that which will form an average, twenty-seven being present, and half being new to the idea of the Campaign. Mr. Bruce Brown gave the address, and patiently answered the queries of bewildered listeners, repeating his explanations from different angles until he was satisfied the questioner clearly understood. Five present signified their intentions of holding Home Meetings.

Prahan. —An energetic worker and organiser has opportunely arisen in Prahan. She is setting in motion card parties and social functions. As a start off, a Home Meeting will be called, and helpers, for solid organising work, will be recruited at this meeting. Fawcner is one of the electorates to receive special attention, so this is an opportunity to form a working organisation. Mrs. Carr has spacious business premises at 328 Chapel Street, Prahan (near Read's), and she extends a cordial invitation to all interested to meet there on Tuesday evening, December 7, about 8 o'clock.

Coburg. — A Friday night special that is attracting an increasing number of listeners is an address on the aims and objective of the U.E.A. Speakers can depend on an audience in the business centre of any suburb on Friday evenings during the summer months.

Write to your Member. — The Government Loan for £8,000,000 is open for subscription. Chapter 1, Part V., Section 51 of the Commonwealth Constitution.

reads: "The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to . . . (xii.) Currency, coinage and legal tender; (xiii.) Banking, other than State Banking; also State Banking extending beyond the limits of the State concerned, the incorporation of Banks, and the issue of paper money." The borrowing of money by Government for Public Works is therefore a betrayal of the trust delegated by the people to Government, which is comprised of elected members of the community, who are paid in privileges and high salaries by the community to watch over the community's interests. This Loan means that our paid servants are voluntarily and deliberately permitting a few concerns and individuals to levy an unrighteous tribute on us. Write to your Member and tell him you expect to hear of his indignant protest, in the House, against this iniquitous procedure; and suggest that he call on Government to prosecute those Members that uphold it for high treason.

Eric Butler travelled to Whittlesea, to address a public meeting, on Tuesday, November 23. Although this town is a notoriously bad one for meetings, a record audience attended, which was mostly comprised of schoolteachers, chemists, doctors and other leading citizens. Judging by reports the audience was very impressed and a group will be established in this hitherto infertile area. Several readers for the *New Times* were also obtained. Mr. A. O. Wilson is to be congratulated on the manner in which he ran this meeting. Several people from surrounding country centres were so impressed with the address that Eric received several invitations to address other meetings at those centres. He will probably address a small country meeting at Hume Vale on Thursday, December 2, before leaving for the North.

Eric left Melbourne on his bike on Saturday morning for Gippsland and reports to hand indicate that he will be organising a string of meetings as far down as Thorpdale. This series will probably be run in the New Year.

Thorpdale South reports that, apart from keeping parliamentarians in a state of mental activity re National Debt, Loan Council Meetings, proroguing of Parliament, destruction of onions, burying rotten potatoes; and pushing the local member to see that Thorpdale has better telephone facilities; and an odd meeting or two, things are a little quiet. A pound note arrived with the report, so it was an excellent one. Ten shillings of the pound were donated by Coalville supporters.

WESTERN AUSTRALIA

Broadcasting Fund needs help. All readers are requested to help if possible with the fund; will you make it your business to increase the flow of donations to headquarters for this purpose? This form of propaganda reaches out to a wide field of listeners, and people whom we cannot reach otherwise are informed on the principles of the Campaign. On November 19 a concert and dance was staged by the "Seekers' Club" in John Wills Buildings, First Floor, Wellington Street, at 8 p.m. Ladies brought refreshments, and a silver coin collection in aid of the Campaign was taken up. A very enjoyable evening was spent by all who participated, and also a very helpful donation to the funds was made possible. This was a fine gesture on the part of the club.

River Trip. —A river trip on New Year's Eve will be run to Point Walter. Dancing for those who like it, and a further trip down to the harbour for those who wish to go. Prices, adults, 1/6; children, half-price; tickets on sale at headquarters and from all branch secretaries. A good evening's pleasure is assured

Questions for Professor Copland

(Continued from page 4.)

money is determined by the cash reserves of the private banks and bears no sensible relation at all to our wealth in material things. The cash reserves of the private banks form the "credit base," and Professor Copland speaks of the control of this base without connecting it in any way with the resources and the production of the community. He uses the word "base" as a noun meaning the foundation for the superstructure of bank credit money, but the word could with equal appropriateness be used as an adjective meaning fraudulent, for in practice that is exactly how the present credit base is worked. The amount of Australian money is determined by the unfettered discretion of the banking system, which manipulates the manufacture of money for its own profit and power and with the object of retaining control over the lives of the people. Money should be manufactured in such quantities as would achieve the maximum distribution of the goods procurable within Australia.

Question Three

From this we naturally proceed to the question:

How and where does money originate?

It does not come from the Government, as so many suppose, but from the banking system, and except for the cost of the materials used (such as pens, ink, paper,

for all those who take the trip. Make this a real bumper outing and also a social success.

Literature. - - Full stocks of books and pamphlets are on hand at headquarters; send us your requirements; we will post promptly to you. Have you read "Blood Money," or "The Miracle of the Machine"? They are six-penny booklets, which you should read.

President's Fund —We require 250 subscribers for the above fund. There must be plenty of supporters in W.A. who could help, but who are standing by prepared to let things drift. There are already ominous signs on the economic horizon which tell of another approaching economic blizzard, in which all our supporters, who have been lulled into believing in this prosperity ramp as something that would last, will be swept. The time to raise your voice is now. You must know that a system that stands for ghastly poverty, that breeds fear, hatred and envy will undermine in time the beauty of human nature and the values worthwhile.

The recent Commonwealth Nutrition report reveals that poverty is worse in W.A. than in any other State, and is even worse than the poverty experienced in the London slums, which every man and woman worthy of the name knows full well are pestilential hells, and repositories and breeding grounds for disease and death.

If you read this appeal, don't immediately forget it, but write to us and tell us what you can do to help the Fund.

Readers, be doers as well as armchair economists. Demand that your ideas of Christian justice be incorporated into the business life of the nation. Our address: Room 31, Bon Marche Buildings, Barrack Street, Perth.

"Koolinda" Branch -- These notes would not be complete without a reference to the wonderful work being done by the "Koolinda" secretary, Mr. S. Strack. Indeed, this group is an inspiration to every other branch and group in Australia; the work accomplished cannot be estimated, but the "Koolinda" branch is a force to be reckoned with on the West Australian Coast.

etc.), the money costs nothing to produce. Apart from the small quantity of notes and coin which are produced by the Commonwealth Bank and the Royal Mint from papers and metals purchased by the banking system by issuing cheques drawn upon itself, money is created by the granting of overdrafts, and the "cheque-form" used on overdrafts serves as currency and is money. Cheques actually form the greater part of our money and almost the whole of our monetary transactions are settled in this way. There is, therefore, no getting away from the fact that money is created by merely making figures in a bank ledger, and is, therefore, created out of nothing. In what way would Professor Copland's answer differ from ours?

Question Four

And then we come to perhaps the most important question of all; *Who are the rightful OWNERS of money when it is created?*

There can be only one answer—the community, whose collective activities furnish the goods, which alone give money its value and use. The community's ownership must be acknowledged by decreeing that all money created and lent by the banking system is a loan on behalf of the community, and must be accounted as such. It must not be recorded as a loan from the banking system. The banks must be treated merely as agents lending the community's credit. Their position is similar to a solicitor who acts on behalf of a client in a transaction.

It must be decreed, also, as part of the policy, which should govern the operation of the banking system, that a National Credit Authority shall be directed to write up all appreciation of the community's assets as well as all depreciation thereof, and by that means to furnish a statement of the nation's true economic position. Under this arrangement the community would at all times have at its disposal a financial fund equivalent to the capital value of its assets and productivity, which, if properly drawn upon, would permit the people as consumers to acquire or "buy" the total output of industry. In other words, the power to monetise wealth and productivity in the interests of the community as consumers would reside in the community as a sovereign people, as distinct from the present state in which the power is allowed to reside in a privately-controlled banking system.

What is Professor Copland's answer to that important question? If his answer agrees with ours, then from this onward we may expect him to be insistent that the objective of the productive system is to produce goods for the people to consume, not, as he has been telling us in the past, to provide work. Then, if our money is brought into existence as the property of the nation and regulated according to our production, the people will be in the position to obtain benefit from it irrespective of the amount of "work" involved in producing the goods, and we shall have our Government using public works, pensions, etc., as the media for issuing money to the community instead of as an excuse for borrowing figures as further debt to the banking system.

—Yours faithfully,

BRUCE H. BROWN.

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OF VICTORIA
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