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NEWSAGENTS

THE NEW TIMES

BRADFORD
HAS LET US
DOWN!
See Page 2

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

Vol 4 No 9

MELBOURNE, FRIDAY, MARCH 4, 1938.

Every Friday, 3d

RED HERRINGS

from Young Nat. Chief, Mr. Herring

BUNKUM

From Taxpayers' Assn. Secretary

UN-SOUNDNESS

From Sound Finance League

THE REAL CRIME BEHIND DEMSEY KILLING

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Bradford Won't Let Us Down?

How often have we been assured by experts, bankers, professional economists and politicians that a country lives by its exports? In their view, that country would be most prosperous which worked like the devil and sent the whole of its product outside its borders. And it would be prosperous—financially—according to our present insane rules. The money monopolists are willing to make money available in a country against real wealth sent out of that country. If it remains within the country's borders it is not represented by money. If it is sent out, in return for equivalent imports, those imports are not represented by money.

Diversification of Consumption

The *New Times* has frequently pointed out that any system which results in this state of affairs must be inherently unsound and wholly rotten. It has envisaged as an ideal system a series of economic units, each endowed with sufficient money within its own borders to buy the whole of its own production at prices remunerative to its producers. This is not to say that each country should be forced to consume its own production, the whole of its own production, and nothing but its own production. It is merely to say that a country endowed with such a money supply can import a quantity of real wealth, equal to its exports, with perfect equanimity. It will be in no danger of ruining its own producers, as there is ample money to pay them, as well as to buy imports.

The great benefit of diversification of consumption is thus obtained, without any after-effects or headaches.

If Australia grows good wool in greater quantities than Australians need, and if England makes fine cloths, china and machines, is there any sane reason why there should not be mutual import and export to the benefit both of Australians and Englishmen? Differences of climate, of materials and resources, of art and skill, of temperament and capacity, must always make it true that each country will be better able to produce some particular thing or things than any other country can, and probably in much larger quantities than its own inhabitants can conveniently consume.

The *New Times* does not oppose importing and exporting, as such. It does, however, suggest that they can be safely carried on only where the countries concerned have adequate money, and are not forced to cut each other's throats in a struggle to achieve an export surplus.

It must be remembered that export outside this earth is not yet within the bounds of possibility. Man has not even succeeded in getting fifteen miles away from the surface of the earth as yet. The external markets of one country are really the home markets of other countries. It is not possible for all countries to achieve an export surplus. It is this factor, which makes the present theory of export so explosive and dangerous.

The Achievements of Lyons, Casey and Co.

Judged against our requirements for safety and sanity in the conduct of trade between the nations, the outlook of Australia's Federal Government is hopeless in the extreme. In the home market there is a deficiency in distributed income, which the Government has no policy to make up. Its sole monetary policy is expressed in its parrot cry—"Hands Off the Banks." It intends, and so far has succeeded

in its intention, to leave effective control of money in the hands of the banking combine, which combine is steadfast in its determination that those ways will continue to be followed which have led into the present mess.

The deficiencies of our home market are to remain, left to the tender mercies of our bankers. The only endeavour made to escape these deficiencies is to be by way of increasing the public debt and by stimulating exports. The achievement of an export surplus builds up what are known as our London funds, and if London funds are sick our bankers deflate rapidly here, no matter how abundant our real wealth may be. If real wealth flows out of the country it does not remain to taunt the poor devils who have to go without. There is an increase of employment, in return for which servitude a few more of our citizens earn almost enough to keep them on the bread and butter line.

Preservation and extension of our export trade is the avowed objective of Coronation Joe, Trade Delegation Page, R. G. Privy Council Menzies, Federal Treasurer Casey and their fellows. This is the policy which they stated to underlie their trade diversion policy of a year or so ago, even if the effect most patent to Australian citizens was that many of their best customers were given a good, solid slap in the face. The argument advanced was that Britain was our best customer that she would not let us down, and, as a result of our new policy, would become a better customer than ever.

Trade With Japan

Well, the Lyons Government has been a failure, not only according to our standards, but also according to the standards it has laid down for itself. Its deliberate offence to Japan has already, under the rules of orthodox finance, had a very damaging result so far as the Australian farmer is concerned.

During the financial year ending in June 1936, Japan had found it desirable to purchase from us over \$17½ million worth of produce. She had been anxious to let us have some of her own products in return, though we had availed ourselves of this anxiety to an extent less than £5 million.

In the following twelve months the Australian Government made it impossible for Australians to purchase more than £4 millions of Japanese products. The inevitable happened and our Japanese neighbours could only buy from us to an extent just short of £10 millions. The decline in trade has since continued. In the six months ending in December 1937, Japan bought to an extent of less than £2½ millions.

There is not only the immediate effect, which has been felt by our farmers in the way of lower prices for wool and sheep.

There is the danger that a friendly nation (a nation which, in point of view of armed strength and England's pre-occupation else where, could have long ago taken Australia from us if it had wanted to), might, through loss of trade, eventually be driven to have territorial ambitions in Australia. To continue to insult Japan and refuse a trade with her which could be mutually beneficial is the one sure way to invite Japanese hostility.

Bradford DOES Let Us Down Will Australians Stand for It?

When the trade diversion policy (or trade perversion policy, as it has turned out to be) was first mooted, Hon. Joe Lyons asked everybody to be patient and "not to breathe on the works".....

"delicate negotiations" . . . etc., etc. Dalziel Kelly, now happily knighted, backed him up and assured growers that Bradford would not let them down.

In wool prices this year it is quite apparent that the woolgrowers were sold a pup. The *Herald* wool "expert" on February 19 splashed a big heading across the financial page, "Japan Taking Less Wool," and set out to prove that Japanese curtailment of buying was mainly responsible for accentuating the drop in returns to our growers.

But what of Bradford and Britain? Not a single word!

Official figures from Canberra show that from July, 1936, to January, 1937, the time when growers were being asked to swallow the trade policy of the Lyons Government, Britain purchased 625,509 bales, valued in Australian currency at £12,753,700. For the corresponding period this season Britain has purchased only 510,744 bales, valued in Australian currency at £10,035,879. This, in spite of assurances by Lord Nuf-

But it is not sufficient to tell them, as the *Australian Manufacturer* does in its issue of February 12, to increase duties to keep imports out. Every nation can play at that game, and the final situation becomes worse than the first. The experience with Japan has surely demonstrated that.

Our Government must cure the lack of purchasing power, which affects our home market. It must give Australians enough income to allow them to buy the whole of Australia's production. To do this it must abandon its slogan of "Hands Off the Banks." It must take away from the bankers their usurped monopoly of money issue and recall. It must put the bankers in their proper position as servants of the community; administering a money system based on the scientific principle that enough money must flow out to citizens to ensure the purchase for consumption of the country's whole product.

When it has done this the dangerous problems of international trade will disappear. If we send real wealth out of the country we will make very sure that we get a quid pro quo in return. We will want as many motor cars, fabrics, etc., as we can possibly get in return for our wool and wheat. That this is in accord with the natural desires of Australian citizens is amply demonstrated by the readiness with which they buy these imported things as soon as they get a few pennies in their pockets.

We could then trade with Japan and other countries, to the advantage of all concerned—but not till then.

Under present arrangements we either work like niggers and send our produce out of the country, or we are denied financial access to our wealth if it remains here in Australia.

Given a money system of the order which we have outlined, we could even handle the service of existing external debt with comfort. (There would, of course, be no increase of that debt.) But it is probable that when our creditors had followed suit, and put their own money system in order, they would no longer insist on the continuation of these debts; partly from a realisation of the type of financial exploitation from which these debts had first arisen, and partly from a sense of their ownership by banking institutions, which had created without cost to themselves the financial credit originally advanced. This, however, is a problem, which can safely be left for future solution. The vital necessity now is to cure the ills of the home market, and to make the Government do it quickly.

Manufacturers and producers, we are fighting your fight! Why don't you come in behind us? You can expect nothing but a series of kicks and blows from the present system, no matter how well inclined to you the functionaries of that system may be, or profess themselves to be. Get rid of this system. It won't work and you are among its victims.

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SPLITTING THE VITAMIN

By YAFFLE, in Reynolds News

Scientists are now engaged in splitting the Vitamin. Already they can split Vitamin D into two factors. A to Z will follow.

It is part of the process of arranging the lives of the masses on a scientific, hygienic and economic basis.

I'm told it is due to the Health Ministry's desire to determine the minimum diet, which an unemployed man can exist on without falling to pieces. They thought a whole Vitamin per head would unbalance the Budget, so decided to split it.

Too long have the common people gone on eating just what they like. Indiscriminate eating has threatened our financial stability and is undermining the moral fibre of the nation. Eating must be controlled.

It will be difficult. Once the eating habit gets hold of a man it is hard to wean him from it.

Many a gravy-sodden eataid, many a fish and chipsomaniac has begun his downward path to ruin, or steak and onions, because he lacked the courage to say "No" when his friends invited him to join them in a spot of eats, and wished to prove his manhood.

"A steak pudding now and then can't do any harm," he says to himself.

But the habit grows on him, and before long, instead of living on rice and watercress, a comfort to the Board of Trade and a solace to the shareholders, we see him, still young, demanding a rise of two-fifths of a penny an hour to satisfy his craving for proteins.

Many an innocent girl, dazzled by the sizzling of sausages in a window, is lured into an eating den, and—well, the story is an old one. Instead of growing up to know the joys of motherhood with a group of darlings round her knee, she has a crowd of kids round a table yelling for more hash.

Vit-splitting is, of course, consistent with the trend of modern science, which is always splitting things. The idea is that everything is too fat and the universe would be more refined if all matter were divided into two parts.

That is why women are mainly engaged in reducing their weight by half. Of course, they throw the other half away. No doubt this is unavoidable, as a man cannot have two wives. All the same, it

Seems to me a waste of good woman.

It is not generally known that it was the size of a miner's wage that gave scientists the idea of splitting the atom. In fact, I didn't know it myself until my pen just jotted it down. Thank you, pen.

Thank you, sir. The great Russian scientist, Dr. Pavlov, said that what a man eats largely determines his behaviour. This is important. If people behave according to what they eat, then clearly the Government must exercise strict control over the diet of the masses.

We must have experiments of the behaviour-values of food. They will be carried out, as usual, on rats and mice. Science owes a great deal to rats and mice. There ought to be Experiment Memorials to the animals that give their lives to the cause of making the world safe for scientists and getting inoculated with diseases to end diseases. There should be a large statue of a rat outside each university, and professors should raise their hats to it as they go in and out.

Some people doubt whether experiments on rats and mice teach anybody anything about men, seeing that a man is not a mouse, nor, with some exceptions, a rat.

I know a rat that ate the wooden spoon along with the porridge and came back later for his afters. A man would not have eaten the spoon, or if he did he would not have come back. However, that need not prevent professors from saying that the unemployed can be fed on wooden spoons, though some might say the spoons should be pasteurised.

The next job for science, then, is experiments for behaviour-diet. If a professor finds, after giving some mice a job to do, that they omit to turn up on Friday for their wages, he will announce that he has found the correct diet for industrial workers.

So we may look forward to the day when the masses will be forbidden, in the interests of health and prosperity, to choose their own food. They will go once a week to the Food Exchange for a blood test and be given a diet to suit their occupation.

It will be in capsule form and

WHY THERE IS ELECTION APATHY

By LEONORA POLKINGHORNE.

Elections are pending now in two States, and we can be pretty sure that no very new feature will be introduced into either, with the exception of the large group of Independents that are offering in South Australia. This group is drawing upon itself considerable abuse from the parties, particularly the so-called "Liberal" party, which, in South Australia, is allied with the Country Party, under the name of Liberal Country League.

Cat and Canary

More precisely, the producers' party, organised in the first place to obtain direct representation in order to draw attention to the grievances of the man on the land, was soon after its inception swallowed up by the Conservatives. How far this was the wish of those who had originally supported it will never be fully known, but the persuasive gentlemen who induced the farmers to join it certainly did not consult them when they agreed to the fusion. As many Labor supporters were among the original Country Party, it looked as though these simple agriculturists were sold, while the Liberal leaders wore the smug expression of the cat that has just swallowed the canary.

"Keeping the Cranks Out"

Now the air is full of faction cries, and we can no longer think to escape the raucous propaganda of the parties because of the permission given them, and denied to the Independents, to broadcast their policy speeches. Anyone who has the impertinence to think independently can jolly well pay for it, say the authorities. Something of the same exclusion policy is expressed by the demand for the £25 deposit, which is forfeited if the candidate fails to secure one-tenth of the maximum votes. The reason given for this is to keep the cranks out. Naturally anyone who cannot lay his hand on £25 is a crank of the first water! In Victoria they go further still, and make

eaten on the spot in case a blue-bottle should snatch it. A policeman will stand by to see that they bally well eat it and like it.

You cannot stop the progress of science, even with a brick.

it £50. This may prevent persons from entering the arena who, if allowed to stand, might easily command far more than one-tenth of the votes, but the powers that be are taking no chances on that.

Just a Shadow Show

So the bewildered, confused, and frustrated electors have their ears assailed for the next six weeks with the party abuse, self-laudation and vague promises that they have listened to so often before, without their condition being changed one iota. We are assured of a "vigorous policy of land settlement," a "vigorous policy of public works," a "vigorous policy of secondary industries," and everyone knows all these things will be pursued only to the extent of the amount of credit that the banks will allow the Government. So it is all just a shadow show. It is predicted that as the voting is not compulsory, the number at the polls will be few. This makes the party leaders groan about the "apathy" of the electors. Does it not seem ludicrous that one should talk of apathy under the circumstances? What else could be expected?

Twin Policies

Take a case in point. Lionel Hill, a former Labor Premier, was one of those who obeyed the commands of Sir Otto Niemeyer, and told his constituents and the people generally that it was highly necessary to tighten their belts and cut down expenditure because there was too much of everything. Mr. Butler, Leader of the Opposition, said the same. So it came about that many people asked what was the real difference between the two leaders, if any. Both vigorously denied that there was any similarity between their policies, though when the policy speeches were put side by side, there was not a pin to choose between them. The mass of Labor's supporters, however, were so little enamoured of the belt-tightening policy that it deemed it advisable to get rid of Mr. Hill, and he was pushed into that convenient post for the unwanted politician, the Agent-Generalship. As history knows, he did not last long there, and was recalled, whereupon he passed into obscurity.

Benefits of "Ratting" From Left to Right

Now, while he was the head of the Government, he was lauded by every part of the Associated Press all over the Commonwealth, the local press outdoing itself in praise and adulation. Why? Because he allowed himself to be the tool of the financial oligarchy, and was willing to "rat on his class." Every time a Labor leader does this, he is eulogised by the press. We are told, "he has sacrificed his party prejudices to the welfare of his country." So Ramsay MacDonald, William Hughes and J. Aloysius Lyons. Isn't it strange that when a Conservative votes against his party, he is never applauded for putting his country before his party? On the contrary, he is a renegade!

Our Fault

Is it not all our own fault, insisting on men or measures, when we should unite in a common demand, and whatever the colour of a man's politics, tell him plainly that however he does it, we insist that the paradox of poverty in the midst of plenty shall no longer keep us in slavery? If we fail to do this, we may continue ad infinitum submitting to party wrangles, low-grade politics-and nothing of consequence accomplished.

money more wisely than Governments could spend it for them—but the actions of its officials are the direct opposite to their professions.

Actually there has been no more glaring example of mendicancy than your own agitation for the abolition of the land tax, at the expense of the rest of the community. The abolition of this tax would mean that the Government would be obliged to obtain revenue in some other way, and inevitably that would result in the load being shifted to those less able to bear it. The workman would be required to pay more for his food, through the sales tax and the customs duties. These forms of taxation find little official opposition from the Taxpayers' Association, which exists for the purpose of begging favours. In these circumstances it is not unfair to say that your association is not only a mendicant body, but is unconscionable as well.

As to National Insurance, how could that possibly be a benefit to the worker? Those in work would immediately receive less pay, and those out of work would get such a small payment from the insurance fund that they would be little, if any, better off than under the present dole system. In addition, they would have to meet higher prices for everything they required, as the employer would pass his share of the insurance premiums into his prices, and the Government would pass its share into taxation (which, so far as the employer is concerned, would also go into prices). Obviously, the second state would be worse than the first.

Some intelligent thought is what is required on the subject, Mr. Pettigrove but apparently you and the other officials of the Taxpayers' Association have not yet been able to produce it. Yours, etc.,

THE NEW TIMES

Mr. M. J. Pettigrove, Secretary, Victorian Taxpayers' Association, Melbourne.

Dear Mr. Pettigrove, —

In a letter to the Melbourne "Sun" on February 22 you urged, on behalf of the Victorian Taxpayers' Association, that the Unemployment Relief Tax should be diverted to a National Insurance scheme to provide for unemployment, sickness and old age. You finished with the statement that "the workers would thus become beneficiaries, instead of mendicants."

It must be assumed that you did not take the trouble to make sure of the meaning of the words "beneficiaries" and "mendicants" before you used them, because, otherwise, you were not particular about the truth. Unemployed workers are not mendicants, and they would NOT be beneficiaries under a National Insurance scheme.

If the acceptance of a gift, in the form of a dole, makes a man a mendicant, how could the acceptance of the same gift, in the form of a payment from a National Insurance Office, make him a beneficiary? What would be the difference, as both would come from taxation in one form or another?

The only objection any of us really have to the present dole system is the fact that the money with which to pay it is taken from our pockets. If the Government obtained the money from some other source without burdening us there would be nothing to complain about, for we would then be able to get our full share of the plentiful goods, and the unemployed would also be in the position to get a better share without having deprived anyone else. The Taxpayer's Association has officially declared for this very principle-i.e., that citizens would spend their own

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MELBOURNE (Cont)

(Continued from page 2.) ATTENTION! Naytura Hostel. Vegetarian Guest House. Accom. State & Inter. Guests. Haw. 74. BLINDS of every sort. Car curtains repaired. T. Pettit, 235a Queen St. CAKES, PASTRY, etc. Home Made "Clovell," The Block, Elizabeth St. Cent. 255. DAVIS, 568 Bourke St. Royal Medal Milkery, Separators, Engines DOUGLAS SOCIAL CREDIT BOOKSHOP. 166 Lit. Collins St. GINGER JAR CAFE, 238 Flinders Lane (4 doors from Swanston St.). Best 3-course meal in city. JAS. JENNINGS, 211 Queen St., and 6 Regent Arc. Optician, 73 years, est. Testing Free. MAISON MERLIN, Natl. Bk. Bldg., 271 Col. St. Ladies' Hairdressers. OPTICIAN and Hearing Aids. M. L. COLECHIN, Champion House, 4th Floor, 57 Swanston St. F 5566. OPTICIAN, J. H. Buckham, J.P. Nat. Bk. Ch., 271 Collins St. C. 831. PRINTING. E. E. GUNN. Off 600 Lit. Bourke St. Cent. 6021. QUICK SERVICE TOBACCO KIOSK. Equitable Place. Buy your Smokes here! TAILOR, High Class; H. Stackpole. Lang Arc., off 333 Lons. St. WATCHMAKER and Jeweller. M. Chapman, CAPITOL HSE, 6 yrs. Hardy Bros., in charge Repair Dept.

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(Continued on page 7)

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FRIDAY, MARCH 4, 1938.

Australians, Your Money Goes Up in Smoke!

It is perhaps appropriate that the gentleman traditionally supposed to have introduced the habit of tobacco smoking to England was a titled gentleman.

It is reported that his Sovereign threw a bucket of cold water over him, and that is precisely what our sovereign Parliament should do to the noble and titled gentlemen who control the tobacco monopoly in this country.

The directors of the British Tobacco Company (Australia) Ltd. include no less a personage than Sir Claude Reading, who is chairman of the Commonwealth Bank Board, and the outward and visible executive of the money monopoly in this country. It is Sir Claude who, at Loan Councils, tells our Governments how little money they may have, and upon what terms.

The tobacco octopus is one of Australia's hugest monopolies. Let us quote from the Melbourne *Herald* of February 24:—

Disclosing for the first time a combined balance sheet of itself and its important subsidiaries, Australia's biggest dividend payer, the British Tobacco Company (Australia) Ltd. this week took an important step forward. It has lifted the veil from the finances of its huge and complex organisation.

British Tobacco Co. (Australia) Ltd. is a holding company with three subsidiaries manufacturing tobacco and cigarettes. A fourth, S. T. Leigh and Co., makes cartons for the group. A parcel of preference shares in the carton company is held by outsiders, otherwise the subsidiaries are wholly owned.

The tobacco and cigarette manufacturers are:—

W. D. and H. O. Wills (Aust.) Ltd.,

British-Australasian Tobacco Co., States Tobacco Co.

British Tobacco Co. (Australia) Ltd. ranks as Australia's largest dividend payer. For the year ended October 31 last holders of 6 1/2 per cent, cumulative preference shares received £96,507, and ordinary shareholders were paid £813,446.

The dividend on ordinaries represented a 10 per cent rate.

Actual earnings of the four operating subsidiaries have never

been disclosed. Each year they pay over to British Tobacco slightly more than the amount distributable to shareholders of that company.

Year's Dividend, £909,953

If it can be assumed that last year's aggregate profit was a fifth larger than the year's dividends of £909,953, it would appear that the company is earning about as much as either B.H.P. or Colonial Sugar, which both disclosed record profits last year.

Figures in the consolidated balance sheet are set out in the following summary:—

ASSETS.	
Cash, Government securities, etc. . . .	£1,022,000
Debtors.....	1,181,000
Stocks.....	6,206,000
Freeholds, at Cost. .	1,075,000
Plant, at or Below Cost.....	1,312,000
Intangibles.....	2,693,000
Total.....	£13,489,000
FUNDS USED.	
Sundry creditors, etc., including final dividend	£815,000
Preference Capital, 6 1/2 per cent, cum. . .	1,485,000
Ordinary Capital. .	8,134,000
Reserves, and Undivided Profits.....	1,184,000
Reserves Against Property and Plant . . .	1,871,000
Total.....	£13,489,000

Stocks valued at £6¼ millions are a striking item, representing as they do more than half of the total book value placed on tangible assets. The high figure indicates the magnitude of the business, which requires a wide range of both maturing leaf and packed lines to assure continuity of retailers' supplies.

From the table it will be seen that liabilities of £815,000 are more than covered by liquid assets, totalling £1,022,000. These liabilities are negligible for such an immense company.

By paying 50/- for each of the 8,134,459 ordinary shares, investors place a valuation of about £12 millions on goodwill and any internal reserves, additional to the provisions against property and plant.

The *Herald* goes on to point out that the demand for tobacco is growing apace in the community. This is a tribute to the growing strain and hurry of existence. For tobacco, like beer, is most frequently resorted to nowadays, not as a pleasure to be enjoyed, but as a sort of dope for frayed nerves and to induce forgetfulness of an existence, which is becoming intolerable.

The vital point about the balance sheet is a point to be found in the balance sheets of all these huge monopolies -- namely, that there are huge reserves, representing undistributed profits.

In the scramble for the insufficient supply of money, which flows out to the community, some enterprises, mainly those whose boards are graced by members of the financial oligarchy, succeed in grabbing the lion's share. They take back from the public more than they pay out to the public.

And here's the rub: They don't redistribute it as profits. They hang on to it and effectly take it off the consumption market. We would think more highly of the company if it paid better

dividends, and did not sidetrack so much money. It robs not only the consumer but its shareholders as well.

Some of the items disclosed in the summary are delightfully vague—e.g., "plant at or below cost." Even the *Herald* has had to urge that greater clarity might have been considered necessary. But the *Herald*, lower down in its eulogistic remarks, seems to think it estimable conduct on the part of the company to have given any information at all.

The tobacco monopoly takes its place in the exploitation of Australian citizens, alongside the sugar and metal monopolies. It takes pennies out of the people's pockets and keeps them out.

Let the reader reflect, next time he buys a sixpenny packet of cigarettes, that he pays about 3d in indirect taxation, a fair portion of which goes to service of the public debt and so to the banking and financial institutions which own that debt. Of the remaining three pence, how much actually represents cost of tobacco and materials and cost of manufacture?

Not very much, when one considers the profits of the British Tobacco Co.

Every time a cigarette is lit, money goes up in smoke, and we have a strong suspicion that Sir Claude Reading is not really sorry.

He won't do anything until the people of Australia make him.

The Governments can make him, and the people can make the Governments.

A Community of Criminals

We referred last week to the tendency of our authorities to tackle the problem of road safety, not by the building of more and better roads, but by the introduction of more and more restrictive laws and regulations.

This policy has proved itself a failure, insofar as any improvement in road safety is concerned. But it has another and very important aspect—namely, that the growth of restrictive legislation is gradually making us into a community of criminals.

It won't be long before all of us will be able to boast of at least one or two prior convictions.

The State of Victoria is normally acknowledged to be fairly law-abiding and conservative in outlook. The noted English critic and cricket writer, Mr. Neville Cardus, even went so far as to say that "Melbourne was Australia with its top-hat on," or words to that effect.

And yet, when we look into the crime statistics in Victoria over recent years, we find that, while offences against the person have gradually decreased and offences against property have only slightly increased, what are classed as "other offences" have increased enormously—from about 23 per thousand of population in 1930 to over 34 per thousand in 1936. In 1936 in Victoria there were 63,360 "other offences," and there was also an increase in drunkenness (i.e., resort to dope and sweet forgetfulness) per head of population. The consumption of beer, aspirin and other dopes has risen as the strain of existence has increased.

The Victorian Year Book naively points out that the increase in other offences by about 16,000, as compared with 1935, "is accounted for by

THE REAL CRIME BEHIND THE DEMSEY MURDER

By ERIC BUTLER

The Demsey murder trial is, at the time of writing, proceeding, and learned men are spending much time and money in order to decide whether the four men on trial are guilty of the crime of murder. The big dailies bring out their screaming headlines for the benefit of a hypnotised and "dope"-saturated public, while such papers as *Truth* will revel in the more sordid aspects of the case. This case is certainly one of the most glaring examples of the insanity of our present society—a society, which spends most of its time dealing with effects, while so perverted, has its outlook become that absolutely no attention is directed to the cause of this crime, or of any other crime.

Let us approach this matter from a different angle to that generally accepted by the general public, an angle that will show that the real crime behind the Demsey murder, and practically every other crime, is that our present so-called democracy allows such a criminal state of affairs to exist that crime is absolutely inevitable, whether it be an individual murder, or a mass murder, such as a war.

The Real Crime

Students of criminology, such as Clarence Darrow and Havelock Ellis, together with students of human behaviour, are practically unanimous in their conclusions that the majority of crimes are directly or indirectly the result of environment, while statistics definitely show that poverty-stricken environment produces the majority of our criminals. This should be obvious to any person who is capable of a little logical thought. For instance, it is very rare to find criminals in our "better-class" suburbs, such as Toorak, for the very good reason that people from these suburbs have a good environ-

ment—they can readily get access to the materials so essential to maintain life, comfort and mental satisfaction.

But what is the position of the person brought up in our poorer suburbs! Poverty and insecurity on all sides, with the result that a certain proportion are forced to commit crime, in order to try and obtain some, at least, of the things which are denied to them by a fraudulent and insane economic system. Desperation in some cases drives the criminal to kill—although it is well to remember, in spite of assertions made by some of our so-called leaders in morals that modern psychology has yet to demonstrate that man kills for the love of it. Crimes of passion, it should be pointed out, do not come within the scope of this article.

That in the Demsey case the murder was resultant upon the robbery, there appears no doubt, so these are the vital questions to ask: *Why should men be forced to steal in order to obtain money or goods? Why countenance the poverty that forces people to these acts?* Is there ANY need for poverty? As the *New Times* has been saying since its inception, poverty is a crime in itself, a crime against the poor, the producer and common sense. To think that it should exist in a country like Australia—where production is being restricted and, in some cases, actually destroyed—is something that should make all Christians and democrats do a little constructive thinking, instead of taking their views from such sources as the *Herald*—a paper which is, no doubt, selling extra copies on the present trial, but never once mentioning the causes of our present poverty, which breeds such crime.

In the final analysis we must reach the conclusion that the (Continued on page 5)

increases in breaches of the Motor Car Act, Education Act and Licensing Act, and by the inclusion of offences against the traffic code, which came into operation on June 9, 1936."

There were just on fifteen thousand motor prosecutions in Victoria during 1936.

Any solicitor, whose misfortune it is to do the round of suburban courts, cannot fail to be impressed with the machine-like type of "justice" meted out to motoring offenders—fined so much if they turn up, explain and say they are sorry, so much more if they don't bother to turn up at all, and more still if they attend, put up a fight for it, and endeavour to establish that the constable is talking through his hat.

The vital point to remember is that there is a constant and growing flow of fines into public revenue. The figures are not given, but we note from the Year Book that the cost of our police force and gaols has risen by over £200,000 since 1933. Under promptings from the Treasury, every department rendering services to the community endeavours to extract from the community sufficient money to cover the financial cost of the services rendered. In some cases, such as the P.M.G. Department, in the Federal sphere, and the Titles Office in Victoria, there is actually a net profit which goes to revenue (and hence to payment to the bankers of interest on the public debt.) The conclusion is inescapable; that the multiplication of petty offences is regarded with equanimity in official circles, as revenue is thereby obtained and employment is

provided for officials.

If we had proper roads and adequate parking facilities the flow of traffic could be rendered almost foolproof, and the need for regulation by statute and by-law would largely disappear.

If people had decent incomes and were under no economic incentive to "do" their neighbours, we would not need such a strong police force (which, besides being mechanised, has actually increased by over 300 since 1927). Summonses for debt would be almost unheard of.

There is scarcely one matter of either major or minor irritation in this community, which cannot ultimately be traced back to shortage of money.

Give people money, economic independence, leisure and a chance of real education (as opposed to the present brand of mental conditioning), and they will jolly soon learn how to govern themselves. Under the present system they have to be governed, and increasingly so. It is not only adults who are the victims of the economic scramble. Even children are not being given a chance to develop properly. There were 3303 cases in Children's Courts in 1931. By 1936 the number had increased to the appalling total of 4959.

We don't want further laws in their case—we want more money to feed, clothe and educate them, and make it plain to them that they are heirs to the ages and not foundlings on the doorstep of an engine-house.

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majority of crime is the result of poverty, and who tolerates the present unnecessary poverty? You and I tolerate it, society tolerates it; and so, if democracy is not going to take steps to see that a decent environment for all, which can easily be made available, is brought about, then crime of all descriptions is going to increase, and society is to blame. That is the real crime—ignorance and apathy by the public (you and I and the other fellow). Future historians will, no doubt, wonder whether our present so-called civilisation is not comprised of a race of imbeciles. Needless poverty in relationship to crime and our insane, unscientific methods of dealing with the subject would justify that impression.

Poverty and Crime

In this book, "Crime, Its Cause and Treatment," Clarence Darrow, a famous American lawyer, demonstrates the close relationship of poverty and all types of crime. Darrow spent most of his life dealing with the question of crime, and we can take his conclusions as being rather trustworthy. In the chapter, "Robbery and Burglary," he says: "Almost no rich man or rich man's son becomes a robber or a burglar." As the investigation carried out by sixty-five leading American scientists, etc., the result of which was tabulated in "The Chart of Plenty," shows that America, with its present productive plant, could provide a standard of living equal to £18 per family per week, democracy in America would be taking a big step forward if they demanded that the money system of that country be brought into relationship with that fact.

As Darrow and Havelock Ellis say, we would then be tackling the problem of crime at its real source. It is worthy of note that in America, where they have such a great difference between poverty and wealth, crime of all sorts is very frequent, while figures to hand show that, with the recent rise in unemployment, crime is increasing further. Suicides are also increasing. What a ghastly state of affairs! It is prevailing not only in America, but also here in Australia. And society, with its distorted outlook, cries: "Punishment should be made harsher—more capital punishment—that will stop this wave of crime."

Capital punishment, or any other punishment, will never stop crime; and, if there was any logic prevailing, I would suggest that society in general is responsible for most crime, and, as they advocate punishment, what about a little punishment for them? Perhaps some of them might do a little decent thinking then, and decide that the cause of crime—i.e., poverty—should be eradicated immediately.

A report published a few years ago, based on investigation by a special committee of the New

York State Commission of Prisons, showed that in the New York Reformatory only 8 per cent, passed the required physical examination. In the penitentiary, where the average age was higher, only 5 per cent, passed the test. This needs very little comment. I understand from reliable sources that this applies to practically every country, with the exception of Russia, where, whatever their social system may be, they appear to be tackling crime on a more scientific basis than most countries, although liberty is being curtailed in the process.

Coming back to the present case, I have failed to hear any suggestions as to the real cause of this crime, whoever committed it. Even so-called learned judges, apparently, only deal with effects. As one man put it: "Their legal blinkers are covered with the views of an unscientific society." As Dr. Duhig mentioned in his presidential address to the Australian and New Zealand Association for the Advancement of Science a few years ago: "A society which requires the work of its mayors and judges to be done in fancy dress cannot be expected to have a scientific outlook." Dealing with the effects of our present system, Dr. Duhig again passed some stimulating remarks: "If, however, you believe, as I do, that these people did not have to suffer extinction by economic thuggery, you must, I think, believe with me that if political power is the essential instrument for the general diffusion of the benefits of scientific progress, the scientist must take hold of it and use it." Well, it is quite obvious that the benefits of science will have to be distributed if crime is going to be lessened, although our present politicians appear to give very little thought to the matter, while the masters of the politicians, the electors, appear to be doing even less about it.

Society Must be Protected, But—

The impression must not be gained that I advocate no methods for dealing with the criminal at the present time. While things remain as they are we have to see that society is protected, but we must immediately take steps to see that the real cause of crime, which is poverty, is removed immediately, as it can be removed, if the people give up dealing with effects and get down to causes. They will find that the root cause of all our poverty is a swindling money system, controlled by a junta of men who should certainly be publicly tried for foisting upon the people of every country a system which is un-Christian and inhuman—a system which is leaving a trail of crime, death and misery. Unless the public faces this root-cause, crimes, such as the Demsey case, are going to continue indefinitely, with the eminent prospect of that greater crime—war, in the immediate future.

"PIGS AIN'T PEOPLE"

By H.A.H.

Professor Propland was due for a rest. His nervous system was sadly overstrained by his noble efforts to preserve some equilibrium and confidence in our present order of "sound finance," so-called.

A succession of financial crises—the fall of the franc, departure from gold, bi-metallism, Wall Street recession and its effect on London—all had to be "explained" to the three hundred thousand-odd readers of the *Daily Spoofem*. Not that the *Spoofem's* three hundred thousand-odd read what the Professor had to say. Maybe about 3 per cent, did, out of which 2¾ per cent, no doubt, catalogued the Professor as an antiquated ass.

So the Professor was due for a rest, and, running his eye over the *Spoofem's* classified ads. columns, he sought out a nice, quiet place in the country, where he could rest, "get back to normal", and recover from his efforts of trying to prop up the dizzy structure which was fast becoming unpropable.

At last he found what he sought—Murphy's Guest House, Ding Bat Rise, two miles station, lovely scenery. True, no mention was made of all mod. cons., but the Professor did not remark the fact.

The day duly arrived when he shook the dust of the University from his feet, en route for Ding Bat Rise, and, as he thought, a quiet time—but the Professor reckoned without Murphy and his own fame as an exponent of "do with less," or, in other words, "rigid economy."

True, Murphy had not troubled to read, nor dissect, the Professor's articles in the *Spoofem*, but what the *Spoofem* said about the Professor Murphy swallowed, and the *Spoofem's* headlines had screeched and boomed "economise" till Murphy's brain was saturated.

He had absorbed the Professor's tenets of "balanced budgets," etc. "Equality of sacrifice" was a passing phase, necessary only until such time as we reached "full recovery," when all would be well; at least, that was what the Professor had said, and Murphy had swallowed it.

Naturally, Murphy was pleased to harbour such a distinguished visitor. He hoped and felt quite sure the Professor would pay his bill; a welcome thought, because Murphy himself, not doing too well out of the farm, had persuaded Bridget to take in a few guests to help things along.

The fact of the matter was that Murphy was trying to run his farm on the principles of economy advocated by the Professor, without any conspicuous amount of success.

Professor Propland, as I said, was hoping to enjoy a quiet time. But no! Murphy, seized by the honour of the occasion, must needs invite a few of his neighbour's to meet his distinguished guest, particularly among them young Jones, whom, Murphy declared, had "high falutin' notions about giving people money to buy the things they want," which the "Perfesser" would soon "knock out of him." Well, the Professor duly arrived, and was introduced by Murphy to his neighbours. After a bite of lunch, Murphy, all agog, must needs invite his guests to look over the farm.

The first exhibit was what our American friends would term a "razor-backed hog" (only "he" happened to be a sow), showing very evident signs of insufficient feeding, and trailed by half a dozen weedy-looking runts, which any one but Murphy would have hidden out of sight. The whole collection was mute testimony to a policy of rigid economy.

"There ye arr, Perfesser," says Murphy. "Ehat d'ye think of 'em?"

The Professor coughed. "Well to be quite candid, Mr. Murphy, they appear if I may be permitted to say so, to show very evident, and, I might say, unmistakable signs of ah—

receiving an insufficient amount of calories. I see, Mr. Murphy, that you have a nice lot of turnips over there. A few more of those, I think, would not hurt them."

"That's right, Pat," put in young Jones. "Give them all they can eat."

Murphy bridled. "Bedad," he exclaimed, "ain't we all gotter balance the budgit?" 'Equality of sacrifice,' that's what the Perfesser said, an' if we can do it, then why shouldn't them pigs? If we goes without, whoi shouldn't they? Tell me that, yer spalpeen!"

"But what are you going to do with the turnips, Pat?" mildly put in young Jones.

"Begob, can't a man get more pigs—sort of increase the population loik—just as the Perfesser an' Billy 'Ughes says we wants, to consume the over-production of this country? What d' ye say Perfesser?"

"Well, ah—of course, Mr. Murphy, my previous remarks were—ah—of course, not meant to—er—be taken in conjunction with any written or spoken remarks of mine in commenting upon the economic system in general. Then, of course, the interplay of social causes and effects makes things a little more complex.

LETTERS TO THE EDITOR

THE COLIBAN WATER SERVICE

Are the people throughout the area of the Coliban water scheme prepared to spend another quarter of a century in swallowing the stories told them by the various successive Governments they put into Parliament, the Water Commissioners and the Coliban Investigation Committees? Take, for instance, one sample of the latest report. In the press I notice that the Premier stated: "At present investigations were being made to ascertain the possibility of further increasing these storages." Imagine it! The simple populace, enjoying one of the periodic scares of water starvation, hear that Rip Van Winkle has awakened, after a sleep of three-quarters of a century, and is now, in between yawns, about to look round for possible water storages. What sort of water supply engineer is that who designs a supply scheme for immediate needs only, and makes no provision for expanding population and primary industry? As a matter of fact, as long ago as 1910 the late Mr. Stuart Murray, then chief engineer of water supply for Victoria, in a paper before the Institute of Surveyors, which I have in my possession, stated that the scheme had made provision for a comprehensive system of extensions, such as have taken place, and these records should be at the disposal of the Government at the shortest notice. Any department of an engineering character, which had failed to anticipate every possible extension likely for the future, and had records of their completion on hand ready to produce when required, should be considered as having completely broken down; but, even if it had, for a period extending over a quarter of a century, deputation after deputation has been sent down to the Government of the day, Ministerial visits arranged to meet consumers on the spot, and what are we told?—that only now, when we are on the verge of a collapse of our water and sewerage systems, are "arrangements being made to look into possibilities." Again, the further excuse is made that money cannot be found to carry out the necessary work. Another canard. If the Hogan Government was satisfied that

Granted, we have stocks of accumulated, unsaleable goods, a numbers of people suffering from the effects of malnutrition -----

"Semi-starvation!" put in your Jones.

"Well—ah—of course," resumed the Professor, "but I cannot see just how the monetary system can be adjusted to give the—er—consumer in general a free gift of purchasing power, in order to allow them to get what they want."

"Bedad," exclaimed Murphy, "yer right! Pigs and people are different. Here, Mick, give us a hand ter chuck some more turnips inter these pigs."

"Well," remarked young Jones, "it's like this, Professor, if you cannot see, there are better men who can. There are experts and experts, and, if you cannot do the job, then I shall demand that some other fellow have a try. Surely you are not telling me we can produce all these things and then cannot place them for the consumer to use?"

"Well, ah ----" began the Professor.

But here I left them and went to get Mrs. Murphy's signature to the Elector's Demand for the Abolition of Poverty.

Signed yours yet, reader?

P.S.—All characters in the above, excepting Billy Hughes, stand at par with our present "prosperity" and are entirely fictitious.

Money could be found to complete the Eppalock Weir how is it that other Governments have found it impossible? If war broke out tomorrow, unlimited supplies of money would be dug up somehow, somewhere. When Sir Denison Miller, the late Governor of the Commonwealth Bank, was asked if he had any difficulty in finding over £300,000,000 to finance the war, he replied: "None whatever, I could just as easily finance as much more." Finally, of what use have the successive members of Parliament been to the people throughout the area? All that they have been able to produce is an unfinished Eppalock scheme and a currency of promises. Further, consider the shocking state of a community that has to depend on its lay members to suggest a way out, by looking for supplies from alluvial flows, when the idea should actually have been put into full, active operation by its engineering experts. There is only one thing to be done today—organise a gigantic demonstration of representatives from every hole and corner of the area to meet the Parliamentary representatives throughout their electorates, and demand that, unless they secure complete immunity for the next fifty years from any future possible chance of water shortage, all electioneering campaigns will be engineered to put them out of office and replace them with men who can and will.

"MAJOR X."

Bendigo.

J. T. LANG—MAN OF MYSTERY

Kindly grant me space in your columns to inform "Puzzled that J. T. Lang has written a very fine book entitled, "Why I Fight." If "Puzzled" will but read it he will realise fully what Mr. Lang's ultimate aims are.

"ENLIGHTENED."

Coburg.

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CAN IT BE IGNORANCE?

Nonsense from the President of the Young Nats.

A Letter to the Editor from BRUCE H BROWN

Sir,

Mr. E. F. Herring made some public remarks last week, which were considered important enough for comment by the Premier of Victoria and the leader of the State Labor Party, and also for editorial reference by the Melbourne *Argus*. As usual, the political "leaders" made no attempt to deal with the implications of what the man had said, but merely indulged in mud slinging. That old dodge might succeed in diverting attention, but it never helps to provide food and clothes for needy people. The *Argus*, however, was so thrilled about it that it described the speech as affording evidence that the body represented by the speaker "is still fired with that 'divine discontent' which is the food of idealism and the stimulant of progress." This leads us to ask Who is he? and What did he say?

Who Is He?

Mr. Herring is the new president of what is called the Young Nationalists' Organisation (a sort of cub of the U.A.P.), and in that capacity mixes with a body of men who are seeking to maintain the existing financial arrangements and thus, whether they have the wit to realise it or not, are perpetuating a gigantic swindle against the community. His co-officials include such men as J. A. Spicer, A. H. Clerke, Harold Holt, M.H.R.; T. D. Oldham, M.L.A., and A. F. Showers, all of whom have publicly defended the financial fraud. In addition to this, his wife is the daughter of Sir Thomas Lyle, a member of the Melbourne Club, where he associates with the controllers of the banking system. Mr. Herring is 45 years of age, and has divided his career into three parts—Scholastic, Military, and Law. In recent years he has also displayed a liking for political limelight, and has appeared entirely acceptable to the Money Monopolists.

In the scholastic sphere he apparently had far greater opportunities than come the way of most youngsters, and, after pass-

ing through the Melbourne Church of England Grammar School, became Victorian Rhodes Scholar, and finished with the degrees of M.A. and B.C.L. This suggests that he has never known what it feels like to be in want.

In the military sphere he also had far greater opportunities than come to most soldiers, and finished up with the rank of Lieut. -Colonel and a couple of decorations. He is therefore accustomed to giving orders to the other fellow, and we must assume that at one stage, at any rate, he was not without courage. It is one thing, however, to stand up against the cream of the world's soldiers, well trained and equipped with the most modern death dealing weapons, but quite another thing to stand up against the manipulators of figures and pieces of paper equipped only with the power of black magic and economic compulsion. Most of the seemingly brave men unaccountably fail before these latter. This is very strange, but nevertheless quite true.

In the law sphere he has been practising at Melbourne as a barrister since 1921, and has within the last year or two taken silk—i.e., he has become a K.C. This means that solicitors who avail themselves of his services and deliver to him those pieces of paper longitudinally folded and auriferously endorsed, known as briefs (e.g., Mr. Herring, K.C., 30 gns.), must also brief a junior counsel to appear with him, at two-thirds his fee (e.g., Mr. Junior Counsel, 20 gns.). Certain practical considerations arise from this procedure. There are dozens of men at the Melbourne Bar who are possessed of outstanding ability, and before one of them takes silk he must consider very seriously whether that step will not automatically lose him a portion of his clientele, for the simple reason that it becomes more costly to brief him (plus his junior). It is generally recognised amongst the legal profession that a man may safely take silk (a) When his ability is so outstanding that he will continue to be briefed in any event; (b) When he has amongst his clients a number of wealthy persons and corporations who will continue to brief him regardless of added expense; and (c) When he wishes to become a K.C. for reasons of the added prestige which he thereby gains in the public eye. Mr. Herring is a very capable barrister, but it would not be fair to the many other brilliant barristers who are not K.C.'s to say that he comes so clearly within (a) as to totally exclude all consideration of (b) and (c). A member of Boards and a man with political aspirations may find a title or distinguishing letters of sufficient advantage to offset loss in other directions.

From these short references to his personal attainments it is clear that normally he is entitled to be looked upon as a learned man, and I am sure all of us would wish to give him full credit in that direction. But when we come to consider what he is reported to have said last week we are forced to the conclusion, whether we like it or not, that either he is not as well informed as would appear, or he is merely speaking in accord with the instruction appearing in the brief which he holds.

A Director With R.G. Menzies, K.C.

In addition to his legal and military interests, he is a director

of Equity Trustees, Executors and Agency Co. Ltd. It is important to bear this continually in mind, for in that position he sits side by side with Mr. R. G. Menzies (of legal, but not of military attainments), Sir Stephen Morell, Sir Edward Mitchell, Alan Currie, and Allan Spowers. Through these he is connected directly with the bank-owning monopolies and channels of publicity. His co-director, R.G.M., sits with Staniforth Ricketson and K. A. Henderson, on the Board of Were's Investment Trust, and both of them are also directors of the *Argus* and the *Australasian*. Allan Spowers is also a director of the *Argus* and the *Australasian*. Another spectacle spreads out through Sir Stephen Morell to Colonel Harold Cohen, both of whom sit together as directors on the Board of Carlton and United Breweries, and both of whom believe in the system which keeps the people chronically short of money. Lieut. -Colonel Herring, carrying the same ideas, also mixes with the military generals and brass hats at the Naval and Military Club.

What He Said

Remembering the circles in which he moves, and the directions in which his personal interests lie, now let us consider what he said at the annual meeting of the Young Nationalists. He said this: "There is a great lack of interest in democratic institutions"; "Young people today were against war, but did not know how to create peace"; "They were against dictatorships, but did not know how to organise a democracy"; "People are made content by being asked to make sacrifices"; and "The philosophy of 'give' should replace the more popular philosophy of 'get.'"

Feigned Surprise

What do these utterances mean? If he understands the meaning of the term "democracy," his surprise at the lack of interest in democratic institutions can only be feigned. As a learned man, he could hardly expect bubbling enthusiasm for a thing that does not exist, and I hereby publicly challenge him to name even one truly democratic institution in the whole of Australia. By inference he has suggested that our State Parliament is such an institution, but the briefest reflection will show that it is not.

Who Governs?

Deputations representing practically every section of society have repeatedly waited on the Government asking for the provision of urgent public necessities, such as hospitals, schools, roads, bridges, protection from floods, and the like. In every case the Government has expressed its agreement that the things asked for were necessary and should be provided, but has then gone on to say that although every material thing required to meet the wishes of the public is available in plenty (i.e., materials, land, labour, power, etc.), the Government could not put them to use because it had no money. Every Premier has done the same, irrespective of the party in office. Obviously, therefore, money exercises a power far greater than wealth, and even silences the voice of the people. In these circumstances, how is it possible to have government even remotely resembling democratic government?

Further Surrender of Sovereignty

There can be no argument against the assertion that those who control the supply of money automatically control the activities and policies of governments, whatever their political

colour. The people at large have no say at all in money control, and their interests are not consulted by those who do control it. Notwithstanding this, the Commonwealth Government has decided that a Board consisting for the most part of representatives of the private financial institutions shall have supreme power in these community controlling matters. From this we see that as Parliaments are prevented by lack of money from doing what the people want done, and Parliaments have surrendered control of money to outside bodies, it is dishonest for an educated man to refer to Parliaments as democratic institutions. They are merely institutions serving the will and interests of the private controllers of finance. It is possible to "organise democracy" only when all the people have true freedom based on a plentiful supply of money in their pockets.

Who Can Create Peace?

Regarding peace, Mr. Herring may have been quite right in saying that young people are against war, but do not know how to create peace. But why rebuke young people on that score? Who in all the years gone by has known how to do it? It was not until the year 1919 that the solution of the problem was revealed to the world, but the Young Nationalists, instead of spreading these glad tidings, have sought to ridicule the discoverer and distort his proposals. Apart from this, however, what have Mr. Herring and the other middle-aged men around him done to create peace? What sort of peace was created by the war in which he obtained the D.S.O. and the M.C.? Few men have had better opportunities than he to make a worthwhile contribution towards the attainment of World Peace, but few men have failed more lamentably. His public conduct suggests either that he does not know the true cause of war or that he is consciously a party to the deception of the people.

The Real Objective

What are his suggestions for the creation of peace? "Mussolini, Hitler, and Stalin," he said, "had found that they made people content by asking them to make sacrifices." How like the speech of Mr. Menzies, his co-director of the Equity Trustees, at Wesley Church last Sunday week, and how the time for the expression of similar sentiments was synchronised! You remember how R. G. M. said on that occasion, "Justice cannot be obtained on the cheap—it has to be paid for," and that more "sacrifices" would be required from the public in the near future. It is becoming very clear that the objective of these "young" Nationalists is to have imposed on us a system of regimentation under which a few persons nominated by the financiers will give the orders and the rest will act like sheep—a system under which the State suppresses all individuality, and all personal freedom. In the face of this, perhaps, it is fitting that one of Mr. Menzies' co-directors should be preparing the way for him as the dictator (it will be remembered that Mr. Menzies publicly admitted that he had been offered the job!).

Sacrifices!

As to the silly talk about sacrifices, what is it the country is so short of that the shortage could be overcome by sacrifice?

What do the people possess that the Government is short of? These great patriots never get down to tin tacks of that kind. And what should we be "giving" more than we give now?

Taxation has never previously been so high, and even those whose incomes are too low to come within the direct taxation robbery still have to pay the user's toll on almost everything they eat, wear, or use. And suppose we did adopt a philosophy of *giving* instead of *getting* what difference would that make?

What We Need

What do the people actually need to make them content? They need adequate food, clothes shelter, and recreation. In which of these are we lacking? What could the young people of today "give" to improve the quantity or quality of food, to give us more and better clothes, to build homes, or to extend the facilities for recreation? Mr. Herring knows that we lack nothing in these directions at all, and that we can increase all of them very considerably without anyone having to "give" anything. Therefore, the lack of enjoyment of these contentment-producing things is not the result of failure to "give," but entirely because the people have not been supplied with the money to buy and this is precisely where the change of philosophy must take place. The State hitherto has been doing the taking. The time has come when it must do the *giving*. It must provide the people with more purchasing power and that means it must *give* them more *money*.

Where the Change is Required

Now Lieut. -Col. Herring, with all his learning, must know that money is not made by the youth of the country or by the general community either, and that subsequently the thing we are short of is quite outside the province of the people he abuses. If a change from "getting" to "giving" is necessary on the part of individuals, then it is necessary only for those who have been getting everything through control of the money supplies without giving anything to the community in return. And these people are the friends and acquaintances of the same Mr. Herring.

The only thing Governments are short of is *money*. The only thing the middle-aged and elderly are short of is *money*. The only thing our youth are short of is the opportunity to *do* something, and that opportunity is missing because the community is short of *money*. If we as individuals give everything we have, how will that remove the chronic shortage of *money*? Where does *that* come from, and *who* controls it?

Facts Must be Faced

Until Mr. Herring is honest with himself on this outstandingly important subject, then he cannot blame us if we look upon him as a self-seeking humbug. In the same way, until the Young Nationalists' Organisation deals with facts as they are, it, too, must be regarded as a subversive organisation seeking to keep the people chained to a fraudulent system of finance, and fired by only one ambition—namely, to get on by services to the banking fraternity.

To Lieut. -Colonel Herring I would say that instead of his calling upon our youth, whose outlook has been rendered barren by deliberate action on the part of the money controllers, to *give* when the State is not making use of what it already has, he should be called upon by youth to give some intelligent thought to things that matter. At present he is either unpardonably ignorant regarding finance, or not nearly so interested in public welfare as he seeks to make out.

Yours faithfully,
BRUCE H BROWN

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UN SOUNDNESS FROM THE SOUND FINANCE LEAGUE

By ALOYSIUS O'KENNEDY.

"A deliberate attempt to expand production can hardly succeed, if it is to be accompanied by a direct attempt to improve social conditions, apart from the improvement that expansion itself brings. On the contrary, it may necessitate some tightening of belts, at least in the earlier stages."—(Monthly Circular of the League, Feb., 1938.)

(The "Sound Finance League of Australia" is a bankster organisation, which is paid by financial institutions to further the process of pulling wool over the eyes of the people. Its own admission as to the source of its funds is to be found in a letter to which the *New Times* referred on July 16, 1937. The nature of its labours is obvious.)

The statement of the league is the sheerest nonsense. To put it into concrete terms, it means that if Australians set to and produce more real wealth (expand production), and at the same time endeavour to improve their social conditions (abolish the hovels of the slums, etc., etc.), they must go without the benefits of that increased production and that improvement in social conditions.

The late Eimar O'Duffy lamented the fact that, while we always ask "Why?" when we are children, when we grow up we stop asking. It is the function of citizens to ask "Why?"

What the League Has Not Explained

The league has not explained why people should have to tighten their belts. It has not explained that the sole reason lies, not in any lack of productive capacity or consumptive need, but in a fraudulent money system which fails to deliver the goods. Industry can do its stuff magnificently, but money falls down on the job of getting the stuff over to the consumer. This failure occurs in times of contraction of production, and also in times of expansion of production.

Money is controlled from its birth to its ultimate demise by those very bankers whom the league champions, and from whom it draws its subsidies. The league attempts to buttress these bankers in their control over money, but hastens to absolve them from all responsibility for the fruits of that control.

Now let readers ask why it is that existing production cannot be bought by the people. The answer is simply that people have not got enough money in their pockets.

Why have they not got the money? Either because enough money did not flow into their pockets while the goods were being produced, or because enough money did flow in, but some of it somehow leaked out and got side-tracked or destroyed before the goods passed over. The true answer must clearly be one of these alternatives. There is no other possibility.

Give the Consumer Money

In these circumstances, why cannot money be supplied to the buyer, instead of only to the producer, as the bankers and the league contend? Would it not improve production if the consumer were provided with more money for the goods which he sorely needs and would certainly buy if he could? Of course it would. For, take one or two examples. Wouldn't the dairy farmer rejoice if all the parents in such places as Carlton had enough money to buy, at 6d a quart retail, all the mild he could produce? Wouldn't the market gardener be "in clover" if people had enough money to buy all the vegetables they needed at pay-

able prices? And would the fruit grower complain if the habit of eating fruit daily was not confined to the comparative few who can afford this luxury? And wouldn't the woollen factories speed up their output and declare good dividends if every family in the slums and elsewhere had money for buying all the blankets and clothes they needed? The farmer would be home on the sheep's back. And would not all the unsold goods on shop counters be bought to make room for others for which industry is so anxious to get orders?

Yet we are solemnly told by the Sound Finance League that the *only* way of getting more money into the hands of the consumer is to start the other way round—viz., produce still more goods, and so pay more wages, and so have more money circulating for buying more products. But what shadow of proof does the league give for this assertion? None! It simply cannot stomach the idea of providing the *buyer* with more

"WEAKENING THE BANKS"

In many countries, *not* in Great Britain, the banks are being weakened by the restriction and destruction of private enterprise.

About a year ago I said there would be a slump in America. It was easy to foresee this.

The so-called "recovery" of business in that country was brought about by what Americans call "pump priming."

It was caused by the expenditure of a vast amount of money by the Government. Relief, too, was given to 20,000,000 people.

The money was obtained from the banks, and the banks were loaded up with Government bonds, to be redeemed, eventually, by the taxpayers.

The banks were over-loaded with these bonds. DURING THE LAST TWELVE MONTHS THEY THREW £300,000,000 ON THE MARKET.

THIS CAUSED A SLUMP, and the prices of the securities listed on the New York Stock Exchange depreciated by thousands of millions of pounds.

Once more we have learned that banks can only be supported by private enterprise, not by buying Government bonds.

Every blow struck at private enterprise is a blow struck at the banks of a country. And when they are weakened, then causes a depression.

—The "Efficiency Magazine," January 1938.

NOW WE KNOW

money. It can think only in terms of loaning money to the *producer*, and forgets that this process creates a whole batch of fresh costs -- i.e., debt-charges against us, at least equivalent to the money distributed to the community in respect of the new production.

Fool's Economics

It does not stress the fact that an unregulated price system allows prices to rise immediately to mop up the credits issued to expand industry and to build new factories and equipment, and that people are accordingly robbed of the benefit of the more money which finds its way into pockets. It does not explain that this leaves no money to buy the new production. It stands, like the Laughing Cavalier of Carlton

(Prof. Copland), for this silly procedure of building a machine gun or a factory (preferably a machine gun), so that an existing cabbage might be purchased.

It even goes so far as to imply that expansion of production *without a direct attempt to improve social conditions* might be better than such an expansion, accompanied by a direct attempt on such lines.

It is difficult to follow the sense of this implication, until one looks at the productive programmes of the nations since a problem of glut brought on the great depression. (In the depression there were too many products, therefore, people had, by sound financial rules, to go without.) These programmes have not called for the production of more consumable goods, or the capital equipment to produce them.

They have called for the production of things which never come on to the market, and which do not have to be paid for immediately. I refer to the production of armaments. There is colossal waste and colossal capitalisation of waste. Public and private indebtedness increases by leaps and bounds.

This is the best that expansion of production can provide if no attention is paid to the chronic emptiness of the consumers' pockets.

This is the economics of waste, debt and death. It is the sort of thing that a "sound finance" league would support, and be paid to support.

But it is vital to remember that the bankers and their mouthpieces damn themselves in this matter, out of their own mouths. They admit, but not in so many words, that industry does not give citizens enough money, and that incomes have somehow to be supplemented.

Follow Out the Idea

Why not, then, consistently follow out this idea, and put money into the pockets of the consumer, *without waiting for the alleged need of making unsaleable and undesirable goods?* Why wait for or create a war-scare before increasing the people's consuming power? And why ask anybody's leave for this, or borrow from anybody? Some might say this sounds mad. Well, here's a suggestion: Just for a trial, suppose the Government were to print off five thousand £5 notes, and, keeping quite secret this crime against "sound finance," it were to post one of these notes to every unemployed father of a family in Melbourne. What would happen? Disaster? Merely this: (i.) The local traders would sell goods, which hitherto people had been unable to buy, and business would brighten up. (ii.) No one would be the loser, because there would be plenty of goods for those who had all along had incomes, (iii.) Here is the rub—there would be no rake-off in interest for any one, as the money would not be debt-money.

To shift existing goods off the market requires that a lot more money be put into consumers' pockets, and the supplementing would have to be continued, unless there should come about a considerable amendment of "sound financial" rules.

There is nothing wrong with the principle, and no impossibility in putting it into operation, even by rule of thumb.

Price Control, Tight Belts and Subsidies

I know that it is not the function of the *New Times* to consider methods of avoiding inflation (i.e., rising prices), consequent upon this heretical issue of money to buyers, but the present order of things has many and very efficient ways of taking money back from people and I cannot, for the life of me, see why they should all be thrown into discard if their use should become necessary.

Besides which, a friend of mine once suggested that we really could

use some money to pay the retailer of goods to let him sell to everybody at lower prices. I rather like buying goods at a discount myself, so long as the vendor is not selling at a loss, and I have never felt the slightest bit like a victim of inflation when doing so.

Nor have I found any necessity to tighten my belt. On the contrary! By the way, I think that there is really a slip in the wording, of the league's dictum, that there may be necessary "some tightening of belts." This really should read, "tightening of some belts"—namely, the already very much and very often tightened belts of the poor and the children of the poor. For the advocate of "sound finance" does not know what it is to go hungry, to starve by sound financial rules, or to note with helpless despair his own children's pasty faces, their scraggy, thin, rickety limbs, and their shoddy clothing.

His efforts are subsidised. In the case of the league, certain financial institutions have, on the admission of the secretary, Mr. Addison, agreed to contribute £100 per annum to its funds. Professors of economics draw fat salaries, often attach themselves to banks, and get pickings by writing for the financial press. Professor Bridgen has just been put in charge of National Insurance at a fine, fat fee, which should avoid for him and his, the vulgarities of starvation and financial strain. These people have their reward, and the only pressure on their belts comes from inside.

Our simple examination of the dictum of the Sound Finance League leads us to this conclusion: Give the people that consuming power which is needed to enable them to buy and use available goods and services.

Parliament Can Do It

A government can do this, but not if it has not the control of its own money supply. "Sound Finance Leaguers" shudder at the unholy thought of a government taking up its one great and solemn duty of keeping a right proportion between the money circulating for the consumption of products, and the products themselves. This self-styled "sound finance" demands that men whom we do not elect to govern us shall, nevertheless, govern us and be our complete masters, dictating to us how much money we may have in circulation, how fast it shall be issued to us, and how quickly it shall be taken back from us. You and I must see to it that we demand from our elected representative in Parliament that he win back for the nation that right which has been so shamefully stolen from it.

Parliament is still legally sovereign in this country. Keep at Parliament and make it do its job.

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(Continued from page 3.)

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ELECTORAL CAMPAIGN NOTES

VICTORIA

ERIC BUTLER. - - Extracts from letter received from Eric: — "Back on the job again. Biked up to Wangaratta last week and put in two days organising on the same lines as at Benalla. Will address supporters there on Wednesday evening, March 2, and hope to form Group. Benalla meeting last Friday night was, again, very good. The A.N.A., whom, you remember, I addressed last year, is sending a resolution to conference unanimously supporting the Electoral Campaign. Getting good stuff through most of the Northern press. Will bike down to Melbourne after the Wangaratta meeting, and organise meetings on the way. Will have a lot of good news to give you. Donald meeting definitely fixed for March 22. Biked 15 miles through pouring rain the other night, and finished up by being out all night — wonderful what a fellow will do for reform, isn't it? Got to write an article for local paper and 12 letters yet; so good night!"

MEETING AT CHELSEA.

Mr. Bruce Brown addressed the Returned Soldiers' League at Chelsea on Tuesday evening, March 1. The attendance was good, and Mr. Brown reports that he feels that it was one of the best meetings it has been his good fortune to address. The idea of the Campaign was received with due enthusiasm, having reached the majority present for the first time. Mr. Brown was invited to come again, when it was guaranteed that the hall would be filled to overflowing. . . . These meetings do a power of good. Supporters are asked to make every effort to arrange for a speaker to address their branch of whatever organisation they belong to.

WARRANTDYTE. —On Monday, Head Office had a visit from an active supporter living in the Warrantdyte district. He is a splendid example of the personal initiative idea. A few hours on Sundays are given to visiting neighbours and carefully explaining the objective of the Campaign. Six months of such work has resulted in obtaining 197 Demand forms conscientiously signed. On only six occasions was he refused permission to open the subject. He is a constant contributor to the local papers. He has written several well-thought-out letters to personal friends, which, he informs us, have become animate, in that they are passing from friend to friend. He has received several calls to address public or semi-public meetings. Lastly, he has received a request from a technical institution to write several papers for discussion by its staff. And so the work carries on; valiant workers looking for no kudos for their self-imposed task.

YOUNG PEOPLE are asked not to forget to come along on Monday evening, March 7, to have a serious "conversation." The old fogies seem a bit hopeless, youth will have to sit up and take notice if it wants life to be worthwhile. Doesn't matter what their views may be; all are asked to come along and "air" them. It is only by discussion, and maybe a bit of a wrangle, that things can be made clear for some decisive, unified action. The meeting will be in Room 8, Floor 5, McEwan House, 343 Little Collins-street, Melbourne.

THE STUFF TO GIVE THEM —A business firm in Melbourne is circulating 2000 dairy farmers in Victoria in connection with its business. Enclosed with each circular is an Elector's Demand and Undertaking form.

WRITE TO YOUR MEMBER and ask him has he no sense of his responsibilities to his constituents

that he should remain dumb while a matter of paramount importance affecting the Commonwealth is being decided. We learn, through the press, that the Commonwealth Government has decided to uphold Mr. Chamberlain in his action of displacing Mr. Eden, and of pursuing a "new" foreign policy. Whether Mr. Chamberlain's new policy is right or wrong is not the point for the moment; the point is that the Commonwealth Government has decided without consulting Parliament. It looks as if our Prime Minister has received instructions from London, and is obediently carrying them out. This sort of procedure is alarming. Insidiously the Dictator State is replacing our Democratic institutions. If we don't like it we must be up and doing.

SOUTH AUSTRALIA

THE TOWN HALL MEETING was held on Tuesday evening, and, although disappointing as regards numbers, was able to achieve a great deal. It is a super, if not impossible task, to arrange nights that are convenient to a great number of clergymen, because they have so many meetings of their own, and it is difficult at times to arrange for a substitute. Moreover, at the last minute, it was necessary to change the date of the gathering from February 24 to February 22.

However, what the gathering lacked in numbers it made up for in quality, so that it was able to pass the following motions without protest: (1) "We believe that an adequate standard of life should be provided for all members of the community, altogether apart from industry's need of their services. We, therefore, submit that the time has come when the Government shall make it their first consideration to deal effectively with the problem of the unemployment and kindred evils." (2) "We believe that the ration system, though an attempted palliative, has resulted in the demoralisation of numbers of the unemployed men and women of our State and Commonwealth, and especially of the youth of our land." (3) "We believe that immediate steps should be taken by the Government of this State to abolish the dole and eliminate unemployment by providing full-time work at award rates, or, alternatively, the full basic wage for all." (4) "We believe it can no longer be said that this project is economically impossible, for, instead of an insufficiency of goods, their production is deliberately restricted, and at times goods are destroyed." (5) "That the present committee, working for a Christian social order, be instructed to form a society for this purpose."

The committee now has a definite instruction to go right ahead and form "a society working for a Christian social order." This society should quickly grow, for who can refuse to become associated with a movement for such idealistic action? If Christianity stands for anything it is freedom for the individual to express life in the highest manner possible. It must be a social state, in which Christian principles can be lived, not merely taught with no hope of being lived, as at present. Of course, many people confuse Christianity-freedom with Christianity, with all its restricting "don'ts." The committee will meet at the rooms on Monday, March 9, to form the society, and after that all can become very busy enrolling members, especially the clergy. With an awakened clergy demanding the "abolition of the dole" and "employment or payment of the basic wage for all" as a first step, they should soon be able to arouse the masses from their apathy-an apathy resulting from a feeling of "hopelessness," brought about through one of "helplessness." It is only by uniting that they can overcome this feeling, which robs

"THE MONETARY SYSTEM, WHAT IT CAN AND CANNOT DO"

Lying Misrepresentation by Dupe of the Sound Finance League

By ICONOCLAST

At the quarterly meeting of the Elsternwick branch of the A.N.A., held on 22nd ult, a speaker from the Sound Finance League delivered an address on the subject of "The Monetary System, What It Can and Cannot Do." One of the questions asked at the close of the address was this: "Do deposits create advances, or advances create deposits?" He replied: "Deposits create advances." The questioner next asked: "Is it not a fact that an advance of £1000 by a bank creates £1000 of deposits?" but, unfortunately, an interjection at this stage provided a diversion which enabled the speaker to evade the question. In face of the overwhelming evidence provided by economists and bankers themselves, it is almost beyond belief that any responsible person could be so shamelessly dishonest as to give utterance to a misstatement so palpable.

May I quote a few statements from singularly authoritative sources, viz:

Encyclopedia Britannica: "Banks create credit. . . . A loan made by a bank is a clear addition to the amount of money in the community."

H. D. McLeod: "The essential and distinctive feature of a bank and a banker is to create and issue credit payable on demand, and this credit is intended to be put into circulation and serve all the purposes of money. A bank, therefore, is not an office for the borrowing and lending of money; but it is a manufactory of credit. In the language of banking, a deposit and an issue are the same thing."

The same authority, in his book, *Elements of Banking*, says: "When it is said that a great London Joint Stock Bank has, perhaps, £25,000,000 of deposits, it is almost universally believed that it has £25,000,000 of actual money to 'lend out'; as it is erroneously called. . . . It is a complete and entire delusion. These 'deposits' are not deposits in cash at all. . . . They are nothing but an enormous superstructure of credit."

The MacMillan report on Finance and Industry: "It is not unnatural to think of the deposits of a bank as being created by the public, through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft, or purchasing securities, a bank creates a credit in its books, which is the equivalent of a deposit. . . . The

men of manhood and places them on the level of the animals.

The five speakers each handled his subject in a masterly manner, and thanks go out to them. Such talks must bear great fruit in the near future.

WOMEN'S DIVISION —At the last meeting of the Women's Auxiliary it was decided to change the title to Women's Division of the Electoral Campaign. This title expresses the real nature of the work of the women in South Australia, for, besides the continued and self-sacrificing work of those who help so regularly with the lunches each day, the women are responsible for the fortnightly afternoon address, and are active in personal financial support of the Campaign.

"THE MONEY PROBLEM NO REAL DIFFICULTY"

BY REV. P. J. GEARON, O.C.C., D.D., B.A.

A Review by "Croupier."

In one of his inimitable essays, Walter Murdoch described a game known as "Fly Poker." The players, after depositing 2d each in the pool, sat around a table in some quiet room, each player having a small lump of sugar in front of him. There they sat peacefully until a fly alighted upon one of the pieces of sugar, thus deciding the winner of the pool. Apart from considerations such as the modern custom of shifting responsibility on to the other fellow—in this case, the fly—Walter Murdoch was attracted by the beautiful simplicity of the game. It required the minimum of effort, both physical and mental. Even politicians could play it, he pointed out.

Well, Father Gearon, of the Carmelite Novitiate, Mitcham, Melbourne, has written a small book on the money problem, and it is remarkable for its simplicity and lucidity. Every politician should read it at once. A child could understand it.

Commencing with an illustration of barter in its simplest form—two boys swapping marbles, the author traverses the scenes of poverty in the midst of plenty, illustrates the principles of distribution by the money (or ticket) system, exposes the money lords' methods of filching the people's right to issue money, and describes how, through the banks, money is wilfully restricted and the nation debt-ridden. "The goods are produced so as to be used," says Father Gearon, and "Let the Government make and give out money so that the needy can buy these goods."

"Human beings have a right to a decent existence," he further says, "and they have that right because they are human beings." He then explains that "decent existence" means decent clothing, decent food, decent dwellings, lawful recreations, with the assurance that such a state of affairs will last. That, certainly, is the core of new economics philosophy and should gladden the hearts of the multitude.

Father Gearon then throws the floodlight on the causes of war and the terrific power of the bankers and their forced allies, the press, to start wars and thrive on them. He describes the principles of international loans, with their evil effects, touches on the obligation of the State to the citizen, and exposes the tyranny of Communism, which, he states, tries to create the impression that the world must choose between it and Fascism, when that is not the case. He recommends that, instead of sending politicians overseas to search for trade treaties we force them to give us a proper money system, and points out that voters, having the power, should only elect men to Parliament who are determined to abolish poverty.

Right through the booklet a sound knowledge is displayed of the problem before us, and the sensible way of dealing with it. In addition to some apt and humorous illustrations, Father Gearon has quoted from the Papal Encyclical, *Quadragesima Anno*, and it is a source of consolation to monetary reformers to note that this good clergyman gives a Christian solution, which coincides with what they are seeking. Monetary reform does not run contrary to the principles of Christianity.

This contribution by Father Gearon is timely, as, in many quarters, the clergy is criticised for doing nothing practical to remedy the existing injustices to the people. His work amounts to a strong indictment of the associated banks and their allied financial institutions, which hold the people in subjection. The effort is as courageous as it is clear and comprehensive.

bank can carry on the process of lending, or purchasing investments, until such times as the credits created, or investments purchased, represent nine times the amount of the original deposit of £1000 in cash."

Davenport's *Economics of Enterprise*: "Banks do not lend their deposits, but by expansion of credits, create deposits."

Mr. J. M. Keynes: "There can be no doubt that all deposits are created by the banks."

The late Sir Edward Holden, an eminent British banker: "Banking is little more than bookkeeping. It is a transfer of credit from one person to another. The transfer is by cheque. Cheques are currency (not legal tender). Currency is money."

Further, there is the testimony of no less a person than our very own Professor Douglas Copland, Sydney Myer Professor of Commerce in the University of Melbourne. In an article in the April, 1937, issue of the *Vacuum Country Journal*, entitled, "Banking Policy and Economic Activity: The Function of a Central Bank," the learned professor wrote as follows: —"Bank Advances and Cash Reserves. —There are two simple facts about a banking system that must be grasped at the outset.

"First, in making advances banks create credit (my italics), and they also create deposits (again my italics), unless advances are made to one set of customers and paid over to another set of customers who use the proceeds to pay off previous advances extended to them. Advances are made by trading banks to producers, and if it be true that a net increase in advances is accompanied by a corresponding increase in deposits, why should not the process of increasing advances go on indefinitely? One reason is that advances are debts on which interest has to be paid and capital repaid, and there are not an unlimited number of projects in any country, which can meet these conditions. But the more important reason has reference to the effects of expansion of advances upon the cash reserves of the banks, and the ratio of these reserves to deposits.

"We now come to our second 'simple fact.' We do not always remember that deposits are liabilities for a bank, and that they have to be paid out from time to time. The bank must be in a position to pay out such deposits as are demanded, and it must have cash available. Hence banks always watch the ratio of cash to deposits. If it falls banks think their position is weak, and will decline to make advances. If it rises, they feel strong, and are prepared to launch out on a more expansionist policy."

The following table, published in the same article, will serve to show to what extent our banks could meet a demand for payment of deposits:

NINE AUSTRALIAN TRADING BANKS

	Sept., 1935.	Sept., 1936.
Deposits . . .	£282.4 M	£282.8 M
Advances . . .	£256.6 M	£264.9 M
Govt. Securities	£22.5 M	£14.9 M
Cash (coin, bullion and notes) . . .	£34.4 M	£29.9 M
Ratio of Cash to Deposits	12.17%	10.57%
	(M—million.)	

Now, sir, does an advance of £1000 create £1000 of deposits, or does it not, and will please inform me whether an advocate of "sound finance", who argues that deposits create advances, is just a plain fool or a plain rogue.