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THE NEW TIMES

Vol. 6. No. 30. MELBOURNE, FRIDAY, JULY 26, 1940.

Now, when our land to ruin's brink it verging,

In God's name, let us speak while there is time!

Now, when the padlocks for our lips are forging.

Silence is crime.

—Whittier (1807-1892)

Who Controls England's Money?

Questions Evaded in British Parliament

In our issue of July 12, under the heading, "Daily Press Kept It Dark," we reported some remarkable utterances delivered in the British Parliament. Again we publish vital news, "overlooked" by the daily press, of still more remarkable proceedings. Perhaps the new powers for Sir Keith Murdoch will be used to enforce the publication of such news? Perhaps.

In the course of the debate during the second reading of the Finance Bill on May 29, Mr. Stokes, M.P. for Ipswich, after pointing out that taxation on the rent of empty houses would only be passed on to the tenant, and asking whether the profits of a firm like the Bank of England would be subject to an Excess Profits Tax of 100 per cent, said:

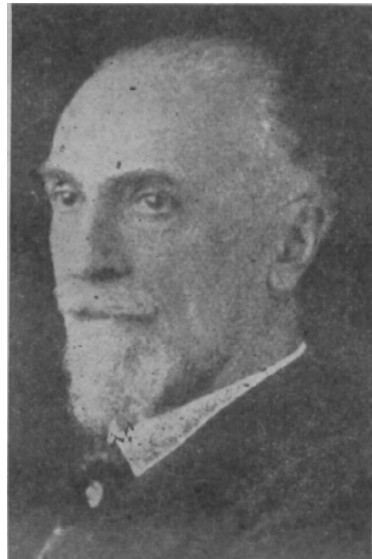
"The Chancellor referred also to the gathering momentum of the National Savings Scheme. He told us that at the present time the weekly savings amount to £5,000,000. Taken alone, that is a monumental figure, but I cannot help remarking that to me it seems to be much more of a gathering lag, because we are spending at the rate of £42,000,000 a week, and are collecting from the small savers only one-eighth of that amount. I do not wish to detract from the National Savings Scheme under the present system, and I see that it is necessary, but I cannot help thinking that it is a great swindle, if I may so call it, to allow the big moneylenders to get away with the swag behind a sort of veneer of small holders, who will kick up a tremendous fuss when the war is over when one tries to deal with these loans, if they are going to be raised, as I suspect, in accordance with established custom.

SYNDICATE

"This Bill is a miserable, petty-fogging affair in that it does not get to the root of the main troubles. Before suggesting the remedies, which I should like to see applied, I wish to put to the Chancellor one or two questions to which—like my hon. Friend the Member for Chesterfield (Mr. Benson)—I have never succeeded in getting an answer from the late Chancellor of the Exchequer. We all know the extent to which the Government's day-to-day needs are financed by Treasury Bills. On this matter I have put questions to the late Chancellor, and never received a satisfactory answer. I hope that on this occasion the Financial Secretary will give a satisfactory answer, although he has never done so before. During the first 11 weeks of 1939, when the Bank rate was 2 per cent, it was possible for the discount market to take bills at 11s per cent; why is it necessary today to pay over £1 per cent?

"I have pointed out to the late Chancellor that a syndicate exists, and that it ought to be looked into. He would not admit that there is a syndicate, but again I call the attention of the House to the fact that there is a syndicate of

some 16 members. Some of the names are well known—for example, Brocklebank & Company; Roger Cunliffe, Sons & Company; Gillett Brothers Discount Company; National Discount Company; Seccombe, Marshall and Campion; the Union Discount Company;



THE GOVERNOR OF THE BANK OF ENGLAND (Mr. Montagu Norman).

and Jessel, Toynbee & Company. It was stated in the "Observer" last Sunday that they get together and arrange what the rate of discount is to be. I am a little puzzled by this statement, and I hope that the Financial Secretary

(Continued on page 7.)

TRUTH IN "TRUTH"

The Melbourne "Truth" certainly lived up to its name on Saturday, July 13. It contained an article, which, we fear, may cause poor Mr. Spender to rush into print again—in which the Hon. Percy fails to shine as he did at the bar (or is it Bar?). Under the heading, "Quack Economists and the War Effort," the article read as follows:

"When the present war broke out we had to listen to quite a number of dissertations from armchair economists, who sought to show that Hitler could not possibly finance a war. In fact, we had been listening to stories about Germany's national penury for some years prior to that. Yet, despite this great national poverty, and despite the fact that when the Nazis came to power, unemployment in Germany was higher in proportion to the population than in any country of the world, with the possible exception of America, the Nazis managed not only to

DESPERATE PLIGHT OF WHEAT GROWERS

Does Dunstan Mean Business?

There should be no need to remind "New Times" readers of the stand taken by this paper on the wheatgrowers' position during the past two or three years. During the months just prior to the commencement of the present war, a campaign, demanding justice for the wheatgrower, was sweeping like a prairie fire through Victoria and the other wheat growing States.

Hundreds of public meetings, many of which resulted in unprecedented mass demonstrations, were held throughout the length and breadth of the wheat growing country, and Canberra was subjected to a storm of individual demands and collective resolutions to the effect that the national credit be used to guarantee a payable price in order to stabilise the wheat industry.

During this widespread demand for satisfactory action by the Federal Government, and whilst the position of the farmers went from bad to worse, the Victorian Premier, Mr. Dunstan, maintained a meek and mild attitude that, to say the least, was lamentable.

Now, the Melbourne "Argus" of July 23 reports as follows:

"Many wheatgrowers were in a desperate position and were drifting from the land, the Premier said yesterday, when he renewed his appeal to the Commonwealth Government to make growers a further advance on wheat it had commandeered.

"Pointing to about seventy telegrams and dozens of letters which he received yesterday, urging early action to help farmers, Mr. Dunstan said that unless some assistance was given, disaster would undoubtedly overtake the industry. Many farmers would have no alternative but to walk off their farms.

"The extreme plight of the wheatgrower has not been exaggerated," Mr. Dunstan said. "Only the other day I saw one man paying cash for two or three shillings' worth of absolute necessities across the counter of a country store. A few years ago

he could have signed a cheque for thousands. Today he cannot get credit even for a few shillings. It is not his fault. He is one of the good farmers, but his credit has gone. It is not the fault of the traders, who are also at the end of their tether and who must press the growers."

"People in need of assistance today were not wasters, Mr. Dunstan added. The story told by some of the seventy telegrams he had received was:—"No credit available. Farmers on the bread line. Position acute. Traders cannot get any further credit."

"It was extraordinary that wheatgrowers, who were giving a vital national service in wartime and upon whom the country largely depended even in time of peace, should be compelled to produce wheat for much less than the cost of production, Mr. Dunstan said."

* * *

It would appear now that, according to his own statement, Mr. Dunstan realises the plight of the farmers and country traders "has not been exaggerated." Certain it is that the pressure of public opinion is at last having effect upon the Premier of Victoria, who admits that the farmer "cannot get credit even for a few shillings." Whilst reports from Europe indicate the imminence of wholesale famine, Australian wheatgrowers are being forced off the land after a lifetime of struggle! What a farce!

It is high time that Australian wheatgrowers, who, to use Mr. Dunstan's own words, are "giving a vital national service in wartime," got together irrespective of party affiliation, to DEMAND IN NO UNCERTAIN TERMS that the Federal Government provide the necessary finance through the Commonwealth Bank, without further debt or taxation, to stabilise the wheat industry and ensure that the national effort of which the farmers are capable is not impaired. In such a patriotic and urgently necessary demand, the support of the Premier and his Government should be wholeheartedly forthcoming. Failing this, electors will have no alternative but to replace them with Representatives who WILL carry out the will of the people.

"OLD MONEY MEASURE USELESS"

"Yet, according to the armchair economists, the whole of their financial fabric was unsound and was bound to collapse. Here in (Continued on page 8.)

FALSE IDEAS ABOUT FINANCE

By JAMES GUTHRIE, B.Sc.

(Based on a Talk Broadcast from 7HO, Hobart, and 7LA, Launceston, at 8.15 p.m., on Sunday, July 14.)

Ideas are very powerful things; they can spread round the world and cause vast changes in the outlook and mode of life of millions of people. Some ideas are constructive, and lead to harmony and expansion of the life, outlook and growth of the individual man and woman; others are destructive, cramping and disruptive, and are responsible for the smashing of whole civilisations.

One idea is as follows: That everything in the country shall be measured in terms of money, and that no person is entitled to live unless he or she possesses money.

Such an idea was scarcely known in olden days; it was completely unknown among people who lived on this earth countless years ago. There was a time when man could live happily yet never see money—and live in security and comfort. Now all that is changed. We can obtain nothing and get nowhere without money; by the simple process of depriving a man of money you can deprive him of life itself. Those who control our money-supply can decide whether our country is to be great or small; can decide whether we are to be serfs or freemen; can decide whether we are to live in harmony with each other or to be like snarling wolves at each other's throats.

So far we all agree. But these statements do not get us very far. The few men who impose this system upon us could not do so without a colossal campaign of mass hypnotism, which prevents people seeing the chains, which bind them to servitude. We have got to understand the technique of those who hypnotise us, and there is nothing more hypnotic than an idea constantly thrust in front of the people.

The particular idea that has kept us where we are today can be stated thus: That countries are like persons: they cannot live beyond their present money-incomes without getting into trouble. There are two false statements here. First, economically, countries are not like persons, and never can be. Secondly, long before the Bank of England was ever thought of, many farmers had no money-income at all and, therefore, always lived above their money-income and never got into debt. So, if a wage earner grows his own fruit and vegetables, and his wife makes her own clothes, they can live above his money-income and keep out of debt, and live better than their neighbours.

NATIONAL INCOME

The above proposition is, of course, absurd, and has only to be examined carefully to see that this idea of a fixed national income has

no foundation in physical facts. Our Government apparently thinks that it is impossible to increase our national income, and all the paid economists say, "Hear, hear!" The question I want to ask is: If our national income cannot be increased by a colossal increase in national effort, how can it be increased? If our engineers and farmers work harder and longer, does that not increase the national income? If not, why not? If we grow more fruit and wheat and pigs, does our national income not increase? If our unemployed, our boys and girls and old men go into the factories and onto the land, does that not increase our national income? It did during the last war. If, then, our national money-income does not also increase, someone must be withholding a very large "whack," and then it becomes our duty to find who he is and to put him where he can do no more harm to his country.

There is another aspect of this idea of a fixed national income which must be considered, and that is: It has been assumed by many people that the production of Australia in peace time represented the maximum possible output of our skill, brains and machinery, so that in war time it is impossible to turn to war work without prodigious sacrifices. This is not only untrue, but a complete reversal of facts,

IN LOW GEAR

During peace time the largest and best equipped boot factory in Australia was idle for years, its skilled operators walking the streets; some of our best engineers were going round hawking goods from door to door, others were wasting their talents repairing lawnmowers. Our farmers, as soon as they produced abundance of any kind, were told by the Governments to try something different. Many young men could not get training for skilled trades—if they went down on their knees for it. The production of the whole country was sabotaged on a colossal scale. It was only when the people started to become really angry that the depression was temporarily lifted by releasing more money. Such was the condition in peacetime—a condition

which, on a more exaggerated scale, reduced France to chaos and divided the nation into warring factions.

We are told by the Government that we have a certain national income and that if £150 million a year is required for war, that £150 millions must come out of taxation or must be borrowed from our savings. We are being asked to believe that it is impossible to get that extra £150 million worth of effort by the only way it can be produced—by effort; by skill and labour. And, therefore, we are being asked to go without things in order to produce aeroplanes. The idea is so ridiculous that one begins to wonder what the aim of the Government is.

ALTERNATIVES

The Government acts as if the only available sources of money for war purposes were borrowing and taxation. This is very strange, because in the Report of the Royal Commission on Banking, paragraph 504, it states that: "The Commonwealth Bank is able to increase the cash reserves of the Trading Banks; for example, it can buy securities or other property and can lend to

Governments or to others in a variety of ways, and it can even make money available to Governments or to others free of any charge." A copy of this statement has been sent to every Federal member, including Mr. Menzies and Mr. Spender.

The war effort in England during the last war could not possibly have been paid by taxation or by the savings of the people. About £7000 million was created by the private banks out of nothing, and British taxpayers, including British soldiers or their widows, are together paying £250 million a year as interest on this fictitious money. They are still paying it during this war and are being asked to find more money for this war.

It is possible that, in regard to this loan and taxation racket, Mr. Menzies and Mr. Spender are not free agents, and will not become free agents unless the people take up the matter for themselves. I advise people to write to their Member of Parliament asking that this iniquitous money ramp be immediately stopped and that the nation's own bank (Commonwealth Bank) be used to finance the nation's needs.

AUSTRALIA AND JAPAN Friendship Now the Only Realistic Policy

Under the above headings, the article, which is reprinted hereunder, appeared in the "Catholic Worker" of July 6. On two or three occasions in the past we have deemed it necessary to refer critically to matter appearing in that periodical. Therefore, we are now pleased to be able to "balance the account" by giving further publicity to this article with which we find ourselves in substantial agreement:

"For years the Communists and their satellites have tried to embitter Australians against Japan. Trying to provoke a war between Russia and Japan, they have been anxious to see Australia and the United States violently anti-Japanese, so Russia might have Allies in the Pacific. They have used every weapon of propaganda at their disposal to fill the minds of Australian and New Zealand workers with a hatred of Japan, her methods, her people and her way of life.

"While we ourselves cannot approve of Japanese aggression in Asia, who are we to say that the Japanese have been more un-Christian than the so-called Christian powers of Europe, whom they have imitated?

"Australia has not been called into being for the special purpose of acting as a moral policeman in the Pacific. We must look to our own interests and to international justice, and not let ourselves be dragged into the service of the Reds.

"If we are to progress towards friendship with Japan, we must try to understand her difficulties. It was Thomas Edison who said that the basic cause of Japan's unrest is not political but economic.

"ECONOMIC DIFFICULTIES"

"Japan proper consists of four islands, of which Hondu, the largest island, has 732 inhabitants to the square mile; Shikiku Hitoku, 433; while Hokkaido, which has a density of only 78 to the square mile, is traversed by mountain ranges and farming is hindered by harsh winters.

"In addition, only 16 per cent of the total area of Japan is tillable, whereas in Great Britain 77 per cent, of the land is arable; in Italy, 76 per cent; in France, 70 per cent; in Germany, 65 per cent.

"The result is that in terms of arable land, the Japanese occupy the most over-populated country

in the world. Japan does not even produce enough rice to feed the whole of her population; yet, in order to secure trade, she exports rice, and numbers of Japanese peasants have to eat millet instead.

"NEED FOR TRADE"

"Japan's need for trade should be considered in relation to Australia and New Zealand's need for markets. Since the outbreak of the war Australia alone has lost 42.5 per cent, of her wool markets. What is left of her market has been purchased by Britain, so that Japan must in future buy the wool she needs from Britain.

"A Japanese Chamber of Commerce spokesman said (according to the 'Herald,' June 26, 1940), that Japan could absorb all Australia's surplus wool, and was in a position to do so. As previously, Japan took only 8.31 per cent, of our wool clip, there is room for development of our trading relations with her.

"We thus urge all Australians and New Zealanders, while preparing to fight, and, if need be, die for Australia and New Zealand respectively, to ask their Governments to come to an agreement with Japan in regard to our exports and to secure immediately a non-aggression pact covering not only both countries, but their territories in the Pacific."

ROTHSCHILD BANK

The Rothschild bank in Vienna has been taken over by E. V. Nicholai, and is in future to be known as E. V. Nicholai and Company. According to the "Jewish Chronicle," the "Frankfurter Zeitung" reports: "It is officially announced that the new banking firm which succeeds the former firm of S. M. Rothschild, Vienna, has not purchased the Rothschild funds by the process of Aryanisation, but by special agreement."

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LOOKING BACKWARDS—AND SIDWAYS

By "THE WALRUS."

I can't really make out why one should be thoroughly unpopular for wanting to know about money. The traditional prejudice against "persons in trade" apparently dies very hard, so that it still seems scarcely decent to mention money.

In fact, it actually is easier to start a controversy over birth control than over money-control. Yet I feel that there must be a rational explanation of the mess we call "finance," and my own idea is that we are in a mess, not because nobody knows anything about money, but because somebody knows far too much and everybody else knows far too little.

I tackled one of those acquaintances who will still remain while I question them on the money business. I have to be very disarming, of course. I always start by assuring them that I am not going to accuse the much-maligned international bankers of manufacturing money: that money merely sort of happens in accordance with the natural law of deficiency and demand, or whatever it is, and that, apart from that, everything is quite all right really: God's in His heaven and all that, and we merely imagine our troubles.

After some such preface as that on this occasion, I went on rather breathlessly:

"This money that just sort of happens — doesn't it follow any rules at all?"

"I don't quite understand."

"Well, suppose I went along to a bank, and the bank agreed to let me have some money, what would guide the bank in setting a limit to what it was prepared to lend?"

"The security you had to offer, of course."

"You mean my ability to carry out certain contracts?"

"That, partly, of course."

"How d'you mean, partly?"

"You know perfectly well that there is no security of the sort that banks require in your ability to carry through a contract."

"That is not the most important thing?"

"Of course not."

"What is the most important thing?"

"Your collateral: your freehold possessions."

LOOKING BACKWARDS

"Then it wouldn't matter what my ability was, nor what my idea was worth, if I were not the owner of some property, there would be nothing doing with the bank? I must say I can't see any sense in it."

"Why not?"

"Well, by creating money on the strength of existing assets you're really financing something that has already happened—looking backwards, in fact. The thing that any progressive man is interested in is not in what he has—indeed, he may not be interested in material possessions at all—but in what can be done with human values in life. . . . I take it that the banking system can't work in a devastated area."

"That's a different thing altogether. That's a national undertaking. No institution asks for security in national undertakings."

"For the best of all reasons."

"What's that?"

"They already have it—in the people themselves, whose notion of government is to permit themselves to be taxed and no questions asked. Now, suppose, after terrific devastation there was one bank complete with banker, one other survivor and one street. Would the banker advance the sole survivor the value of the street?"

"I suppose so, if he wanted it."

"Well, doesn't that start a pain

in the place where you keep your sanity?"

"You mean you wouldn't lend in such circumstances if you were a banker?"

THINGS, NUMBERS AND THE GOLD STANDARD

"Listen, pal! Never try to imagine me in the big banker's boots. We simply aren't interchangeable. To me, things are things and numbers are numbers, and I can tell a number from a thing with the greatest of ease. I would much rather keep the discussion on the plane we occupy. To me it seems obvious that if there is only one survivor, besides the bank, the street has no value whatever. On the other hand, what the sole survivor wants to do may be of considerable importance. He may have notions on the subject, for instance, of getting through to some centre of civilisation the banker doesn't know about, and it may be that without such notions the bank and he might remain in isolation until their puny lives were run."

"This argument has no relation to fact. Therefore it is silly."

"Are you sure you don't mean 'elementary'? Elementary things nearly always escape notice, and even when they don't, not many people seem to have the sensible answers, for instance, d'you believe in the Gold Standard."

"I think you can take it that I do."

"Well, what is it?"

"My dear man, why do you expect me to answer everything like this off-hand in the street?"

"I could give you a reason in less than fifteen seconds for my faith in anything I believed in."

"You have to study economics to understand money."

"All right! Name one book, which tells what money is, how it is created, and who owns most of it. Don't bother about the Gold Standard, There isn't any book on that, anyway. All I want is the name of a book on orthodox economics which tells what money is."

"My dear chap, any reliable book on economics tells you that."

"You're guessing, pal. In the orthodox school there isn't one. They all tell you what can happen and what can't happen in given circumstances, but none of them tells you just what it is. . . . So I don't see how you can know why you believe in the Gold Standard . . . unless you've written a book on it yourself . . . nor, for the matter of that, how you can know why you believe in anything financial. . . . I know! You must be the representative man in the street we've heard so much about."

DEBT AND PROGRESS

"To pursue the metaphor, you might add that my feet are firmly planted on the pavement."

"Is it paid for, yet?"

"Is what paid for?"

"The pavement your feet are so firmly planted on."

"You know, sometimes I think you're daft."

"Well, that's a relief. I should

have expected you to think me daft all the time; we never seem to agree on anything that matters. But I'm not going to let you put me off like that. I merely point out that, by public and private borrowing, the pavement's mortgaged, every door you push open during the day is mortgaged, every wheel that turns is mortgaged. That being the case, the principle of banking you have explained to me naturally raises the question in my mind, how much further can we progress? Don't bother! I'll give you the answer. As far as the second or third mortgage. Is that so or not?"

"I'll take your advice and not bother, since you have all the answers."

"I'm afraid I haven't all the answers. That's the trouble."

"Well, I'm sure you won't mind if I ask YOU one. Do you seriously think it possible to be sane about everything but finance?"

"I see your point . . . but somehow I hardly expected the question to come from you . . . Well, er, now you come to mention it, you do seem pretty rational about most other things."

"I've no idea what upset him, but I do know that somehow I've closed another approach."

PETROL RATIONING OPPOSED

Much grumbling is to be heard about petrol rationing from that very large section of the community, which will be crushed or, at least, harassed by it. Some citizens, satisfied that it is unnecessary, are not wasting time in grumbling.

They are going into ACTION—on democratic, constitutional lines. A demand-letter (to be signed and sent to the appropriate M.P.) is being widely circulated. It reads as follows:

.....
.....
.....
.....M.H.R.
..... Esq. or M.L.A.
.....
Parliament House,

Dear Sir, —As a loyal citizen of the Commonwealth of Australia, I am opposed to dictatorship, either Fascist or Communist, believing that true Democracy brought into effect would be the best form of Government (that is the making of the will of the people prevail).

As a Motorist, I am opposed to any form of Petrol Rationing, believing that there are ample supplies of Petrol available inside or outside Australia.

If, by War Emergency, Dollar or £ sterling needs to be conserved —there are several other avenues which can be exploited to save these external payments, without putting Australia into industrial chaos.

Also, I believe that if the Government were to make effective the findings of the recent Monetary and Banking Commission in Clause 504, which reads . . . the Commonwealth Bank can make money available to Governments

and others FREE OF ANY COST . . . and seeing that Australia is potentially a rich oil field, by making what is physically possible financially possible, there is no need to import either petrol or oil into this country.

I look to you as my Parliamentary Representative to oppose on the floor of the House any measure for further restricting our liberties unnecessarily, and on doing this you can be assured of my support at election time. Failing to carry out these, my wishes, I will be forced to use my efforts and car to replace you at the next elections.

I am,

Very truly yours,

REWARD

"The Premier (of Canada) stated that . . . the Hon. James Mackinnon, of Edmonton, Minister Without Portfolio, would be given a portfolio when Parliament opens. Mr. Mackinnon is regarded as largely responsible for the Government's inroads into the Social Credit strength in the election. This appointment is the reward."

—"Evening Standard," April 12, 1940.

You Should Not Be Without It!

"THE WORLD-GOVERNMENT PLOT EXPOSED"

By ERIC D. BUTLER.

This booklet is most topical at the present time. Shows the plans and objects of International Finance in a startling light. It is a complete answer to "Federal Union" and the move to abolish the State Parliaments. It should be circulated as widely as possible at the present juncture.

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No. 30.

WORLD OF CONFLICT

It is a curious fact that most of us are "existing" instead of "living" in a world in which there is plenty to give comfort and happiness to all. We find ourselves in a world of conflict. Money-scarcity promotes merciless competition between workers for "good" jobs, between professional men for "good" clients, between business people for "good" customers—and even between women for prosperous husbands!

Almost all our time and energies are devoted to the compelling need of getting a living. Many persons, engrossed in the matter of their personal progress, if any, work arduously at their callings and never pause to reflect upon the general situation. The nature of the very thing of which they are in constant quest—Money—escapes their attention.

Considerable advantage will accrue to all of us when the average citizen is brought to recognise that he and his fellows are being deprived of their inherent right to economic freedom by an obsolete financial system, which permits a few bankers to issue and control the nations' money by their cheque and book-entry system. By issuing costless bank credit as a debt, the financial barons impose a form of slavery, and by refusing to issue it except to finance work done in the productive system, they set up a conflict between individuals to obtain money from an inadequate supply in the hands of other individuals, and to obtain work, of which there tends to be a diminishing supply due to the mechanisation of industry.

As the people, collectively, do not receive sufficient money to pay remunerative prices for all the consumable goods produced in their own country, the conflict spreads from individuals to nations, taking the form of insatiable demands for raw materials and/or export markets—the root causes of modern war. The aim of Totalitarianism to rule and regulate trade and the affairs of individuals brings forth a host of schemes and "Plans" to nationalise everything **except** the financial credit of the nation. Industrial and trading combines are among the products of money-scarcity and financial dictatorship. An increasing ability of consumers to pay for satisfactory goods, and of employees to refuse unsatisfactory work, would profoundly modify the depredations of such organisations.

A genuine democracy can procure the right "Plan" by insisting on "Results." The people, through the action of individuals, must be told that their institutions and organisations are only useful in so far as they produce the results, which the people want. The Big Bankers are implacably opposed to the surrender of control of money-creation to the people, to whom it belongs. The imperious opposition of the Big Bankers can be overcome by the electoral pressure of sufficient individuals who have the Will to Win the fight for real liberty. When that is done, the heads of financial institutions and Governments will be transformed from tyrannical masters into valuable servants of the people.

Gold! Gold! Gold!

If you were to tell the ordinary person that as fast as they dig up gold from the ground they put it back again, he would cheerfully regard you as more than a bit off the normal. It is a fact, nevertheless. A financial writer in the New York "Post" says: "Uncle Sam has the Midas touch. His food turns to gold—whenever he ships it abroad. So do the typewriters, the aeroplanes, the petrol and the cotton we export. Just as fast as the Africans, and the Russians in Siberia, can dig gold out of the ground it comes to us. We bury it right back in the ground again. We cannot use the stuff any more than could Midas—and it may turn out to be almost as great a plague to us." What a terrible state of affairs! Gold, gold and more gold

flowing across the Atlantic or the Pacific, to lie dead in the earth, in mines artificially made to receive it. It sounds crazy, but there is the fact. There are many highly quotable passages in the article already quoted, but one fact that is not stated is worth more than all the rest of the article—it is this, that America's attitude as a creditor nation has been dictated by a debtor mentality; as a result the U.S.A. have tried to have the cake and eat it—and the cake has proved to be solid gold. At the present time, Uncle Sam is being choked by his own wealth; the greatest treasure the world has ever known lies buried in his vaults and millions of his subjects are starving.

—"Advocate," Melb., July 4.

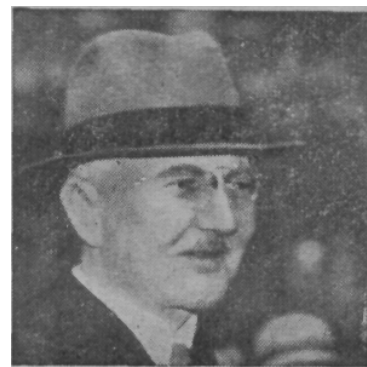
THE STORY OF DR. SCHACHT Deputy of International Finance in Germany

(Continued from last issue.)

SCHACHT AND THE THIRD REICH.

In 1932 Germany paid 1100 million marks to her foreign creditors; in 1936 she paid them 200 million marks. In the spring of 1933, shortly after his appointment, Schacht paid another visit to America, he saw Mr. Roosevelt and talked with many businessmen, and in a parting cable to American bankers, which was published in the press, he says: "No proposal aiming at the reduction of the private debts abroad or for the suspension of payments or the reduction of interest will be made by the Reichsbank." Yet, Germany defaulted on the Dawes loan. (It is estimated that United States banks, nevertheless, made a profit of some 50 million dollars out of this business).

In 1934 he introduced the New Plan providing that only goods of importance for re-armament were to be imported with foreign exchange procured from German exports. In September 25 control authorities were set up to carry out this scheme. They reported on the relevance to arma-



ment requirements of every German purchase abroad, and only when their reports were favourable could payment be authorised. Imports of foodstuffs were stringently cut down and those of raw material for armaments increased in their place. Schacht, with his tongue in his cheek, described the bureaucratic intricacies of the New Plan as "disgusting." In August, 1935, he said: "I take this opportunity to emphasise that we are all in the same boat and no one can get out of it . . . there is no better or more remunerative investment for any German's savings than in placing his money at the disposal of the German realm on loan for the carrying out of the work-finding programme . . . the provision of work must ultimately be financed out of the savings of employers and workpeople."

When Goering was made Economic Dictator in 1936, Schacht withdrew from the public eye, although he continued at the Ministry of Economic Affairs. Early in 1937 Hitler conferred on him the distinction of the Golden Party Badge, and later in the same year, when laying the foundation-stone of the new Reichsbank, Schacht said: "We are all working on the same building, in loyal obedience to the great Leader and Master Builder of the Third Reich." Nevertheless in that year he became the mouthpiece of the dissatisfied business world. He was at the back of the memorandum sent by the heavy industries to the Chancellor in which an intensification of commercial relations with Soviet Russia was demanded.

Under the first Four Year Plan, when Schacht was in power, private industry had been set going and kept going with public credits. Under the second Four Year Plan, which was directed by Goering, private capital was com-

pulsorily applied and consumed for the satisfaction of public requirements. During 1934 and 1935 something like half of German production had been financed from public sources through "work-finding bills" and similar State credits, while only 12 per cent, of the funds for the first year of the second Four Year Plan came from public credits. All free capital, which was already scarce in the Reich, was forced into unremunerative business of the supply of public requirements, from the production of substitute materials to the building of barracks.

Raw materials and skilled labour were no less scarce, and were completely controlled by the Government. In April, 1937, the whole iron supply for Germany was mapped out in advance, but by September the plan had already been modified five times. German smelting works were placed under the direct authority of the dictatorship, and it was announced that three national smelting works would be set up that would add at least one-third to the existing steel production of German industry. These would be in full operation by 1940. The production was carried on as a private enterprise by a limited company the directors of which were all men in whom Goering had confidence.

The technical control and the actual conduct of mining and manufacture was placed under the H. A. Brassert Kommanditgesellschaft of Berlin, the sole owner of which, H. A. Brassert, is an American, the son of German parents born in England and a naturalised citizen of the United States. He has also helped in the modernisation of the British, Turkish and Indian steel industries. This company had been hitherto almost unknown in Germany. Goering surrounded himself at the Ministry of Economics with army officers who had been prepared for their new posts of "planning" by intensive courses in commerce and military economy of two or three months' duration at a technical college. All young economists, engineers, agricultural and commercial students were made to take the military oath of service as soon as they had their diplomas, and were assigned to one of the departments.

In September 1937, Dr. Schacht demanded in his paper, "Der Deutsche Volkswirt," "a brake on the heroic tendencies of our times, which set out to perpetuate their ideal in stone and bronze." Next day the foreign press, and not the German press, published the first definite reports of Dr. Schacht's impending resignation from the Ministry of Economic Affairs. To friends he said that "his struggle against the economic Four Year Plan had become hopeless, and he was no longer prepared to accept responsibility for the coming disaster." Seven years earlier, he sent the first news of his resignation to American financiers; this time he announced it through a conversation with some American friends at the American Embassy.

He remained president of the Reichsbank. In January 1939, Hitler deprived him of this office, replacing him by Dr. Funk. Schacht said that he did not believe in the inflationary monetary policy that Hitler intended to pursue. Although Schacht at that time let it be known that he did not wish to be associated any more with the economic or financial policy of Nazi Germany he was reported recently to be in New York selling German securi-

(Continued on page 8.)

"FEDERAL UNION" PLOT TAKES SHAPE

International Finance Proclaims Real Aims

By ERIC D. BUTLER.

It was my intention to reply in detail this week to the attack launched against me by the "Sound Finance League of Australia," mentioned in these columns last week; but, in the absence of certain developments which may, or may not, take place, I will leave it until next week.

At last the Federal Unionites, and those behind them, have indicated their real designs. A report, which was featured in the Australian press last week, dealt with a full-page advertisement appearing in the "New York Times" urging the creation of a Federal Union comprising the United States and the six British democracies.

Those people who have followed the moves and intrigues of the International Financiers, as exposed in these columns from week to week, were not surprised when the above report appeared. It has further demonstrated the validity of our claims and should be a further stimulus to all loyal Britishers to defeat not only Hitler's World Union, but also the International Financiers' World Union.

FINANCE SPEAKS

I was most interested to read that the advertisement referred to above appeared in the "New York Times." This paper is generally recognised as the mouthpiece of the big Wall Street banking groups—particularly the powerful Jewish banking firm, Kuhn, Loeb & Co. Clarence Streit, author of the book "Union Now," and formerly a European correspondent for the "New York Times," is nominally behind this move; but, there is considerable evidence that International Finance has been the real factor behind the scenes. I have dealt with this in my booklet, "The World-Government Plot Exposed." It would be interesting, and enlightening, to have the names of the "influential Americans, Britons, Frenchmen, Swiss, Belgians, Dutch and Scandinavians" who sponsored the full-page advertisement.

However, this move can be accepted as the "thin edge of the wedge" for a further drive towards a comprehensive world union. The wedge, once having been introduced, will be driven home by the force of events, which Finance has brought about.

Apart from the fact that democracy could not function under the proposed arrangement, the various nations would be submitted to a more centralised control than anything yet seen, even including the totalitarian Powers. The scheme is based upon the American Union of States. Union of those States into the United States has given us a small example of what we could expect on a bigger scale: increasing unemployment, debt and taxation. The bigger the organisation the less chance for the individual.

Behind it is the driving force of financial interests, which hope to accomplish on a world-scale what they have partially perfected on a small scale. This suggestion to the British Commonwealth of Nations should be vigorously rejected. We desire to remain British, while the other nationalities can also preserve their entities. That is what, I understand, is one of our objects in this war with Germany. Hitler wanted to absorb all the small nations for a start, and then the large nations, into his union by force. Certain financiers in Wall Street helped him to arm for that purpose. Now, while we are attempting to prevent Hitler's union, they suggest that we join their union. Clever? It is the most diabolical plan for world-slavery ever conceived by the mind of man.

BACK TO THE GOLD STANDARD?

Most of those favouring Federal Union advocate a return by the entire world to the gold standard. America now possesses something

like 80 per cent, of the world's supply, which would mean complete financial domination by the big American banking interests. This is now being openly proclaimed by financial interests. For example: "In helping to stimulate gold production, the South African, authorities might remember that this war is, in one of its minor objectives, a war to make the world safe for the gold standard."—The City Editor of the "News Chronicle," February 24, 1940.

Here is another typical statement which is specially worded to prepare public opinion for the proposed world-tyranny: "In an address to the Political Union of Yale University, Mr. Adolph A. Berle, Jr., Assistant-Secretary of State, and a member of Mr. Roosevelt's original 'Brain Quest,' declared that at the end of the war it would probably be up to the United States to save Europe from collapse . . . Mr. Berle indicated the probability, that the United States would have to give away some of its great hoard of gold to re-establish international currency, so that other nations might set their houses in order and thereby re-establish trade and normal life."—"Daily Telegraph," February 2, 1940.

Just why we need the use of a practically useless yellow metal to utilise the world's great resources is something, which these gold standard apologists do not explain.

Since then a Bill to provide for the "expansion of the foreign trade of the United States" and the "stabilisation of currencies through the redistribution of gold" has been introduced into the American House of Congress. This was on March 4.

WALL ST. TO AGAIN SHAPE THE "PEACE"?

The real objectives behind the League of Nations—the subjection of the world through the Bank of International Settlements—have been thoroughly examined in "The World-Government Plot Exposed." The same interests are openly proclaiming their intentions of again shaping the "Peace." The "Times" leader of February 12, 1940, says: "... the greater the responsibility the United States is willing to assume in organising and operating the new order of the world that we shall have to build after victory is achieved, the better the hope of giving that order comprehensiveness and enduring life."

It may be of interest to briefly look at this proposed union. Streit urges the union of seven States for a start: U.S.A., Canada, Great Britain, Ireland, Australia, South Africa and New Zealand. He says: "These seven States should do as our 13 States did—proclaim free principles in a common declaration, set up a professional inter-continental congress to defend them all, and establish the nucleus of a world federal union, to which other democracies could be admitted." The conditions inside America are not a very alluring prospect for a union of nations. However, from the British point of view, the most insidious part of the proposed

scheme is the proposed ratio of representatives, which would be: U.S.A., 27; Great Britain, 11; Canada, 3; Australia, Ireland, South Africa and New Zealand, 2 each. This would mean that the British Empire would be completely dominated by American interests. The whole thing reeks of treachery, particularly as it is also suggested that the proposed International Government would have control of all armed forces.

The average Britisher has become very exasperated at the line of publicity adopted in America. When Britain agreed to the Munich Agreement she was loudly abused in America—mainly by the finance-controlled press—for not having stood up to German aggression. When she did declare war, the same people in America started abusing, Britain for not stating her war aims. Perhaps the statement made by General Johnson, prominent anti-New Dealer, and reported in the Melbourne "Herald" on Tuesday, June 18, contained more truth than appeared at the time. He said: "America held out false hopes to Britain and France and incited them to war for reasons of domestic politics."

Then there is the famous Lindbergh, who seems so keen to see Britain beaten. Perhaps his marriage to a Wall Street banker's daughter might have something to do with this. However, I did notice that when he had to leave his own gangster-ridden country after the kidnapping of his child, he thought Britain good enough to reside in.

Personally, I feel that it is about time the British people told these people, financiers and Federal Unionists, that we can handle our own affairs. If they believe that we are fighting their fight, then let them help by greater supplies of essential materials. However, it seems that this will not be done until we state our official war aim as Federal Union, with a return to the Gold Standard. The real crisis of the war is rapidly developing.

TWO ITEMS OF INTEREST

It is apparent that considerable intrigue is taking place at the moment. It was rumoured after the last war that concrete British assets were pledged for American loans, and we now see certain people in America actively as-

sessing Britain's assets, as if they expect an auction before long. This is item of interest No. 1. Taken in conjunction with this, the following report, which was tucked away in a corner of the Melbourne "Argus" on July 13, is more than interesting; it is suggestive of big moves in the direction we have been discussing. The report reads: "One of the three Under Secretaries of the British Treasury is shortly to visit Washington on the invitation of Mr. Morgenthau, Secretary to the U.S. Treasury, to discuss technical and other questions affecting the two Treasuries."

It would be interesting to learn what the "other questions" are.

THE WAR AGAINST TWO UNIONS

I was very interested to see in the propaganda in favour of Federal Union that there are 22 varieties of raw materials necessary for the conduct of a war, and that Great Britain possesses 18 of these. The obvious thing is for the British people to refuse the export of any of these materials outside the Empire, in order that there shall be no danger of them reaching Germany. The next thing is to reorganise internally, by the institution of a sensible monetary system, which will allow the Empire to put forward a maximum effort against Hitlerism without throwing ourselves into the arms of the international financiers.

We are fighting two Unions: Hitler's and the financiers'. If we take control of our money system for the purpose of beating Hitlerism without pawning the Empire in the process, we shall have successfully saved civilisation. Every loyal citizen should oppose any suggestion of buying victory at the price of our freedom.

Decentralisation is urgently wanted today; not centralisation. The sooner Germany is decentralised into her original components, the less risk there will be of that State ever being used by power-crazed gangsters to start a conflict for the ultimate benefit of International Financiers. Having decentralised Germany, this process should be carried out right throughout the world. On such a basis of social organisation alone can power be restored to the individual and the cause of war removed. This should be our openly stated war aim—not Federal Union.

WAR AND HATE

"I say to you, love your enemies: do good to them that hate you: pray for them that persecute and calumniate you."

—Jesus Christ.

"To win," writes a recent correspondent in the press, "we must employ the savagery that is in us: we must use the forces of hate that nature, for a hundred million years, has used, and that we ourselves are the end result of."

Contrasting the above statements in a timely editorial under the above heading, the Melbourne "Advocate" of July 4 concludes as follows:

"'The beast of Berlin and his savage pack,' we are told, 'will not be destroyed by sloppy sentimentality or by the prayers of devout and aged people.' To which we may answer that he will certainly not be rooted out by encouragement of the beast in ourselves. The attainment of a stable peace with honour, not the satisfaction of sadistic impulses towards vengeance, is the present object of our war-effort: and, however great the temptation may be to feed our fervour with the fuel of hatred, it must be recognised that to do so, while it may serve a temporary purpose, will certainly defeat the ultimate aim. In a word, the judgment of reason, in this as in all other respects, confirms those utterances of Our

Saviour, which seem, at first sight, to be most extravagant and impossible. Hatred is a force of death, not life: its effect, once the iron has sunk deep into a nation's soul, is to create conditions which perpetuate savagery in a blood-feud ever renewed. The time will come when we must lay aside our armour and go to meet our enemy in peace: but how can we do so if our heart itself is of steel, and the hands which should lift him up have become claws which can only grip to destroy? Let us, then, build our machines of war; let us increase the efficiency of our State by all the means in our power, and strengthen our love and loyalty towards the nation, which it is our glory to preserve. But let us remember that there are worse things even than defeat, and that the worst of these is the degradation of decent men by 'lodged hate' to the level, not of beasts, but of devils."

Realities of War Economics

By E. R. FEIST, F.I.I.A. (Aust.).

Someone has likened monetary figures to "the shadow of the substance." The simile is apt in the sense that, as a shadow, more often than not, is a distorted reflection of the substance, so monetary figures reflect a distortion of the realities behind them.

Take the case of war finance. Monetary figures would have us believe that, at its conclusion, the previous World War had cost Australia in round figures £573 millions; that we still owe the £573; that the same war has since cost us an additional £305 millions as interest; that it will continue to cost further sums yearly for ever; and that the present war will produce similar effects.

Let the light of our intelligence disperse the confusing financial shadows and reveal the physical facts of the cost of war. Consumption, or perhaps we should say destruction, is limited only by the energy and material available for the production of goods to be destroyed by our armies in the actual combat. These goods, in addition to food and clothing which, as an essential to physical fitness, should be of about the same volume in peace as in war, consist of guns, ammunition, trucks, aeroplanes and so on. Their production is the result of energy applied to matter by an army of civilians. Intermingled with the producers and maintained by them, is another body of civilians—entertainers, doctors, journalists, etc.—who expend their energy in rendering services to both producing and destroying forces.

DEBT UNJUSTIFIED

The real cost of a war, then, is the energy expended during its prosecution; after-expenditure is not a cost of war, but of rebuilding. Hence, a war is paid for up to any moment of its progress by a tax on energy; even the destruction of every asset could not entail any debt. Money itself is not a cost of anything; it is merely a means to facilitate the organisation and recording of real costs. Scientific accounting should indicate that when a war is ended it is paid for financially—a true reflection of physical facts.

On ethical grounds it might be argued that the generation responsible for war owes a debt to posterity as compensation for the trouble brought upon it. There is certainly no justification for bequeathing to a major section of posterity an obligation to forfeit a portion of its production of goods as "interest" to a minor section, which, like the major section, had nothing to do with past happenings. No one of today lived during the Napoleonic wars, yet most of us, because of our ancestors' misunderstanding and misuse of money, are working part time for a handful of contemporaries to "pay" for those wars. Posterity will have reason to say the same with regard to the 1914-18 conflict and the present one—unless money is made to serve its proper function.

"FOUNTAIN-PEN MONEY"

For some time to come, no doubt, tradition will demand that "interest" be paid for the use of genuine "savings." It is estimated, however, that about 80 per cent, of "war debt" represents new money in the form of bank credit issued either as direct subscriptions, or, as loans to investors for reinvestment in war loan at a higher rate of interest. The new money may be regarded as a demand upon the people of the nation to employ more than normal energy to cope with increased wartime consumption, and, apparently, its issue and cancellation should be approximately in step with production and consumption respectively.

seems to be no need for any charge other than bookkeeping costs which should be paid as the war progresses to those who perform the service.

With the arrival of peace it should be for the survivors to decide whether they revert to pre-war conditions of half-employed energy and unsatisfactory living standards, or, maintain the war-time rate of employment re-directed towards making our land fit for heroes to live in.

Obviously, the latter policy is physically possible; therefore it can be made financially possible. Financial technique, including the prevention of price inflation, presents no obstacle to the accountant; the greatest difficulty is in educating public opinion and winning its support.

The foregoing article is reprinted from the "International Accountant," Australasian edition, June 27. Our sub-headings.—Ed., "N.T."

UNITED ELECTORS' REPORT

Weekly Lectures. —On Tuesday night last we enjoyed a most interesting address on "The Gold Standard Fallacies," by Mr. W. J. Carruthers. The title of the address for next Tuesday will be, "This Brave New World," and our visiting speaker will be Mr. C. J. Crowley. A good attendance is expected. Please note the address: Christian Club Lounge, 8th floor, Albany Court, Collins-street (near Swanston-street.) Time, 8 p.m. All welcome.

Country Supporters are urged to send to the secretary the names and addresses of non-supporters attending meetings, or otherwise interested. These persons will be supplied with special literature.

U.E.A. Badges (brooches for ladies) are obtainable from headquarters for 1/- posted. Know your fellow-campaigners by wearing the blue and gold symbol of unity and co-operation.

Letterforms, as advertised, are obtainable at 100 for 1/6, 50 for 9d, 25 for 6d, from United Electors of Australia (Non-Party), Fifth Floor, McEwan House, Little Collins-street, Melbourne (phone, MU 2834).

Many a True Word.

"Germany is an ungrateful beast, and I don't care who hears me say it," declared Miss Ruby Fossicks, the Bank of England May Queen for 1940, at Brighton yesterday, opening the £500,000 Golden Calf Rest Home for Tired Usurers.

"A wan smile from a Mr. Skinner and frantic applause from 5,000 City usurers, each with features more brutally degraded than the last, rewarded this stinging attack. 'Heil der interest on der Un-productif Loan!' cried Sir Henry Glockenspiel, a leading British financier. A resolution never to arm the Prussian Spirit with money ever again till the present war is over was carried unanimously."

—Timothy Shy, "News Chronicle," May 10.

MEDICAL BUREAUCRACY

In an article in the English "Medical World," a writer expressed the hope that a State Medical Service would be among the results of the war. In a letter in the issue of April 5, Dr. A. T. Westlake pointed out that if this occurs "Hitler will have scored one more triumph in the totalitarianism of this country, which since the war has made such strides.... there may still be a few old-fashioned enough to desire freedom of thought and action and experimentation, and who still regard the practice of medicine as one of the greatest of arts, involving vital personal relationships which cannot, without fatal results, be fitted into any large scale bureaucratic scheme, however enticingly devised and presented. . . . Most of the problems facing the medical profession would find natural and spontaneous solution if the people of this country had sufficient money to be able to demand the kind of health and medical services they should have; and this desirable result could be easily obtained under a new debt-free economic system."

In another letter in the same issue Dr. E. Hayward emphasises the same point: that the alternative to bureaucracy is to obtain the economic freedom which is physically possible, but which is at present held from individuals mainly by the money system under which we live.

"A Hard-Working G.P., Ordinary M.B., Ch.B." comments on these two letters in the succeeding issue of the "Medical World" firstly that even a doctor must make a living, and secondly that it would be inhuman to leave unattended those whom he knows very well will probably not pay the fees. In such conditions he will welcome a completely State-controlled panel.

In replying on April 26, Dr. Westlake shows that all the points made by the Hard-Working G.P. are arguments for the introduction not of a State Medical Service, but of social credit.

He concludes thus:

"It is a curious fact, worthy the attention of our psychological colleagues, that if two courses of action are possible, the tendency is to take the more complex, especially if it involves curtailing and regulating the freedom of others. In this case, rather than choose the simple and obvious solution of giv-

ing the people the money to obtain the health services they should have, with all the desirable implications which follow, it is preferred to have a bureaucratic system of State-regulated medicine involving endless interference with the liberties of the people. Have totalitarian ideas so completely dominated us already that we don't even desire the solution giving economic freedom to all, doctors and patients alike?

"That social credit is the solution of our troubles, I, like Dr. Hayward, have no doubt. But let us beware lest despite the refrain 'Britons never, never will be slaves,' we accept a State Medical Slavery, refusing, like the man with the muck-rake, the economic salvation which might be ours."

RUNNING A WAR

Says "Pobottle" in "The Times," London (how odd he doesn't write the "leaders!"):

"There are, broadly speaking, two possible ways of controlling things in a war:

"(1) To leave everything to Professional Civil Servants, in which case, of course, everything is a mass of red tape and what is required is a Practical Man with Experience of the Industry. Or—

"(2) To use the Practical Man with Experience of the Industry, in which case, of course, the whole thing is a Scandal and a Ramp and a Racket, and what is required is a nice impartial Civil Servant.

"The obvious solution is therefore to mix Civil Servants and Practical Men in judicious proportions, when one will, of course, get that most glorious of all things, a Racket tied up with Red Tape.

"This is exactly what has happened as far as we can see. In fact, the only damned thing in the whole war which we believe is being handled with speed, efficiency, integrity, unselfishness, patriotism, vision and courtesy, is a small matter which we ourselves have reluctantly taken over officially at extreme personal inconvenience, at the almost tearful request of the Very Highest Quarters. . . ."

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Who Controls England's Money?

(Continued from page 1.)

will give some explanation of it. Apparently, last week, the syndicate maintained its bid at £99 14s 10d percent, and received only 45 per cent. Does that mean 45 per cent, of the bills allotted, at 45 per cent, of their claim? If it means 45 per cent, of the bills allotted, it seems to me that somebody else got away with something of the order of £1 15s per cent, which seems to me to be wrong. Apparently, the Government control the banks under the Emergency Powers, and it ought to be possible for them to finance short-term money direct with the banks, without letting in outsiders, and thereby, as far as I can calculate, save a sum of £6,000,000 a year.

"We all know that this matter is very much affected by the Bank rate, and on this I want to put a direct question to the Financial Secretary. Time and again we have tried to discover who controls this important concern, the Bank of England, and we have not been able to do so. It is supposed to be the national bank. It is not anything of the kind. It is a private concern into which one may not delve. Normally, in peacetime, the Governor of the Bank settles the Bank rate week by week, but we have it on the authority of the Governor of the Bank of England himself that in wartime he no longer settles the Bank rate, and that the Treasury does so. If that be the case, why is it necessary to maintain that rate at 2 per cent? Why cannot it be brought down to 1 per cent, thereby making it cheaper for the Government to finance the war, and also bringing an immense amount of relief to industrial concerns working on overdraft? Here let me interrupt my main theme to say that I endorse what has already been said with regard to the Government being a bad payer. It is shocking that a sum of something like £100,000,000 should be owing by the Government to industry at the present time. It means, in effect, either that the Government is getting the goods cheaper than they ought to get them, or that by this, in itself, they are causing a form of inflation.

EMERGENCY POWERS

"With regard to the decision that the Government shall control the banks with the idea of being able to run their finance more cheaply, may I point out that control of the banks is futile unless the Government take over control of money creation and issue? I hope there will be a statement soon to the effect that the Government have taken that decision, and that they will use all the monetary powers that have been given to them, in order to finance the war on the cheapest possible scale. The Emergency Powers Act requires everybody to place himself, "his services and his property at the disposal of His Majesty," but it does not require that the national credit be placed at His Majesty's disposal. If the Government think they will get away with this war by loading another great burden round the necks of the people, on which moneylenders will be paid interest, then they are greatly mistaken. If they do so, they will incur the great displeasure of the people, who will turn and rend them, when they realise what an appalling swindle it all is,

"I propose to spend a few minutes in discussing the methods of financing this war in relation to the methods which were employed in financing the last war. I think that that will be germane to this debate. The last war left us a legacy of £7,000,000,000 debt—

a perfectly appalling burden. I wish to dispel what I believe is an illusion as to what this debt really is. In point of fact, it was paid for at the time when it was incurred by the sweat and blood of the people who fought the war and used their effort in making munitions and in other ways. In spite of that, we have this paper entry representing £7,000,000,000, which has been paid for more than once already in the interest rates. I deplore the fact that there is no provision in this Bill for the liquidation of that debt. The Chancellor might have incorporated in the Bill some such arrangement as this—that the Government should say to the holders of those loans, 'You have been paid more than you ought to have been paid, morally at any rate. We do not intend to tear up these loans, but you must regard 50 per cent, of the interest paid henceforth as a capital repayment and after a fixed term of years, there shall be no more National Debt.'"

IRRELEVANT?

The Deputy-Speaker of the House then told Mr. Stokes that he was going beyond the terms of the Finance Bill, which is confined to the finances of the year, and that his remarks on the financing of the last war were irrelevant. Mr. Stokes apologised and continued:

"I shall endeavour not to stray, and I shall have to abandon my effort if it turns out to be too difficult. The point which I wish to put to the House is this: Surely it ought to be possible this time, starting now with this Bill, to provide that we shall not have this appalling debt payment hanging round our necks for ever more. If the war goes on until 1943, the peak of interest payments will be about 1947, and unless some provision is made now, at the very beginning, in organising these loans, I calculate that the annual debt payments in interest alone in 1947 will be £672,000,000. I suggest that if the Government are to take over the banks, as apparently they are, they ought to be able to finance the war without any interest payments at all."

The Deputy-Speaker again informed Mr. Stokes that his remarks were irrelevant, and the point was taken up by other Members in the following terms:

Mr. Magnay (Gateshead): "On a point of Order. Cannot an hon. Member give examples of what was done or left undone during the previous war, as illustrations of what we ought to do or leave undone now?"

Mr. Deputy-Speaker: "There is no proposal in this Bill of the kind with which the hon. Member for Ipswich (Mr. Stokes) was dealing."

Mr. Stokes: "In view of your ruling, Sir Dennis, I must abandon what I considered to be my main theme, and, still more, my main duty, namely, to stress the importance of preventing these burdens being imposed on the people."

Mr. Charles Brown (Mansfield): "On a point of Order. I thought it was only in a Third Reading Debate that hon. Members were confined to the discussion of what was actually in a Bill."

Mr. Deputy-Speaker: "Yes, that is so, but hon. Members in this discussion, which is a debate on the Second Reading of a Bill, are confined to what is relevant to the Bill."

Mr. Rhys Davies (Westhoughton): "May I point out that Clause 59 of the Bill refers to 'provision as to permanent charge for National Debt.' May I respectfully suggest

that the hon. Member for Ipswich (Mr. Stokes) was dealing with that subject?"

Mr. Deputy-Speaker: "I do not think that is so. The hon. Gentleman himself knows that the permanent charge for the National Debt is one which is made every year, for the purposes of the finances of the year, and his point supports what I said just now."

Mr. Stokes: "I must conclude with this remark. I hope that between now and the time when this Bill comes before the House again, the Chancellor of the Exchequer will make provision whereby the two main burdens on the people, namely, the £500,000,000 which is paid in rent each year to the landlords and the £246,000,000 which is paid each year to the moneylenders will be done away with and not allowed on any account to recur or increase when this war is over."

EVADED AGAIN!

Mr. Benson and Mr. Stokes brought up the matter of the Treasury Bill Rate and the Bank Rate again at the end of the debate:

Mr. Benson: "May I ask whether silence on the subject of the Treasury Bill rate is an indication that we will not get any information from the present Chancellor as we did not from the last?"

Captain Crookshank (Financial Secretary to the Treasury): "I would not say that. I think that was one of the points, which was ruled out of order, although I did not hear the hon. Gentleman's speech. While I cannot fully speak the mind of the Chancellor I am quite sure that on the appropriate occasion he will express himself."

Mr. Benson: "What will be the appropriate occasion on which we shall get a reply to the question which has been put a number of times: Why has the Treasury agreed to increase the re-discount rate of the banks from ½ per cent, to 1 per cent? That is what we want to know."

Mr. Stokes: "May I have a reply to a specific question which I put to the right hon. and gallant Gentleman when he was here? I told him that the Governor of the Bank of England states that the Treasury do control the Bank rate, and I asked him whether he concurs or disagrees."

Mr. Gallacher (Communist): "Will the right hon. and gallant Gentleman tell old age pensioners that if they have £300 and give that money to Defence Loan, it will be excluded from consideration under the means test?"

Sir Kingsley Wood: "There is to be a Bill introduced on that matter, and then we will be able to discuss it."

Mr. Stokes: "May I have an answer to my question?"

The Finance Bill was then read a second time.

(Note that, just when Messrs. Stokes and Benson nearly had the Treasury spokesman "cornered," it was a Communist who provided the convenient "red-herring" and diversion. Coincidence? — Ed., "N.T.")

AND YET AGAIN!

Mr. Stokes raised the question once more on the Adjournment:

"I have given notice to the Financial Secretary to the Treasury that I propose to raise the question of the Bank rate on the Adjournment. This afternoon in the course of my speech I put a specific question to the right hon. and gallant Member, and said that I had it on the authority of the Governor of the Bank of England that the Bank of England no longer controls the Bank rate, but that the Treasury does. I asked the Financial Secretary for a specific answer whether that was correct or not. Later on in the speech of the Financial Secretary I tried to elicit information but did not get any reply. I have

tried on more than one occasion with the ex-Chancellor of the Exchequer to discover what are the facts, but I never got a satisfactory reply. In the last Debate I indicated to the ex-Chancellor of the Exchequer that I had it on good authority that the Governor of the Bank of England no longer controlled the Bank rate. Let me give him a conversation I had with the Governor of the Bank of England. I said to him one day, 'The Chancellor of the Exchequer tells me that he does not control the Bank rate,' and the reply I got was, 'I regret to tell you, Mr. Stokes, that the Chancellor of the Exchequer did not tell you the truth.' I do not know where I am. Apparently the Chancellor of the Exchequer says the Governor of the Bank controls the Bank rate, and the Governor of the Bank says the Chancellor of the Exchequer controls the Bank rate. I think the House should know who does control it, and I hope the Financial Secretary will be able to give me a reply now."

Captain Crookshank: "I apologise to the hon. Member for not having dealt with this question before, but I thought it had been ruled out of order. All I can say is that the hon. Member has put this question several times before and has had on each occasion a similar answer from the Chancellor of the Exchequer. I have not his words here, but I think they were, to the best of my knowledge, that in these matters the Treasury and the Bank of England were in close contact. I should not like these words to be quoted against me because I have, not the text of the speech, and the hon. Member and the House know that statements by Ministers have to be very carefully worded. As to what the Governor of the Bank of England may have told the hon. Member I am not called upon to express an opinion. I have no way of knowing what he may have said to somebody else, nor do I think that it is very relevant. All that I am concerned with is the statement made by the ex-Chancellor of the Exchequer, which explained the position, I think, perfectly clearly. If the hon. Member is not satisfied, perhaps he will put another question to the present Chancellor of the Exchequer, who may be able to make the matter more clear to him that did his predecessor."

FAIR COMMENT

Mr. Silverman (Nelson and Colne): "I do not know why the Treasury should seek to veil this matter in so much mystery. The Financial Secretary has made an extremely clever speech for the purpose of not answering the question. It does not matter in the least what other people may have said at other times, or whether what they have said was clear or not. The point is, what is his answer now? It is quite a simple question, and it is not an unreasonable question for an hon. Member to ask. The question is, who is it that bears the ultimate responsibilities for deciding what

(Continued on page 8.)



West Australian Notes

From Electoral Campaign Headquarters, 81 Barrack Street, Perth.

The following information has been received from the secretary of the Quairading branch, Mr. Arthur D. Clackson: This actionist group has undertaken to conduct meetings within a fifty-miles radius of Quairading, and reports meetings, which hold promise of lasting benefit to the Electoral Campaign. The slogan adopted by the group is "Win the War With Interest-Free Money." A deputation has been formed representative of every strata of social life to wait on the Quairading Roads Board to request them to use their influence to the end that the war be financed with "interest-free money." Another deputation will also wait on the Merriden Roads Board with the same mission. The members of the Quairading Group have also decided to write, individually, to the Broadcasting Commission requesting that any further talks on Social Credit or the new economics be programmed over the National network, thus allowing all listeners to hear the expressed views of new economists. A further quantity of Demand-Letters re debt-free credits has been obtained by this group.

Mr. Ellis, of Wongan Hills, will shortly be calling in at headquarters to discuss plans for his district, which is a stronghold of new economics supporters.

The State Government will again be in session after eight months idleness at the end of the month. Campaigners are requested to bring to their M.P.'s notice the fact that the State Parliament has done nothing towards bringing the debt-free credit resolution moved by Mr. Marshall, M.L.A., and passed unanimously by the House, to the attention of the Federal Government. The utter disregard of State Members and the irresponsible manner in which they discharge their duties towards their constituents is bringing democratic representation into disrepute. Electors have it in their power to bring to book any Member who refuses to carry out their policy.

A further demand should be launched on all West Australian Members of Federal Parliament to withdraw their support from the Menzies Government, failing the immediate establishment of a munitions plant in West Australia. West Australia must have the means to defend her coast, the manufacture of munitions must be decentralised without further delay, and no vested interests in Eastern States must be allowed to prevent this essential decentralisation. Parliament must serve the will of the people. Your duty as electors is clear. Your security from military aggression demands this sane step. Pour your letters in by the thousand to your Federal Members. Get your neighbours to write. Do it now!

WISE WORDS

"There is nothing inherently impossible in the idea of the willing recognition of the same right to live on the part of our neighbours as we claim for ourselves. To assert that peace can only be secured by the common surrender of their sovereign independence by all nations is to pose as essential a condition which no nation has ever yet admitted, or is ever likely to accept unless under compulsion and as the consequence of defeat."

—Sir Austen Chamberlain.

Who Controls England's Money?

(Continued from page 7.)

the Bank rate shall be? It is surely not unreasonable for an hon. Member to ask that question. In these times, when we are raising by loan such large sums of money in more than one way, it is an extremely important matter to the country what the Bank rate is. No one has ever suggested that the Bank rate does not vitally affect every commercial and industrial transaction, and more especially at a time when most of these transactions are under Government control. I am not sure that it is not a defiance of Parliamentary traditions that when a Member of this House asks a perfectly simple question upon a matter of the utmost importance he should be met with an extremely clever speech designed not to give him the information for which he asks.

"Hon. Members will agree that the whole foundation of the rights and powers of this House rest upon its control over finance. I do not know how long, in these times, you can expect people to be content not merely that these

questions are being dealt with in an apparently casual way, but that information is being withheld on the vital question as to where the responsibility lies and to whom criticism should be addressed. If the hon. Member for Ipswich (Mr. Stokes), who knows far more about these matters than I ever shall, wishes to advance, as would be perfectly within his rights, some criticism of the prevailing Bank rate, to whom is he to address that criticism? Is it the Treasury that is responsible, or is he to criticise the Bank of England? Until that is known, any power of control in this House is impossible. I think that the House, no matter what may be its views on these questions, ought not to be satisfied with a situation in which nobody knows who takes the responsibility for deciding such an important question."

Mr. David Adams (Consett): "I wish to ask the Financial Secretary to the Treasury whether, if we put this Question on the Paper, we shall get a specific answer to it."

The House then adjourned.

TRUTH IN "TRUTH"

(Continued from page 1.)

Australia we have the same kind of talk still going on despite the reality of what is happening in other parts of the world. The truth of it all is that the old money measure is dead. There are still some people doddering around with it, and concluding that we cannot afford, even in this crisis, to give full time work to our unemployed; that we cannot continue with housing construction programmes as they should be continued; and that the financing of our gigantic war effort, incomparably more expensive than the last, must mean that we will be unable to continue spending money on ordinary things as we have done in the past.

"MORE EFFECTIVE: MUCH MORE EASY"

"One of the things most urgently required now is a proper understanding of the financial side of our national effort. There is crying need for change in the

control of the Commonwealth Bank, and for its re-establishment as a truly national institution. The whole financial arrangements applicable to the war effort should be co-ordinated through that central clearing house. There is no need for the raising of loans for war purposes, and the payment of interest thereon in perpetuity. There is no need for these cadging appeals to aid war effort. If the credit of the nation is properly directed through a national institution, controlled by people with a proper understanding of its uses and responsibilities, the unfair pressure which will arise through economic fear, through talk of compulsory loans, through taxation, can all be avoided. The first thing necessary to bring that about is that certain people should relinquish forever their ideas of controlling the destinies of Australia via the money system."

GREAT NATIONAL EFFORT WANTED!

Below you will read a demand form, which you can sign and send to your Member of Parliament—NOW. Get your friend to sign it. Mobilise public opinion in a tangible form. Write in and obtain a quantity of these forms and get out on the job. Australian electors must demand a REAL victory for the British people.

Two Millions of These Demands Must Be Sent to Canberra

Mr. M.H.R.

Dear Sir, —

I desire to inform you, as my Parliamentary representative, that I am determined that the war shall be won for the British people, British culture and the Parliamentary system of democracy. Every increase in debt and taxation is a victory for the enemy, prevents us from putting forward our maximum effort, and is a blow against the morale of our people. I, therefore, demand that the nation's war effort be financed without further debt, taxation, or inflation.

It is preposterous to suggest that our unlimited resources and manpower cannot be mobilised without pawning the nation to private finance, and I will be forced to vote and work for your dismissal at the earliest opportunity unless you take immediate action to prevent the further betrayal of the nation.

Yours faithfully,

Send your order for some of these demand forms now. Write to The United Electors of Australia, 5th Floor, McEwan House, Little Collins Street, Melbourne, C.I. Price 1/6 per hundred, post free.

Eric Butler's Meetings

On Monday, July 15, Eric Butler addressed a very successful meeting in Nathalia. This was the first meeting held in this centre for several years, and will pave the way for greater action in the future. Eric replied to the article from "Sound Finance," which appeared in the local paper, and also read his letter to the Sound Finance Association of Victoria, inviting a speaker to appear with him on the platform at the next meeting to be held at Nathalia, on Tuesday, July 30. Loud applause greeted the challenge. A record attendance, in anticipation of a speaker representing "Sound Finance" appearing, is assured on July 30.

The meeting carried a resolution addressed to Mr. McEwen, M.H.R., demanding Government control of finance for a greater war effort. Since this meeting Eric Butler has been staying with friends at Deniliquin, N.S.W. He addressed a meeting in the Town Hall, Echuca, last night (Thursday, July 25), and will speak in Tatura tonight. After the Nathalia meeting next Tuesday he will return to Melbourne and leave again immediately for a series of meetings in Gippsland. All Gippslanders in whose district a meeting is not arranged for, are urged to get in touch with Eric Butler, c/o Box 1226, G.P.O., Melbourne—NOW.

South Australian Notes

From United Democrats headquarters, 17 Waymouth-street, Adelaide.

The second of our monthly "discussion" meetings will fall on Saturday evening, August 3, at 8 o'clock. Members and others interested are invited to come and bring their ideas along with them. Free discussion of any subject or event relevant to our movement is what is desired: to meet together, not to be talked to, but to talk.

Members are asked to tell their friends about the Open Forum on Wednesday evenings at 8 o'clock at headquarters, 17 Waymouth-street. This meeting is mainly for those who, having seen a glimmer of the light, are seeking further information and guidance. Questions and criticism will be welcomed.

Story of Dr Schacht

(Continued from page 4.) ties.

He is also said to have suggested a scheme for obtaining America's backing for Germany in the war by bribing her with the promise of the economic exploitation of the Balkans. He believes (or at least says) that Germany should make the war a long one, as the economic system of the Allies would break down under the strain.

"My tactics," said Schacht once, "are every now and then to tread on somebody's corns, so as to create a stir and set my ball rolling."

Hear JOHN HOGAN MOONEE PONDS TOWN HALL. Anti-Petrol Rationing Meeting.

MONDAY, JULY 29, 8 p.m.

Also: Bendigo A.N.A. Hall, Tuesday, July 30, 8 p.m.; Swan Hill Town Hall, Wednesday, July 31, 8 p.m.; Kerang, Thursday, August 1, 8 p.m. (with Mr. Alex. Wilson, M.H.R.).

Thence to Shepparton, Mathoura, Deniliquin, Berrigan and Leeton.