

**ON OTHER PAGES**

Whither New Zealand? (Page 7.)

"No Ordinary Refugees." (Page 6.)

Significant Statements Abroad. (Page 2.)

The Enemy Within. (Page 4.)

# THE NEW TIMES

Now, when our land to ruin's brink is 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)

Vol. 6. No. 32. MELBOURNE, FRIDAY, AUGUST 9, 1940.

## PETROL RATIONING - WHY?

### Organised Opposition Develops

Those citizens who have given the subject a little thought—and they are many—realise the effects that a sudden and severe curtailment of private and commercial petrol consumption would have on the lives of most Australians. Some of these effects would be direct, some indirect, some more drastic than others; but the perusal of reams of statistics is not necessary for a recognition of their intensity and widespread character—common observation and common sense should be enough.

Therefore, people are asking: "Is a drastic reduction of petrol consumption really NECESSARY?" If it is, loyal Australians would willingly co-operate to the extent required. This paper would urge that they do so, but it would ask why the Government has wasted several months before waking up. The evidence available to us, however, indicates that a drastic reduction is NOT really necessary; while it is common knowledge that motorists were NOT given adequate warning and opportunity, before rationing was announced, to voluntarily adjust their mileages.

**In regard to this last point, it will be remembered that Mr. Thorby, as a Cabinet Minister, appealed to motorists—through the medium of the Broadcasting Commission's national network — to bring about a voluntary reduction. A few DAYS later compulsory rationing was announced!**

#### "DOLLAR EXCHANGE"

Government spokesmen have pleaded the necessity of conserving "dollar exchange" to enable the purchase of war materials from the United States.

In the first place, even if the plea could be accepted at face value, why make petrol-users bear so much of the brunt of import restrictions? As a correspondent points out elsewhere in these columns, there are such things as "talkie" films. Perhaps Mr. Menzies imagines the average car or truck owner as having a figure, a cigar and an income similar to his own—but the average picture-goer as being the sad-eyed child of a sustenance worker or basic wage earner. The compassion of the man!

Secondly, the "paying" of Uncle Sam doesn't necessarily involve sending him more of our real wealth, or borrowing dollars, either. He has an apparently insatiable passion for a yellow metal, which is useless to us—although we do fill an occasional tooth with it and use a little for making jewellery. He has even less use for it than we have—seeing that he already has most of the world's output of years past, and just buries it right back in the ground again! Yes, gold. But why should we worry? Let our Government employ our unemployed (14,000 registered in Victoria alone) at the otherwise futile task of gold mining, and achieve in reverse the alchemists' dream—transmute the gold into swarms of warplanes, petrol or whatnot.

Thirdly, the oil companies are reported to have recently invested much of their surplus funds in Government Bonds, particularly the recent £20 million loan, instead of "sending" so much as

dividends to England or America—thus relieving the "strain" on dollar and sterling "exchange."

But, it was pleaded, most of our petrol is coming from the Dutch East Indies (no Hollywood there!), and it, too, adheres to the almighty dollar. Unfortunately for that argument, the Dutch East Indies went "off the dollar" and joined the "sterling bloc."

#### PETROL, PETROL, EVERYWHERE. . .

Owing to the fact that the amount of petrol which formerly went from the Dutch East Indies to Germany, Italy and the now German-occupied countries has been awaiting a new buyer, stocks there are said to have grown to embarrassing dimensions—in short, there is a glut.

What, then, of the shortage of shipping we hear about? Well, there are said to be idle oil tankers laid up in most ports of the world, and, as was publicly stated by the manager of the Alba Petroleum Co., there are now more

(Continued on page 7.)

### WAR-FINANCE POLICY

#### CHANGE IMPERATIVE, SAYS FEDERAL M.P.

"The deplorable position into which the wheat industry is drifting, together with the closing of markets for other primary products and the continually mounting costs of the war, are making it imperative for Australia to review her entire monetary policy."

So begins a challenging article by Mr. J. A. Beasley, M.H.R., in the Sydney "Century" of July 20. The article continues as follows:

The expenditure from loans of £30,000,000 on the war effort during the last financial year will be at least doubled from loans to be secured in the present financial year. Although State allocations are to be reduced, almost another £20,000,000 of loans will be required for this purpose. The Wheat Board has a present overdraft of £17½ millions in relation to the last harvest, and, according to present prospects, will require this amount to be at least doubled to enable it to deal with the new wheat coming forward in November.

On top of these commitments there are the financing of other primary industries, the requirements of semi-governmental undertakings and the general uncertainty of what calls might be needed in the uncertain period ahead.

#### "3¼ PERCENTERS"

The Commonwealth cannot continue these operations and at the same time provide stability for industry and employment on the worn-out system of providing a harvest for the "three and a quarter per centers" who can be induced to subscribe to public loan issues.

The stage will very soon be reached where, to avoid a disturbing drain of investment from industry, bank credits will have to be established to enable loan issues to be subscribed.

This means that we will get back

to the system that operated during the last war whereby the private banks will be extending overdrafts of up to 90 per cent, to enable people to invest amounts in the war loans under a patriotic propaganda urge.

Under such a system the investor will be receiving less interest on his bond than he will be paying for his overdraft so that the only party that will be benefiting will be the bank that arranged the overdraft.

The Government, on the other hand, will be paying 3¼ per cent, or more for the use of credit that it could have created itself just as easily as the bank,

#### "SMALL CHANGE"

War expenditure by Australia in the 1914-1919 tragedy was only "small change" compared with the expenditure that is foreshadowed during the present struggle. Therefore, under the system that operated in the last war, we will be merely pyramiding a load of capital debt and a burden of interest that, in the post war period of contracting markets, will swamp the community.

The time to deal with the problem is now; and the need to find new methods of dealing with it is urgent. The day of the "three and a quarter per center" is over; and the time, when imperative needs themselves will force the Government to use new methods to exploit the productive capacity of the nation, is at hand.

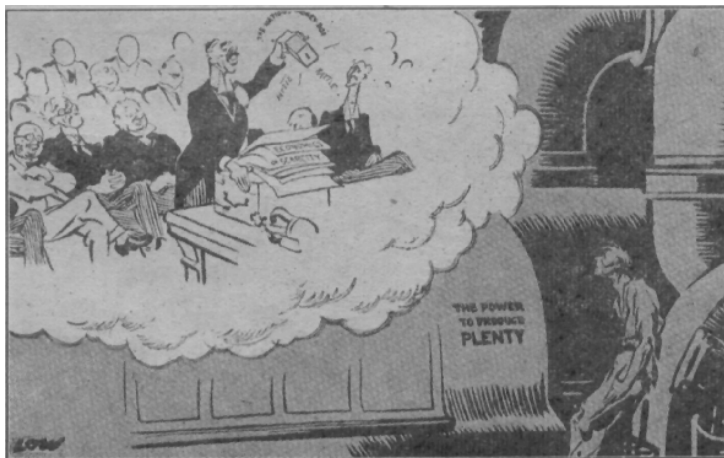
In November last, the Loan Council raised a loan of £10 millions from the banks. The terms of that loan have never been disclosed. Statistics reveal, however, that there has been no increase in the issue of Treasury Bills under which the Government obtains accommodation at 1½ per cent. So presumably it was issued at somewhere about the ruling rate of Government securities.

Similarly it is presumed that the Wheat Board is paying ordinary overdraft rates for its accommodation in an effort to rescue this industry from immediate bankruptcy.

Why should the nation go on paying three and four per cent, in this way to facilitate the carrying on of its ordinary workaday business? Why cannot the Commonwealth Bank provide these credits at a mere service charge, protected and guaranteed by the production that they make possible?

(Continued on page 8.)

### IN DIFFERENT WORLDS



This cartoon by Low depicts an aspect of the paradox of our age. We see Mr. Chamberlain, when Chancellor of the Exchequer, talking scarcity-economics and assessing what can be done within the limits of infantile finance. The contrast with the other "world" is obvious.

## IMPEACHABLE DOCTRINES

### SIGNIFICANT STATEMENTS IN ENGLAND AND AMERICA

"Our safety now depends on a merciless impeachment of doctrines, if not of men," declared "The Economist," London, on May 15.

The chairman of "The Economist" is Sir Henry Strakosch, who belongs to the inner ring of international financiers. Banks, insurance companies, and many of the most important businesses in Britain pay for their annual reports to be published in "The Economist," so that quite clearly there is solidarity of interests and policy between these advertisers and the controllers of "The Economist."

In the circumstances it is interesting to note that it described the doctrine, which it wishes to impeach in the following terms:

"But there is another set of ideas, just as false and as enervating, which has not been abandoned, partly because its roots lie deeper in self-interest, partly because the proofs of its failure, though decisive, are not publicly apparent. This is the set of ideas that has been the dominant economic philosophy of the Conservative Party in the past nine years, the set of notions that sees its ideal of an economic system in an orderly organisation of industries, each ruled feudally from above by the business firms already established in it, linked in associations and confederations and, at the top, meeting on terms of sovereign equality such other Estates of the Realm as the Bank of England and the Government. Each British industry, faithful to the prescription, has spent the past decade in delimiting its fief, in organising its baronial courts, in securing and entrenching its holdings and in administering the legal powers of self-government conferred on it by a tolerant State. This is the order of ideas that has transformed the trade association from a body of doubtful legality, a conspiracy in restraint of trade, into a favoured instrumentality of the State, until membership in such a body has become as necessary to the business man who wishes to be successful as an old school tie has been to the ambitious Conservative politician." . . . "It is emphatically not a set of ideas that can be expected to yield the maximum of production, or to give the country wealth in peace and strength in war."

#### WHAT, INDEED?

What are we to think of this remark when all the evidence goes to establish as a fact that the contraction of production in pre-war years, including the 1920 and 1930 slumps, were the direct result of restriction of credits by the banks?

A roundabout admission of this fact is to be found in a statement in the same paper of May 8:

"The third great division of economic policy, after supply and labour, is finance. This is certainly no time for financial orthodoxies; but that does not mean that it is no time for thinking about financial problems. On the contrary, a considerable effort seems to be necessary to secure a general acceptance of the fairly obvious proposition that finance, in wartime, must necessarily be a camp follower and that its main duty is to avoid obstruction."

If this statement means anything at all it is that in peacetime the main duty of finance was not to avoid obstruction. The same article contained this statement:

"To think consistently in real terms involves a very considerable mental effort, and one which neither could nor should be made by the Treasury, but the more is the need for overriding decisions of policy."

We have lively memories of the abstract terms, so remote from reality, which governed the "Sound Finance" policy which dominated Great Britain in pre-war years and which "The Economist" upheld.

How very thoroughly must the training in orthodox finance be ingrained in Treasury officials and what a revelation on the part of Sir Henry Strakosch and his comrades that they deem it unreasonable to expect Treasury officials to think "consistently in real terms" now that events make the necessity of that course inescapable!

#### SPECIOUS

It is not surprising that "The Economist" reaches the conclusion that "the need of the hour is for more organisation and more control." It also declared:

"A great effort of mind and will is needed to rid ourselves of these disastrous doctrines. What distinguishes a democracy from a dictatorship is the voluntary effort of its citizens. But that does not mean that we leave the paying of taxes or the giving of military service to the voluntary decision of those whom they affect; freedom is combined with efficiency when each man obeys the orders of an authority, which he voluntarily accepts. It is time we applied the doctrine of democratic efficiency to our industry and appointed impartial authorities to give orders instead of issue appeals. There will be as little diminution in loyal co-operation and as much increase in effectiveness as when taxes are substituted for conscience money or conscription for volunteering. Only so shall we raise our production of the materials of war with that rapidity which is now our sole salvation."

What a cunning mixture of half truths!

#### PROPAGANDA

Such deception could only be sustained with the aid of mass propaganda. Is it coincidence that

the new Minister of "Information," Mr. Duff Cooper, holds these views: "Great are the powers of propaganda. To what extent we are ourselves the victims of it we cannot tell. It is very seldom that we consciously buy an object because we have read an advertisement recommending it. Yet nobody who is engaged in commerce will question the value of advertisement. This proves that we are buying things all the time, without knowing it, because we have seen them advertised."

"Advertising has become something between an art and a science. Every commercial firm sets aside annually large sums for expenditure on advertisement. A special staff of trained experts is employed for the purpose. High salaries are paid for such work and first-class brains are engaged in it. In democratic countries the State usually lags behind private enterprise. It was private enterprise that created our Empire. The State rather reluctantly accepted it. In the matter of propaganda private enterprise led the way and it is time that the State followed."

Whilst Sir Henry Strakosch, and other financiers (who could not be expected "to think consistently in real terms, involving a considerable mental effort"), were upholding "Sound Finance" in pre-war years, German leaders had been thinking in real terms. The American Commercial Attaché's report from Berlin in December 1939, stated: "It is estimated that the production of German machine-tool industry in 1938 was eight times the volume of 1933."

The Bank of England had facilitated this German effort by lending Germany many millions of pounds, during the same period.

Rearmament depends upon machine tools, the production of which is highly skilled,

#### AN AMERICAN WORRY

Today Britain is scrambling to place orders and get spot delivery on American machine tools at any price. An article in "The Saturday Evening -Post" for May 13 states:

"Last year, more than 50 per cent, of the capacity of American machine-tool plants was exported. This year, if the present trend holds and no Government embargo is clamped down, 75 per cent, of our new machine tools will be shipped out of the country. In payment for these machines we are getting raw gold, which we immediately lock up in a hole in the ground. We are not getting in

exchange needed raw materials, agricultural products or useful manufactured goods—nothing that we can use or eat.

"No, our foreign customers are not buying special war machinery that will be so much scrap iron when peace dawns. The shiploads of new American machine tools now going overseas are our latest and most modern high-production types, with special emphasis placed on their convertibility to automobile, airplane, refrigerator and tractor manufacturing when the war is over.

"The editor of one of the most widely quoted American trade journals feels so strongly over the mass migration of American machine-tools to foreign countries that he is attacking the practice in his editorials and stumping the country, warning tool builders of the commercial competition which will begin the moment peace comes and the combatants set about recapturing world trade."

#### REALLY IMPEACHABLE

The Banking Fraternity crippled the production power of British industry by the enforcement of the restrictive policy of "Sound Finance" on the country. Now that maximum production is an urgent necessity for the effective defence of the country, the banking fraternity is set upon exploiting the occasion to eliminate the sovereignty of British industry so that it can no longer meet upon terms of "sovereign equality such other Estates of the Realm as the Bank of England and the Government." It intends to do this by subjecting British industry to "impartial authorities" on the excuse that it has failed to do its job in the past. "Impartial authorities" is a polite expression for what is termed in Nazi Germany "Reich Commissioners" and in Soviet Russia "Commissars." Are we to assume that after this the remaining "Estates of the Realm"—the British Government and the Bank of England—will share the spoils, or will the Inland Revenue authorities gain the right to assess the profits of the Bank of England, and if so, on what terms?

The doctrine for which Sir Henry Strakosch stands is that all institutions should be subordinated to one supreme institution, and that all individuals should be subservient to their institutions. But this is the doctrine which more than any other should be impeached. Institutions must be made to serve individuals; and this implies that the control of policy must be decentralised. When this happens American machine-tool builders will not need to worry about commercial competition from Britain after the war. The British people will consume the products created with the aid of the convertible machine tools, which Americans are now manufacturing for them. — John Mitchell.

## Letter to Editor

### A SUGGESTION

Sir, —Might I be allowed to make what appears to be a very pertinent point in connection with any suggestion that petrol rationing has something to do with the "dollar exchange." Would the Government inform the Australian people how much per annum is spent on buying or hiring talkies from America. Should there be any necessity for "conserving the dollar exchange," I would suggest that here is an item, which the Government might consider.

We could then start to entertain ourselves, instead of being saturated with American-Jewish culture. After all, we are fighting for certain things, and, I think that most thinking people would agree that British culture is one thing we must preserve. The way to preserve culture is to develop it. —Yours, etc.,

ERIC D. BUTLER.

Melbourne.

No Increase in Prices

# FRANK DEVLIN

LADIES' and GENTLEMEN'S  
TAILOR,

ELIZABETH HOUSE,  
Second Floor,  
340 Lit. Collins St., City  
(Also at Caulfield, Footscray and Malvern.)

All Work TAILOR-Made Under  
Personal Supervision.

SUIT OR COSTUME TO  
ORDER, From

## £5/5/-

"FOR STYLE AND EASE,  
FRANK DEVLIN, PLEASE!"

TELEPHONE: M 5177.  
Open till 9 Friday.



## PETROL AND PRIME MINISTERS

### CONUNDRUMS OF FUEL AND FINANCE

By "THE WALRUS."

Conundrums as a source of entertainment have never really appealed to me. I am nearly always the first to say, "Give it up!" or "I'll bite!" But as the realisation has been forced upon me that this form of mental calisthenics is not merely a parlour game but an integral part of our financial and political life, I have been forced to try to enter into the spirit of the thing. For, whether it is due to reporting style or merely to carelessness on the part of the financiers and politicians, life and its problems seem little but an agglomeration of conundrums.

As an example of what I mean, my newspaper informs me that the Prime Minister, Mr. R. G. Menzies, addressing his own electorate on July 24, stated that: "Petrol restrictions were imperative so that" (1) "Australia's sterling and dollar exchange could be built up, but more especially because" (2) "it was necessary to build up storages against any eventuality."

Prima facie it would appear that you build up exchange by not using petrol, and knock it down again by storing petrol. But it seems that such is not the Prime Minister's expectation in the matter. In fact, he says, "We are not satisfied with the present supplies. They will have to be increased greatly." Going on with fine fervour in his new-found enthusiasm for rationing, he asserts, "I have yet to hear of any other system that will give us what we want—a reduction of our petrol IMPORTS by 33 1-3rd per cent. This figure will have to be saved if Australia is to carry on its war programme." From this clear enunciation it is evident that Mr. Menzies does not expect anything so simple as our prima facie case.

Politicians have had similar expectations before today. There is the still famous conundrum propounded by the late Mr. Joseph Chamberlain to the then Free Trade England. He pointed out that by putting a whacking great tariff on imports you made the beastly foreigner pay your taxes, and, at the same time, caused industries to spring up like mushrooms. Clay pipes were extracted from mouths agape and eyes protruded like organ stops as the proletariat wrestled with that one. If the foreigner paid your taxes (if he ever did) by forcing his goods through the Customs, what price mushrooms? If on the other hand the goods didn't come in and you were forced to make them yourselves at a higher cost, what price the cost of living?

#### DELUSIONS PERSIST

That is a long time ago, however, and one would have expected Time, the great healer and remover of strange delusions, to have produced something more progressive in the way of Prime Ministers than one who entertains the notion that the best way to store up petrol is not to purchase it. I am rather surprised, considering that our war effort depends upon it, that before bursting upon an unprepared world with this revolutionary theory, he didn't try it out on a small scale first. He might easily, for instance, have carried out a test on the milkman. He might have said:

"I am about to conserve something or other, and cannot therefore part with any money. I am not satisfied with present supplies. They will have to be increased greatly." If his milkman is like mine, he wouldn't have been left with a single illusion on the subject.

Of course, nowadays, one can't take anything at face value. The reason for this is that politicians have other difficulties besides those of their own making, and

if I were to apply to this problem those principles which simple-minded mentors, such as Euclid, have sought to inculcate in me, I might sum up the petrol situation thus:

Whereas we are going to purchase only two-thirds of our previous imports of petrol, and whereas we expect, as an important result of this action, an enormous increase in our store of petrol, it is obvious therefore that:

- (a) We are barmy; or
- (b) Someone is going to give us our petrol for nothing.

Whence, (a) equals (b).

#### ANOTHER CONUNDRUM

I feel that yet another conundrum has been handed to us in this verbal coupling of dollar and sterling, for I don't think the mention of these twain is mere juxtaposition. I have noticed the repeated computation of incomes and taxation in B.B.C. broadcasts, made now in sterling, now in dollars, and this makes me wonder where Australia comes in. We have become accustomed to the idea of the manipulation of cur-

rency as far as America is concerned, and we know that exchange in any country is built up either by a loan in our favour or by exports. If neither of these things took place, we obviously could not build up financial credit in America by merely not buying American. It would appear, therefore, that there is nothing, which America wants that we can supply, which will pay for the petrol we must have. And yet . . . have we not been told that America is with us to any limit short of war? Are we to believe that America will be cynical enough to supply us with thousands of aeroplanes—and insufficient petrol to fly them with?

That seems tough enough. But that we have to conserve sterling exchange places Britain in the same aspect as America as far as we are concerned. Australia becomes the face at the window. Where is that all-one-body-we principle upon which we send our Diggers overseas? What is the export value in sterling of a Digger? What are we fighting for, anyway? Is it the conservation of exchange? No answer! In matters financial there never is.

This speaking in riddles, this mess of politics, which tells us we can accumulate stores by not buying them, may have something to recommend it, which doesn't appear on the surface. But as for me, I would rather be told bluntly that the motor spirit we consume comes from a British possession, Borneo to wit; that owing to the proximity of Borneo to this country there is no difficulty about transportation, but that the real trouble is, we must watch our step because we are making our war effort, not on our own terms, but on those of Wall Street. In plain English, that is what all this hokum-spokum adds up to.

So why not say so, and trust to that same American self-interest to see that we don't lose, as we are trusting to it is any event?

But don't let us ask any more questions, because, as I remarked before, I am no good at conundrums.

## Eric Butler at Nathalia

### Meeting Condemns "Sound Finance"

As indicated in last week's "New Times," "Sound Finance" did not even bother to reply to Eric Butler's invitation, sent under registered post, to send a speaker to his platform at Nathalia on Tuesday, July 30, to publicly substantiate some of the charges made.

However, we are in a position to tell readers that the situation has the "Sound Finance" people very worried. Although they would not appear, they were very desirous of finding out what the public reaction was. There was no mistake about public reaction, the following resolution being passed with great enthusiasm by the meeting: "That this meeting of Nathalia citizens deplores the attitude of the Sound Finance Association of Victoria in failing to publicly substantiate the charges made against Mr. Eric Butler. We believe that the Sound Finance Association has not acted in the best interests of their own case by adopting the attitude of ignoring Mr. Butler's invitation to share his platform at this meeting. We request the Sound Finance Association to send a speaker to this centre in order that we may judge for ourselves whether the charges made can be substantiated or not."

A resolution to Mr. McEwen, M.H.R., was also passed unanimously. The chair at this meeting was taken by the Shire President, Mr. T. Myers. Literature sales were good. However, the most encouraging part of the meeting was the manner in which those present eagerly sought demand forms. The local paper gave good publicity to both meetings in this centre.

#### GOULBURN VALLEY

It was decided by Tongala supporters, prior to Eric Butler leaving last week that a concerted effort should be made to fully capitalise the very excellent work, which has been done in this area. It has been suggested that a monster rally be organised at Kyabram in the near future. Supporters from Echuca, Tongala, Kyabram, Shepparton, Tatura, and Nathalia, have expressed keen interest. It has been decided to build up a fighting fund in order that meetings such as those recently held at these centres can be organised in new centres. As a preliminary step, readers of this paper in the Goulburn Valley are invited to communicate with Eric Butler (c/o the "New Times," Box 1226, G.P.O.), without delay, and indicate their interest in thoroughly organising public opinion in this section of Mr. McEwen's electorate.

#### GIPPSLAND TOUR

After a few days in the city, Eric Butler left for Gippsland last Monday morning, opening his campaign with a meeting at Trafalgar that night. A report of this, and other meetings, will appear in our next issue. Owing to the hall at Powelltown being otherwise engaged last Sunday, the proposed meeting had to be cancelled. However, a meeting will be held next Sunday. Eric will have to return to Melbourne this weekend to report for military training. On present indications he will probably not be called up for some time, being in the 24 years age group.

## 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.

# The New Times

A non-party, non-sectarian, non-sectional weekly newspaper, advocating political and economic democracy, and exposing the causes, the institutions and the individuals that keep us poor in the midst of plenty.

Published every Friday by New Times Ltd., McEwan House, Elizabeth and Little Collins Street, Melbourne, C.I. Postal Address: Box 1226 G.P.O., Melbourne. Telephone: MU2834.

Vol. 6.

FRIDAY, AUGUST 9, 1940.

No. 32.

## THE ENEMY WITHIN

William Jennings Bryan, famous American statesman and lawyer, once said:

**"The Money Power preys on the Nation in times of peace and conspires against it in times of adversity."**

That departed worthy's words were never more applicable than to the situation in present-day Australia.

The private banks adhered to their policy of money-scarcity, debt-finance and centralisation so rigorously that our peacetime economy came very close to complete collapse. Public works were restricted, to the danger-point in many instances; Governmental debts had grown to elephantine dimensions and bore heavily on the great majority; while the trickle of purchasing-power through the field of private enterprise was almost literally fought for, by farmers, workers, manufacturers and businessmen—and none, except the big monopolies (owned or favoured by the big bankers), obtained a really worthwhile portion.

All that is criminal stupidity enough in peacetime. Deliberately pursued in wartime—when the biggest public "work" is Defence, and fitness and morale may decide the issue—such sabotage is treason.

That the Big Banker has not shown enough loyalty to mend his ways—even temporarily—in this emergency and that the executive of the nation's (Commonwealth) bank has not dared (or been allowed) to challenge his policy, we have reported in these columns frequently. But to see striking evidence of this in a daily newspaper is rather startling. Thus, we can add nothing better to the foregoing homily than this, from the Melbourne "Age" of last Saturday:

"Complaints are being made by several manufacturers in Melbourne regarding difficulties experienced in arranging finance for the carrying on of essential war work. The complaints are being made by small manufacturers who allege (1) that the trading banks are adopting an unsympathetic attitude towards them and their claims for financial accommodation to carry out work for the Defence authorities; (2) that owing to red-tape delays they were unable to take advantage of guarantees from the Federal Treasury or the Commonwealth Bank, as provided in the National Security (Guarantee) Regulations recently issued.

"One manufacturer, who claimed his case was typical, said yesterday that he had been engaged in carrying out a contract for the Defence authorities involving the manufacture of a certain essential product for use by the armed forces of the Commonwealth. Upon completion of his contract he had rendered his account, but payment had been delayed for five weeks pending inspection of the goods delivered. In the meantime the Defence authorities had approached him again to carry out another substantial order immediately, but he had been unable to do so because of inability to secure financial accommodation from his own trading bank. Despite the fact that he had a substantial sum owing to him by the Defence authorities on the first order, the bank declined to finance him in purchasing raw material to carry out the second order. No exact reason was given in this, or in several other similar cases, apart from a general vague indication that the banks considered the expansion of small manufacturers' businesses under pressure of war orders likely to lead to an undesirable uneconomic state of affairs. One banker had actually stated: 'If we encourage you to expand your business to carry out these war orders, what are you (and others like you) going to turn to when the war is over? The country will be glutted with small uneconomic business units.

"Although the National Security (Guarantee) Regulations were issued to empower the Federal Treasury to guarantee the repayment to the Commonwealth Bank of loans made to persons engaged in essential war activities, the small manufacturer fared no better when he turned from the trading banks to the Commonwealth Bank for assistance, declared another manufacturer. The Commonwealth Bank either referred him back to his own bank, or passed the blame on the Federal Treasury for failure to furnish the requisite financial guarantee to enable the manufacturer to proceed with war contracts."

HEAR JOHN HOGAN AND ERIC D. BUTLER -----

### "PETROL RATIONING AND WAR FINANCE"

CENTRAL HALL

MONDAY, AUGUST 12, 8 p.m.

HELPERS NEEDED. CONTACT HON. ORGANISER:

390 Mt. Alexander Road, Ascot Vale. Phone: FU6443.  
After 8 p.m., XW1351.

## BELGIUM AND THE INTERNATIONAL BANKERS

### THE FAILURE OF M. JANNSEN'S PLAN

(Continued from last issue.)

**M. Poulet's Government was elected in 1925 for the purpose of regaining financial stability for the country. M. Janssen, the finance minister, decided to stabilise the franc, and as a preliminary the funding of the foreign debt was undertaken, and completed by August (United States debt) and December 1925 (British debt).**

His Plan had two main purposes: firstly, a return to the Gold Standard, which had been suspended in August 1914, and, secondly, the re-impbursement of the National Bank for its advances to the Treasury. Both, it will be seen, were impeccably orthodox, although in those days stabilisation was less respectable than it is now.

The means he proposed to use were to obtain a foreign loan of 150,000,000 dollars, to revalue the gold stock of the bank at the new level of the franc, and out of the proceeds to carry out the amortisation of part of the State's debt to the bank; and to vote 600 million francs more taxes to ensure budgetary equilibrium in 1926.

In October 1925, M. Janssen headed a delegation (which included M. Paul van Zeeland, then secretary of the National Bank), which conferred with bankers in London, Amsterdam and Basle. He declared after these conferences that an agreement in principle had been reached. Of this agreement a Report to the United States Department of Commerce, dated October 10, 1925, said:

"From a conversation held with several Brussels bankers we understand that, while Belgian negotiators for stabilisation credits or loans in London or Amsterdam regard their voyage as successful, they learned emphatically that in the last analysis everything depends upon America. The larger part of the necessary funds must come from New York, that is, at least 100 million dollars."

The delegation had intended to go to the United States, but as a further report to the United States Department of Commerce on October 19, stated:

"The trip to the United States is rendered unnecessary by the fact that the Belgian finance minister and his colleagues were able to confer with Mr. Morgan and members of his firm in London."

#### BIG LOAN NOT GRANTED

The report went on to say that a central bank credit had been arranged for Belgium, as the American financiers did not think that the time was quite ripe for a United States loan. It was understood by M. Janssen that this credit would be followed by a long-term loan in a short time. A further report to the Department of Commerce, dated November 3, leaves no doubt that that credit was an actuality:

"Interviews with bankers during the week brought out the fact that the National Bank of Belgium is making liberal use of a revolving credit established in its name by fiscal agents of the Government for the purpose of sustaining franc exchange. This credit is believed to amount to 25 million dollars, and, apparently, the National City Bank, as well as Morgan and Company, and the Guaranty Trust Company are interested . . .

"Before international bankers would open the . . . credit for the National Bank, M. Janssen and his Cabinet associates had to sign a promise to present and support a balanced 1926 budget. It is also significant that the revolving credit was opened in the name of the National Bank, and not in that of the Government."

When discussions with regard to the loan were resumed in

London in March, 1926, they fell through.

#### EFFECTS

Apparently the 980 per cent, increase in taxation was not sufficient guarantee of good faith for the international bankers. There was panic in Brussels. The franc fell to 230.

M. E. Cammaert's comments on this:

"It has been pointed out again and again by British experts that this sudden depreciation was not justified by the financial situation of the country. . . . It came at a time when the foreign debt had been funded and when substantial economies had been realised in the cost of administration.

The effect on the life of the ordinary Belgian of the refusal of this loan was enormous: and it must be remembered that this was mostly in respect of physical work, which had already been accomplished. The necessity of balancing two sets of figures (and failure to do it is nowadays condoned by the orthodox) imposed terrific new taxes on the individual, put him under virtual dictatorship for six months, exposed him to intolerable regulation and restriction, and deprived the State of the running of the railways.

M. Janssen, and the Cabinet of which he was a part, resigned in May, and five days later a coalition Ministry was formed under M. Emile Franqui, for the specific purpose of "averting financial ruin."

(To be continued.)

## The Descent

If any writer is searching for a title for a book on farming today, I can furnish one ready-made—"From Wheatfield to Breadline."  
—Francis Davitt, "Advocate," August 1.

## Held Over

Owing to pressure on our space, a report of activities in Northern Victoria and the Riverina has been held over until next issue.

## Powelltown Meeting

SUNDAY, AUGUST 11, 2.30 p.m.

**ERIC D. BUTLER**

Speaks on

**"HOW TO OBTAIN A REAL MAXIMUM WAR EFFORT."**

And

**"THE REAL FACTS ABOUT PETROL RATIONING."**

Residents are invited to bring their friends from the surrounding district.

ADMISSION FREE. COLLECTION.

## AUSTRALIA AT WAR

By JAMES GUTHRIE, B.Sc.

(Based on a talk broadcast from 7HO, Hobart, and 7LA, Launceston, on Sunday, July 28, at 8.15 p.m.)

**The attempt by Sir Keith Murdoch to muzzle the Press and to introduce dictatorship methods for turning out machine-made opinions has met with a vigorous protest from all quarters; and, for the time being, at least, we have been saved from the worst abuses of autocratic officialdom in that direction.**

The need for means whereby public opinion can be expressed is greater now than ever; only by a strong public opinion adequately expressed can abuses be stopped and mistakes rectified. Mistakes and abuses there will be, but where there is a possibility of these being criticised in public, in the Houses of Parliament, "over the air" and in the press, then these mistakes and abuses can be reduced to negligible proportions.

In war-time, unfortunately, we give great powers to various Government officials; but great power over other men always corrupts the character; absolute power corrupts absolutely; and the criticism from the ordinary man and woman is the only thing that can stop it.

### WAR EFFORT

Government officials are going about the countryside slapping each other on the back and telling us what wonderful things are being done. The fact remains that in Tasmania, and in other States, the vast majority of the people have been given no opportunity to assist in the war effort. There is no place in this State where a man or woman can go to help make munitions, and there has been no attempt to give contracts to the hundreds of small workshops all over the countryside which could easily be working 24 hours a day.

Most men and women would be delighted to give a day's labour in any of these workshops, but nothing has been done, and nothing is contemplated. These workshops remain idle while the large workshops have more orders than they can handle. Only public criticism adequately expressed will rectify this very strange state of affairs.

We don't want so many sermons on sacrifice; all we want is a job to do. A few large factories working overtime will not absorb the efforts of the Australian people. The great resources of this country are being bottled up because of the financial policy of the Federal Government.

### WAR FINANCE

The Federal Government seems to be terribly concerned lest this country should become prosperous during its war effort, and it appears to be afraid lest the ordinary Australian family might increase its income by a few shillings a week. Every time we ask the Federal Government to use the financial resources of this country to the full by using the nation's credit, it shrieks hysterically: "Inflation! Inflation!"

Suppose that the Government decided next year to double the amount of money spent on our war effort; say, £200 million a year. Suppose it raised 10 per cent, of this amount by taxation; that is, £20 million; and raised 5 per cent, of it from savings; that is, £10 million. A total of £30 million, leaving £170 million—which could be issued by the Commonwealth Bank, interest-free and debt-free.

The vast majority of the wage earners get under £6 a week. This is not sufficient to keep them and their families properly and to allow for illness or holidays. With careful buying it takes £1 a week to adequately feed one adult; that

is, as he would be fed if he were in the army. Allowing an extra 12/- a week for every person in Australia, that comes to £200 million a year.

As all our war effort must be an effort of brains and muscles, requiring more and better food, and more recreation for tired workers, an extra £170 millions issued by the Commonwealth Bank would not be sufficient to pay for these items, without considering any others. Just as it is useless trying to drive engines without fuel, so you cannot expect a gigantic and prolonged human effort without more and better food, and more relaxation. That the farmers and others are able and willing to supply us with our needs goes without saying, but their work is being held up all along the line by a financial policy, which is nothing short of lunacy.

As it is impossible to raise £170 million or more by extra taxation, or raise it by voluntary savings, the only way of doing it is by creating the necessary credit. But why should the Government increase the debt and taxation in this country by borrowing financial credit created by the private banks when it can create its own credit?

The people of this country have demonstrated clearly that they are willing to give their services towards a great war effort; but however spiritual they may be, they still have to feed and clothe themselves. It has to be remembered that extra "fuel" is required for extra effort, and buying that extra "fuel" will call for extra money. Extra money will have to be issued. To call that extra money inflation is sheer nonsense.

### A WARNING

He who actually controls the money supply of the nation controls the entire effort of the nation, and is in a position of tremendous power. At one time, Mr. Bruce was nominally in that position of trust, but he used his position to hamstring the Commonwealth Bank, and left his country for his country's good; he is now in London. Then we had Mr. Casey imposed upon us; he also attacked the Commonwealth Bank; he also left the country, and is now in New York. Then came Mr. Spender, whose speeches are exact copies of the copious literature issued, free of interest or any other charges, by the private banks.

And somebody else will turn up, anxious for a short spell of local limelight, and then a long holiday abroad on a princely salary. Unless electors wake up and assert themselves, the same rotten system of debt and taxation and sabotage of our national resources will still go on, and will keep on going on until it breaks us and causes a further great crisis; a crisis which will be used to introduce all those things which Australian people would never tolerate except in a crisis. That's what crises are for.

England is facing her greatest crisis, and, consequently, the "Sovietisation" of England is almost complete. Another few turns of the taxing machine, and the people of England will be completely dispossessed of their land, their income and their independence. That's what taxes are for.

## "EXCHANGE CONTROL"

### HOW IT AFFECTS US AND WHY, EXPLAINED SIMPLY

By D. J. AMOS, F.A.I.S.

(With acknowledgments to the Rational Economy League of Australia.)

**When we emerge victorious from the present war, the course that we, as a people, must take is clear. Peace and Justice must go together if the peace we establish is to long endure. Justice is not something that one people owe to another at special times; it is something that all peoples owe to themselves at all times. So we must see that justice is offered to all peoples of the world, including ourselves, and one of the ways by which we can do this is to insist upon justice in international exchange relations.**

Under our present economic system (I am not now discussing any alternatives), trade between individuals of different nations is of more importance to some nations than to others. For some it is almost a condition of national existence that their citizens should import large quantities of foodstuffs and raw materials, and should export an equal value of manufactured goods. For such nations any general restriction of international trade amounts to a threat of a very serious kind.

When a nation prepares to meet such a threat, its leaders seek to fortify their people emotionally for the struggle that appears to them to have become necessary. In this way the economic origins of a war can easily be obscured and lost to sight. In the case of any particular war, it may be that there are causes other than economic, but it is none the less true that there can be no permanent peace in the world at large while trade restrictions persist and powerful nations believe themselves obliged to meet a threat to their livelihood by force of arms.

Over the last decade or two, restrictions on international trade have intensified, more or less steadily to a point at which they can be said to have run amok. The result has been war, and the tragedy of the whole position is that the restrictions in trade, which have assuredly tipped the scale against peace, can be shown not only to have been avoidable, but to have been unjust and injurious, not only to the peoples against whom they have been imposed, but also to the peoples who have imposed them.

### WHAT IS "EXCHANGE"?

In the year 1931 to 32, Australia's internal trade was restricted to the extent of over £200 million, and our import trade cut down by something like £100 million, and this action was merely an intensified form of restrictions imposed more or less continuously in Australia for many years past, the purpose of which has been to exercise a downward control on the English-Australian exchange rate. It is therefore the purpose of this article to show how, and what is even more important, why the exchange rate between England and Australia has been controlled downward, or in other words, so as to bring up the value of Australian currency in terms of English and other currencies.

An exchange rate is the price at which the money in use in one country is sold for the money in use in another. The English-Australian exchange rate is the price at which English money is sold for Australian, and this particular rate is of special importance to Australia, because, when Australian money is sold for dollars or other foreign currency, the practice has been for English money to be used as an intermediary; that is to say, that we do not buy dollars directly with Australian money, we buy English money first and then buy the dollars with the English money. Any alteration in the English-Australian exchange rate, therefore, affects the price of Australian money in terms of all other currencies.

English money that is for sale for Australian money is sometimes referred to as "Exchange" or "London Funds," and the buying and selling of it takes place in the Exchange Market in the same sense as the buying and selling of wheat takes place in the wheat market. Buyers of English money include Australian importers (who are obliged to buy English money with Australian in order to pay English merchants), Overseas Investors (who have investments in Australia yielding profits in Australian money, which must be changed for English money before the investor can use his profit in England or elsewhere) and Australian Governments, which have huge interest bills to pay in English money upon our overseas debt.

Sellers of English money for Australian are chiefly Australian exporters, who, after selling their exports in England for English money are obliged to buy money, which can be used in Australia with this English money.

### "ARTIFICIAL" RATES

Now, under normal circumstances, the value of any money lies in its buying power. The true relationship of the £E to the £A is the relationship of the buying power of the one to the buying power of the other (in other words, the relationship between the general price levels in the two countries).

If a general parcel of goods costs £100 in England, and a similar parcel of goods costs £100 in Australia, we should expect an exchange rate of 100 (or par), but if steps were taken to reduce the general price level in Australia so that the parcel here only costs £50, we should expect the exchange rate to drop to 50. £50A would then purchase £100E, and if the Exchange rate was artificially reduced below 50, those who wanted to buy English currency—viz., Australian Importers, Australian Governments and English Investors in Australian securities, would gain in their international exchange transactions. The Australian exporter, however, who had English currency to sell, would lose over his international exchange, and the Australian people would suffer through having their general standard of living reduced.

On the other hand, if the general price level in Australia rose, so that the parcel of goods cost £150,

(Continued on page 8.)

### MOTORISTS—WAKE UP!

YOUR POWER IS THE GREATEST POWER ON EARTH.

JOIN THE

### AUSTRALIAN MOTORISTS PROTECTION LEAGUE

(VICTORIAN SECTION)

ANNUAL SUBSCRIPTION, 3/-

WIPE OUT

- (1) PETROL RATIONING
- (2) PETROL TAX, 11½d.
- (3) MOTOR REGISTRATION FEE
- (4) CITY COUNCIL PARKING FEE

IT CAN BE DONE!

### 1st GENERAL MEETING

CENTRAL HALL, LITTLE COLLINS ST.

(Rear Melbourne Town Hall)

MONDAY, AUGUST 19, 8 p.m.

All Welcome.

Particulars from

State Hon. Organiser,  
390 Mt. Alexander Road, Ascot Vale.  
Phone: FU 6443.

—Adv't.

# Will Democracy Survive?

## CIVILISATION'S GREATEST CRISIS

By ERIC D BUTLER

**More people than ever are thinking; thinking harder than ever before. The whole world has been thrown into a state of turmoil and confusion, and the old order is obviously crumbling. What will emerge from this state of flux? Can the Anglo-Saxon people lead the world back to sanity? Has democracy failed? These, and many similar questions, are being asked today.**

Let me say at the outset that I am firmly convinced that democracy is the only satisfactory basis upon which a society for free individuals can be built. Democracy is more than a political science; it is a complete philosophy, covering every phase of human activity. Unfortunately, very few have an accurate conception of what democracy really means; otherwise there would be no suggestion that it has failed.

The world-conflict, which we see today, enters into every aspect of human affairs—military, political and economic. This conflict is, broadly speaking, a final clash between totalitarianism and democracy. Basically, it is an issue, which has been fought throughout past centuries. It has now reached a crisis, the outcome of which will decide the future of mankind for centuries to come. It cannot be ignored; we must think about it, we must clearly understand the problem. Having clearly understood it, we can then decide upon the correct line of action required to REALLY avert disaster, not "jump from the frying pan into the fire."

It will be my endeavour—in this and subsequent articles under the same heading—to clearly outline the entire subject, to present the case for democracy, and to show how it can be made fully effective; all in a simple and compact manner, for the benefit of the average busy citizen.

### THE NATURE OF REAL DEMOCRACY

Democracy can be defined as a society in which the will of the majority of the electors prevails; or, a society in which a majority of the people get what they want. "The people who govern are the people who get what they want." Real power should reside with the electors.

In "Alternative to Disaster," L. D. Byrne has written: "Democracy may be correctly defined as the belief inherent in society that its individual members in association will get what they want. A community organised on this basis—democracy in the true sense of the term—would be designedly administered in accordance with the wishes of its members. Upon no other basis, indeed, can society be successfully and permanently organised. The final test of a successfully organised social entity must be the contentment of its individual members, and this will depend upon the extent to which the social environment permits them to achieve the satisfaction of their wants. The health of the social body will deteriorate to the degree that its members are thwarted in their desires to benefit from their association.

"A cursory consideration of features common to all countries should be sufficient to dispel any illusion that the present social order, which varies only in form in Russia, Italy, the U.S.A., and Britain, is organised to enable people to have their requirements satisfied. Wholesale sabotage of production in the face of widespread want, prostitution of industry to the shoddy and the meretricious when it could easily provide the goods of quality which people would prefer, restriction of education, and oppressive legislation, enacted against the wishes of the majority, are but examples of the operation of the policy governing the existing social order. Even in so-called democratic countries, the organisation of society is quite clearly on some basis other than administration in accordance with the wishes of its individual members.

"The result is that the present social order is breaking up rapidly. As environment becomes more and more unsatisfactory to an increasing

number of people, so revolt against the existing state of affairs is developing in intensity and volume everywhere. With this disintegration of society the vitality of its inherent belief that its individual members in association are capable of supplying their wants must deteriorate. If the process continues it must end in the breaking up of the social order in chaos, wherein a large section of the world's population will perish, and civilisation be extinguished for centuries.

"The only alternative to disaster is a change from the existing order to a social order which will provide an environment satisfactory to the people. There may yet be time for this; but it can never be accomplished without recognition that the change must be to a social order organised on democratic principles. The basis of organisation, in short, must be the inherent belief of society that its individual members in association will get what they want."

The above statement by Byrne is worthy of close study. The soundness of any society must be judged by the individuals comprising that society. Abstract terms, such as "collective security," mean nothing. There can be no security of any kind unless individuals have security.

### THE MONEY POWER AND DEMOCRACY

In spite of inspired propaganda to the contrary, it is becoming more and more obvious as a result of the present world crisis that the major cause of the troubles, which have brought insecurity and misery to the individuals of every nation, resides in false ideas concerning the nature and function of money. Although the world seems to be full of many different problems, a little examination of the facts will indicate to the unprejudiced that these problems are merely the effects of a money problem. It is impossible for anyone to have any real understanding of the issues facing civilisation today unless he is prepared to learn something about the power of money.

Let us recall the following statement made by the late Arthur Kitson, noted British inventor and engineer who fought the Money Power for nearly 50 years: "The world's troubles are due to the immense power wielded by the international bankers, who, to suit their own ends, can sway peoples and individuals as they will. The money question is the greatest moral and social question which mankind has ever had to consider. It concerns the lives, fortunes, and happiness of every human being in society and of generations yet unborn. All other questions sink into insignificance compared with this one."

Now compare that with the two following statements. The first was made by Mr. Philip A. Benson, President of the American Bankers' Association, in a speech at Milwaukee, on June 8, 1939, and was quoted in the "New York Times" of June 11, 1939. He said: "There is no more direct way to capture control of a nation than through its credit (money) system." The second statement was made in 1936 by the late Vincent C. Vickers, a former director of the Bank of England: "As we stand today, money and the issue of credit is not controlled by the State, but by interested parties creating no real wealth, working to make money out of money—most of which is not theirs at all. Increasing numbers of people are asking, 'Is it necessary or right that we should be governed by money power?' . . . the future welfare of the money industry, as it is at present constituted, depends entirely upon its own power to crush out the human impulse to go forward and upon its ability to override the will of the people, and so govern the world. For how long can they succeed with such a policy? They are so few." (To be continued.)

## NO ORDINARY REFUGEES "

**The 3,464 inhabitants of Chateau d'Oex, Swiss village 20 miles from Montreux, recently ran out of their green-shuttered chalets to gape at refugees arriving at the station. No ordinary refugees these, pushing what they could save of their belongings on a barrow, but refugees arriving in luxury trains and met by smart cars.**

**They were the staff of the £34,000,000 Bank for International Settlements hurriedly evacuated from Basle.**

**They were Germans, British, French, Belgians, Swiss, and others instructed to carry on as if there was no war and as if each had no country of his own.**

A few days later expectant villagers gaped still more. "The bank's annual meeting was to be held that morning. Would Mr. Montagu Collet Norman arrive arm-in-arm with his co-director, Dr. Walther Funk, of Berlin? Sightseers were disappointed. No Mr. Norman. No Dr. Funk. No belligerent directors at all. They were detained at offices in London, Paris, Rome and Berlin.

They have agreed that for the duration the Bank shall continue its work, helping the transfer of funds for postal services, for the Red Cross, and for ordinary commerce, and that the permanent staff shall carry on these functions without reference to the directors.

**And there is a gentleman's agreement that the unknown amount of gold held on deposit for central banks of the world, including the Bank of England, shall be left untouched for the duration.**

But presumably the directors can alter this agreement, and the majority of the directors are enemies. —Bernard Harris in "The Sunday Express" (England), June 16, 1940. Our emphasis.

Note the naive reference to "enemies."

### A New Suit

To aid the funds of the Malvern Red Cross, Mr. Frank Devlin, tailor, whose advertisement appears elsewhere in these columns, has donated a gentleman's suit (or lady's costume). This will be made to measure from the pick of his stock for some lucky individual, and is valued at £8/8/-. A few tickets, 6d each, still available at "New Times" Office, or Mr. Devlin's business premises.

### C. FORD The Caterer

IS AT

204 High St., Prahran

Telephone: Win. 6966.

#### TO OUR READERS—

You may obtain your copy of the "NEW TIMES" from any authorised newsagent. Should your agent not have supplies, please ask him to communicate direct with New Times Ltd., Box 1226, G.P.O., Melbourne, C.I. Tel.: MU 2834.

If you wish to have your copy posted direct from this office, please complete the form below and mail it, accompanied by remittance payable to New Times Ltd.

#### SUBSCRIPTION FORM.

To New Times Ltd.,

Box 1226, G.P.O., Melbourne, C.I.

Please forward me the "New Times" for .....

Months, beginning with issue dated .....19....  
cheque  
postal note for the sum of .....

money order  
Name .....

Full Postal Address .....

Date .....

Please fill in name and address in block capitals.

The subscription rate to the "New Times" is 15/- for 12 months; 7/6 for 6 months; 3/9 for 3 months. Post-free.

## WHITHER NEW ZEALAND?

**Thousands of New Zealanders, and many thoughtful people in Australia and elsewhere, are awaiting some concrete action by the Dominion Government along the lines indicated by the Prime Minister (the Right Hon. Peter Fraser, P.C.) in his Budget Speech during July.**

Declaring that neither orthodox nor unorthodox theories were causing him any fear, the Prime Minister said he was only anxious to get what would work the best in achieving success (says the N.Z. Labour "Standard"). "In doing that," he added, "we require not enthusiasm for any particular cause (!), but we want a careful study, careful scrutiny, and careful examination, with courage to try even paths that have been untrodden, if necessary."

"Without raising any alarms or boosting any methods that might be called unorthodox, I would like to repeat that if we think we can fight this war with approved orthodox methods when many of the old financial, economic, social and fiscal signposts have disappeared, we are mistaken.

"I want to say this," he went on, "nobody wants to avoid inflation more than I want to. I am not going into all the intricacies of the case that can be made for the issue of credit, but everything must be based on goods and services. This country cannot be stultified in its war effort whatever means have to be adopted financially. We cannot be defeated financially on the home front."

The limit of the country's resources was not measured by masses of figures or banking accounts, but was entirely controlled by the goods and services in the

country, and nothing else. Even when one talked of the possibility of inflation, one did not shut one's eyes to the effect of the impact of that inflation on prices and on the standard of living of the people. All those things were bound together.

Answering Opposition criticism, the Prime Minister continued: "As far as I am concerned, and I think I speak for the Government as a whole, there is nothing we can do that we will not do; no length that we may have to go that we will not go; no method of finance, orthodox or unorthodox, that we are not prepared to resort to. There is nothing whatever that will prevent this Government and this country putting forth the utmost effort to achieve victory."

\* \* \*

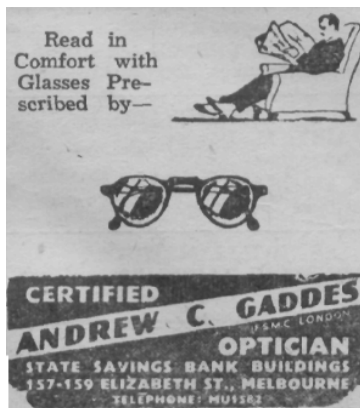
Bold words! But mark the confused, contradictory thinking in the early paragraphs. The Prime Minister and newly-appointed Privy Councillor seems over-anxious to re-assure his orthodox critics, and his hostility to independent advocates of monetary reform is not reassuring. In the course of this very debate, an amendment, moved by Mr. J. A. Lee, and seconded by Mr. Harry Atmore (Independent), was defeated by 68 votes to 2. The amendment attacked the Budget as being too orthodox. Mr. Fraser may wax emphatic, but the signs are not convincing.

## SUGAR-COATING

"Total value of the Colonial Sugar Refining Company's contribution to Australia's munitions effort was almost £200,000, Mr. Menzies announced yesterday,"—"Argus," July 24.

The record profit of £1,103,744 made by the C.S.R. for 1939 represented nearly £100,000 increase on the previous year's profit. Therefore, the paltry sum of £200,000 amounts to less than twenty per cent, of one year's profit, which under present conditions has been acquired at the expense of millions of overcharged sugar-consumers. In other words, if the C.S.R. shows an equivalent gain on this year's figures, they will have merely contributed an amount equal to their extra profits for two years. Rather than give this monopoly the credit for a "gift to Australia," Mr. Menzies should have acknowledged it as being an imposed contribution from the people of Australia; for it is they who, through submitting to the extortionate price of sugar in this country, are making the sacrifice. As a spokesman and apologist for the great monopolies, Mr. Menzies is not so "sweet" in the eyes of the awakening electors; sugar or no sugar, he is heading for the "cane."

—"Scissors."



## Japan's Trade With Netherlands East Indies

Japan's interest in the Netherlands East Indies trade more closely centres round the nature of her imports from the islands than it does with the actual trade returns figures. It is at present more vital to Japan that she import rubber and oil from the Netherlands Colony than that she export to the islands Japanese products. While the Indies export one-third of the world's rubber, approximately one-half of Japan's rubber imports come from the Dutch colony.

Regarding oil, though half of the colony's exports have been taken in recent years by the British Empire, it is very probable that in the near future Japan will need to look more to the islands for her supplies. In 1936, Japan received 12% of her crude and heavy oils from the East Indies, and 53% of her other mineral oils.

The trade negotiations between Japan and the Netherlands East Indies recently were largely for the purpose of securing an assurance that export difficulties would not check Japanese purchases of oil, rubber and other goods. It must also be remembered that there is a relative interdependence of trade between the two countries, for Japanese factories have become a main supplier of textiles and other specialties of Japanese light industry.

The foregoing are the prime reasons why Japan is anxious that the status quo between the two countries be maintained.

—"Far Eastern Trade Bulletin," June 1940.

## PETROL RATIONING-WHY?

(Continued from page 1.)

tankers on the Australian run than ever before.

A "New Times" investigator reports that the manager of a large petrol-importing firm says all storage tanks are full to capacity, and further reports that a number of oil tankers is therefore tied up, unable to discharge their cargoes.

### LOCAL POTENTIALITIES

There seems to be no doubt that a very considerable output of petroleum can be achieved locally, particularly in East Gippsland. In our last issue we reported the confirmation of the American expert, Mr. Lightner, and there is much more evidence in proof of this than present space will accommodate. Mr. T. Paterson, Federal Member for Gippsland, brought a little of it into the limelight in a recent letter to the press.

Tuesday's "Argus" reports as follows: "Although previous proposals by the State Government for the purchase of plant to extract oil from brown and black coal were rejected by the Federal Government, the Victorian Government may assume financial responsibility for establishing the industry. Such action would, however, be dependent upon assistance by the Federal Government by tariff duties or exemption from excise of the motor spirit produced from coal. It was estimated last year, on the basis of a German process, that it would cost £4,000,000 to build plant capable of producing motor spirit at 1/3¼ a gallon, but proposals were submitted to the State Government recently on an estimated capital cost of a little more than £250,000. The Premier is enthusiastic about the possibilities of producing motor spirit from coal, and he said last night that, even at this late stage, the setting up of the new industry should be seriously considered". So, while puerile politicians prattle—"financial responsibility," "enthusiastic," "should be seriously considered"—those who elect them and pay them are to suffer unnecessary hardships!

Furthermore, there are our shale oil resources and the possibilities of power alcohol in conjunction with petrol. These cannot be elaborated on within the limits of this article, but both are extensive and definitely proven.

### WHY, THEN?

Those who suggest that a

scarcity of motor fuel threatens us will have to bring forward much more definite evidence. The lack of this has given rise to much speculation as to alternative "reasons" for the imposition of sudden, drastic and compulsory rationing. Among those suggested are these:

(1) The Government's mania for regimenting the people and its fear that the appeal for voluntary adjustment would have quickly succeeded, robbing it of one excuse for regimentation.

(2) So that the people would have more of their incomes available for war loans and taxes.

(3) To bring about an industrial depression so that the Money Barons might see the Industrialists (other than a select few at the top) deeper in the toils of Debt and of Boards which would prevent them from producing the embarrassment of abundance—the same fate as was previously meted out to the Primary Producers. Those who suggest this, remind us of the statement of Mr. Reginald McKenna (Chairman, Midland Bank, England): "Those who control the credit of the nation direct the policy of Government.."

(4) So that the ill famed Metal Monopoly might get some additional pickings (producer-gas units are of metal construction).

### ORGANISED OPPOSITION

Be all that as it may, organised opposition to the petrol-rationing scheme grows. Two weeks ago the "New Times" reported that electors were starting to write to their Federal MP.'s demanding the scheme's withdrawal, and we reprinted a letter-form being widely circulated in this connection. Last week we reported a large protest meeting, which took place in the Moonee Ponds Town Hall. Another protest meeting will take place in the Central Hall (Melbourne) on Monday evening next. The newly formed Australian Motorists' Protection League (Victorian Section) has taken up the cudgels—see advertisement elsewhere in this paper. Reports are to hand of similar action commencing in other States.

In accordance with its policy of reporting and supporting democratic and constitutional moves to enforce the policy of the people, usually ignored by the daily press, the "New Times" will give space to this matter in future issues.

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.

The financial swindle during the last war is outlined and the move to financially enslave the British people as a result of this conflict.

Price 6d; Posted, 7d

Obtainable from the "New Times," Box 1226, G.P.O., Melbourne.

**War-Finance Policy**

(Continued from page 1.)

**NATIONAL CREDIT**

For years the country has been shadow sparring with this question of national credit. But unless it gets to grips with it today the post war period is going to be an economic tragedy that even the depression did not approach.

With the closing of overseas markets there is already over-production in most of our primary industries. Some of them, like the tobacco industry, are now being urged to increase production to meet special wartime circumstances.

But what is to be the future of these industries when the war is over? What is to happen to the surplus production? How are the producers to finance from season to season?

A long-range plan of five years at least to cover all these contingencies is an essential today, and it must be a plan that can be financed in a way that will prevent bankruptcy and chaos.

This can be done only by setting up an authority with sufficient credits to take the output off the hands of producers and market it to the best advantage, charging all losses to the national economic structure as a whole. Such an undertaking cannot be financed on a 3/4 per cent. basis. It would break down under its own weight of interest. It can be financed only on the basis of the actual service cost of providing the credits.

The Government is already becoming aware of its difficulties under the orthodox system of finance. Orthodox finance has not been allowed to prevent the totalitarian Powers from equipping the huge war machine that is now crashing through Europe.

The public here must demand that its Government evolves financial machinery that will enable Australia similarly to equip herself either for peace or war.

**Keep This Date****Free!****Tuesday, September 3, at 8 p.m.****MONSTER RALLY****Assembly Hall, Collins St.**

Eric Butler, F. C. Paice, and others, will give special addresses on the present situation.

**BRING YOUR FRIENDS.****British M.P. on Nazi-ism**

It is to be hoped that the constituents of Mr. S. O. Davies (Merthyr) will hold him to the words with which he concluded the debate on the motion welcoming the new Government:

"We shall watch this Government critically and anxiously. Their task presumably is to mobilise the men and resources at our disposal; but will they be able to do it? I am confident that they will not be able to do it unless the dead hand of the past is removed, and until the crippling weight of organised profiteering is lifted and the patriotism of high finance, of the money changers and gamblers on our stock exchanges is completely eliminated. These are the powers—and we have no illusions about this—which brought Nazism into being and the powers which will bring Nazism into being in this or any other country if their dominion is to last much longer. We on these benches are as prepared to fight Nazism as is any representative in any part of this House, whether that Nazism is partially concealed in this country or blatantly open elsewhere. We shall do so, but not at the price of sacrificing the principles which have ever been dear to us—namely, the interests of our own people who have placed us in this House."

**South Australian Notes**

From United Democrats' Headquarters, 17 Waymouth Street, Adelaide.

Saturday, September 7, has been fixed as the date of the forthcoming annual meeting of the United Democrats. There will be, as before, an afternoon session and an evening rally of a more social nature. Although the meetings will be open to all members, only those who are financial are eligible to vote. Membership fees (2/-) may still be paid at headquarters.

Supplies of "Victory Without Debt" and "Tax-Bonds or Bondage" are now to hand. These valuable books (1/- and 1/3 respectively) are most useful to circulate among friends and others who need enlightenment. Reduction on quantities of six or more.

**IN 1938**

Copied from the "Advertiser," Adelaide, June 2, 1938:

**ENGLAND'S FINANCIAL POWER**

Rotarian Stresses Strength of Her World Position

Melbourne, June 1.

Dr. S. Newing, who recently made a world tour as a member of a party of Rotarians, said in an address today that both Germany and Italy received financial support from England, and the Dictators were forced to tread carefully lest this support should be withdrawn.

"People in England are not at all frightened by Germany or Italy, and, despite all the comment, the English Air Force is not behind that of other nations," Dr. Newing declared. "England is well prepared for any international developments." Dr. Newing said that all the liquid money had been taken to England, and she was therefore tremendously powerful. Her financial security was due largely to Jewish influence, but there was no danger in this fact, because the Jews regarded England as a sanctuary, and were grateful and loyal to that country.

**Bendigo Meeting**

Every reader of the "New Times" in Bendigo will have the opportunity of becoming acquainted with local activities by attending the next fortnightly meeting at the home of the group President, Mr. Tom Crombie, 101 Anderson-street

A large attendance and an influx of new members is hoped for at this meeting, which will take place at 2.45 next Sunday afternoon.

**U.E.A. Weekly Lectures**

The Tuesday night lectures enable supporters to meet regularly and discuss many angles of campaign presentation. Next Tuesday, August 13, will be devoted to a debate on the question of "Price Fixing"; the opposite views on this matter will be given by Messrs. Parker and Ellis. These discussions are held in the cosy rooms of the "Christian Club," 8th Floor, "Albany Court," Collins-street. All supporters are urged to bring their friends along and help to make a success of these discussions.

**"Exchange Control"**

(Continued from page 5.)

the exchange rate would rise to 150. It would then take £150A to buy £100E, unless the Exchange rate was artificially raised above 150 -- so that the buyers of English currency would lose and the sellers gain. The Australian people would stand to gain by having their standard of living raised.

The principle, which has been actually employed, in the control of the English-Australian exchange rate in the past, can easily be shown to have been downward. The banks have always endeavoured to keep the Australian pound at par with the English pound, in spite of national price levels. To understand how this can be done, let us look for a moment at exchange control from another angle.

Although buyers and sellers in the exchange market are obliged to pay regard to the relationship between the two price levels, the exchange rate is obviously not determined by direct reference to price level. The rate is directly determined by the relationship between the supply of English money available and the effective demand for it. When the effective demand relative to the available supply increases, the rate rises; when it falls, the rate falls.

So that control of the rate can be exercised by (1) increasing or decreasing the demand relative to the supply; or (2) increasing or decreasing the supply relative to the demand. Looking at the control of the English-Australian rate from this angle, one would say that the rate has been controlled downward by reducing the amount of money in circulation in Australia, and thus bringing about a general lowering of the Australian price level and a restriction of the general demand for English money.

The fact that the control of the English-Australian exchange rate has been downward, establishes the fact that the market has been dominated by the buyers. Any control exercised by sellers would have been in the opposite direction. Of course, buyers in any market are entitled to buy as cheaply as they can—provided that no unjust privilege or power is used to that end. This brings us to the very heart of the exchange system. The whole system of exchange control practised in Australia for many years past, has been built upon the use of an unjust privilege by our banking system, that of creating money and varying the amount in circulation so as to suit sectional interests.

(To be continued.)

**"NEW TIMES" SHOPPING GUIDE AND BUSINESS DIRECTORY**

PATRONISE THESE ADVERTISERS. Their Advertisement Helps Your Paper. Say You Saw It in the "New Times."

**ASCOT VALE.**

**A. J. AMESS**, 390 Mt. Alexander Rd. (next Tram Sheds). Motor Garage. Just Price Discount-Repairs and Supplies.

**BLACKBURN.**

**"A" GRADE MOTOR ENGINEERS**, Station Garage, Whitehorse Road, WX14TO.

**BOX HILL.**

**BOX HILL FURNISHING CO.** 247-9 Station St. Cash or Terms.  
**CHAS. L. COX**, TAILOR, Men's and Boys' Wear. 285 Station Street.  
**CHEMIST**, F. Cheshire, For Your Prescriptions, 270 Station Street.  
**COOL DRINKS**, Sweets, Smokes. R. Dannock, 1124 Whitehorse Road.  
**FURNITURE REMOVERS**, Gill Bros., 254 Station St. WX2073  
**GROCER**, W. M. Anderson, 14 Main St. WX1233.  
**HAIRDRESSER** and Tobacconist. L. Larsen, Station St., opp. Gilpins.  
**IRONMONGER & SPORTS STORE**. F. P. Park, 10 Main St. WX1290.  
**WATCHMAKER** and Jeweller. Barnes. 32 Main Street. Repairs.

**CITY.**

**BLINDS** of every sort. Car curtains repaired. T. Pettit, 235a Queen St.  
**CAKES, PASTRY**, etc. Home Made "Clovelly," The Block, Elizabeth Street. Cent. 255.

**DAVIS**, 568 Bourke St. Royal Medal Milkers, Separators, Engines.  
**DOUGLAS SOCIAL CREDIT BOOKSHOP**, 166 Lit. Collins St.  
**ELECTRO-PLATING**.—Nickel, Silver and Chromium Plating. Highest Grade Work Only. W. R. SPEAKMAN, 69 Latrobe St., Melbourne.

**MAISON MERLIN**, Natl. Bk. Bldg., 271 Col. St. Ladies' Hairdressers.  
**OPTICIAN** and Hearing Aids.  
**M. L. COLECHIN**, Champion House, 4th Floor, 57 Swanston St. F5566.

**FAIRFIELD.**

**BUTCHER**, 93 Station Street. Arthur B. Heath Solicits Your Patronage.

**FOOTSCRAY.**

**BOOT REPAIRS**. A. A. Taylor, Station Ramp, While U Wait Service.

**GLENFERRIE**

**OPTICIAN**, W. W. Nicholls, 100 Glenferrie Road. Haw. 5845.  
**SUITS** to order from 70/-. H.5813. A. Sutherland, 184 Glenferrie Road.

**IVANHOE**

**BOOT REPAIRS**, J. Fraser solicits your custom. 130 Upper H'berg Rd.  
**UPHOLSTERER**, Blinds and Bedding. Duke's, 111 H'berg Rd., Ivan. 626.

**KEW.**

**ANDERSON'S**, 141 High St. Authorised Newsagent. Haw. 1145.  
**C. KENNEDY**, Grocer, Haw. 229. Opp. Cemetery Clock, Parkhill Rd.  
**DRY CLEANING**, Depot & Library A. I. Fraser, 182 High St. H.3733.  
**E. WHITE**, 109 High Street. Confectionery and Smokes.  
**GIFTS**, & All Jewellery Repairs. Old Gold Bought. Greaves, opp. Rialto.  
**IMPERIAL DAIRY**, R. H. Kent, 9 Brougham Street. Haw. 3243.  
**MOTOR GARAGE**, Kew Junction Service Station, Cr. High and Denmark Streets. Haw. 6457.

**MORELAND.**

**BOOT REPAIRS**, J. T. Nolan, Holmes St., 4 doors Moreland Rd.

**NORTH FITZROY.**

**KEITH PARLON**, The Fitzroy Tailor, 45 Best Street. JW1555.

**SANDRINGHAM.**

**A. RYAN**, opp. Stn., Shoe Repairs. Tennis Racquets Restring from 7/6  
**GROCERS**, McKAY & WHITE, Bay Rd., opp. Theatre. XW1924.

**ST. KILDA.**

**HARVEY'S COFFEE GARDEN**. Sweets, Smokes. 227 Barkly Street.

**SPRINGVALE.**

**DAIRY**, M. Bowler. Buckingham Ave.  
**R. MACKAY & SONS**. General Storekeepers. UM9269.

**WILLIAMSTOWN.**

**DUNSTAN, DAIRYMAN**. 28 Station Rd. "Phone: Wtown 124.