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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 ore forging,

Silence is crime.

—Whittier (1807-1892).

Vol. 6. No. 51. MELBOURNE, FRIDAY, DEC. 20, 1940.

The Taxation Swindle Exposed!

Federal M.P. Hits Out

During the recent budget debate at Canberra, Mr. T. Sheehan, M.H.R., made some pertinent observations about financing the war effort. We deem the following extracts from Mr. Sheehan's speech in the House on December 20 as worthy of publication.

Electors of Cook should unite on a non-party basis behind Mr. Sheehan in order that he can really represent his electors and not the party machine:

"Last May, the Government adopted proposals for raising from taxation an additional £14,000,000, but the present budget increases that amount by £31,000,000. Before exploding the taxation bomb in Canberra, the Government should have explored fully any reasonable alternative. It had a wonderful opportunity to put into effect the recommendation of the Royal Commission on Banking and Monetary Systems in Australia. It is refreshing to note that the Prime Minister, in his radio appeal for subscriptions to the war loan, declared that our national credit will be used to the point of safety. This admission established the principle that our national credit can be used, and all that remains is to reach agreement upon the vexed question of what constitutes safe limits. The issue of national credits should never, in any circumstances, exceed the value of goods and services created in Australia . . . In the early days of constitutional government certain moneys were required in order to conduct the business of the country, and although Governments always had the constitutional prerogative to create money, this was applied only to the issue of currency, and usually had a debt-chain attached to it. It should not be difficult to imagine what the position of Australians might have been if the financial advisers to the first Commonwealth Government had recommended that its constitutional power to create money should be applied to meet our national needs. Because our first financial advisers acted in ignorance, although ignorance is never accepted as a defence in a court of law, should we continue to carry on in a similar state?

"The terrific growth of taxation can be followed in the following table:—

COMMONWEALTH AND STATE TAXATION.			
Year.		Total.	Per Head.
1913-14	Com.	£ 16,587,906	22,892,742
	State	6,304,836	
1918-19	Com.	32,864,486	44,835,740
	State	11,971,254	
1938-39	Com.	74,036,899	124,566,291
	State	50,529,392	
1940-41 (Estimated)	Com.	126,325,000	181,525,000
	State	55,000,000	

"Under proper constitutional government, not a single penny piece should have been extracted from the pockets of the people.

"To the problem there is only one solution. If we regard the budget as a fair estimate of the money, which is required for our war effort, we should instruct the Commonwealth Bank Board to make that amount available to

the people of Australia as, when, and where it is required. Whatever the amount, the effect would be that the Commonwealth Government, which, in the final analysis, is the people, would owe the money to itself. The people would then have the money which had been created, and which, after paying off advances, etc., would naturally be deposited in the Commonwealth Bank. Australia can never go bankrupt by owing money to itself, provided there is an equitable distribution of the money.

(But why go into debt to ourselves?—Ed., "N.T.")

"I cannot understand the inflation bogey which supporters of the Government and financiers produce whenever the Labor party advocates the use of national credit. The reply of those who cannot or will not admit the sanity and justice of the case for the expansion of national credit is the concerted howl of "inflation." This age-old bogey is trotted

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THE BOMBING OF CIVILIANS

The following letter to the editor of the "Social Creditor" (England) appeared in a recent issue:—

Sir,

In connection with the controversy regarding the bombing of civilians in Germany, if and when this becomes practicable on a large scale, perhaps the views of your readers, which I believe to possess an influence which is both considerable and increasing, may be clarified by a consideration of the technical aspects of the problem. "Moral" aspects are completely out of place in war.

The object of war is to impose your will upon the enemy.

The first axiom of war is to strike with every available ounce of weight on your enemy's weakest spot.

Foch's condition for victory: "Pourvu que les civils tiennent." That is to say, the civil population is the weakest spot, always.

The quotation from John Buchan's *History of the Great War* which I append is I believe sound, and is

MR. BLACKBURN, M.H.R., ATTACKS THE BUDGET

Banking Racket Exposed

Mr. Maurice Blackburn, Federal Member for Bourke, is to be commended for his outspoken remarks during the budget debate on November 28. While we cannot endorse some things that he said or implied, we have pleasure in publishing the following extracts from his speech, which indicate a big step forward from views he has expressed in the past. We quote from "Hansard" (our emphasis):

"The budget speech made by the Treasurer has two features—it deals with the raising of money and the expending of money. Insofar as it deals with the expending of money, it has been very adequately dealt with by my leader. I wish to say something about its proposals for the raising of money. Particularly do I wish to refer to the contrast which honourable members opposite, especially the Prime Minister, endeavoured to make between the debt policy which they advocate and the credit policy advocated by honourable members on this side of the chamber. In my view the budget is bad for three reasons: First, because it seeks to raise increased revenue by borrowing; secondly, it seeks to augment the revenue by indirect taxation; and, thirdly, because it seeks to raise increased revenue by lowering the

statutory exemption from income tax.

"Should this country be attacked the liberty of privileged and unprivileged people, rich and poor alike, would be at stake. If this country were conquered each would lose his liberty, but in different degrees. Where there is economic inequality there cannot be equal enjoyment of liberty. The liberty of the poor and unprivileged is a much smaller, much weaker thing than the liberty of the privileged. Those who have economic power have not only the power in full, but also the full enjoyment of civil and political liberty. Those who have economic weakness are denied the full enjoyment of civil and political liberty. Consequently, those who own Australia have at stake not only their economic power, but also a much fuller and greater measure of civil and political liberty than those who have no privileges. I do not for one moment underestimate the diminution of liberty, which would be suffered by the poor and unprivileged people of Australia if this country were conquered. But to the economically powerful, civil and political liberty means immensely more than it means to the economically weak. Economic inequality brings in its train civil and political inequality—for whosoever hath, to him shall be given; and whosoever hath not, from him shall be taken away even that which he seemeth to have."

"The policy of external borrowing is one which I believe in the long run to be injurious to Australia, but for reasons different from those which make internal borrowing hurtful. External borrowing gives the overseas lender control of our own domestic policy, such as we saw exercised in Queensland not long ago.

"The difference between the policy, such as we saw exercised in that of the combined United Australia party and United Country party is that the Labour party seeks to finance the war without leaving to future generations a legacy of debt. It seeks to carry on the war by taxation which will, of course, impose no interest burden in the future, and by using the credit of the community in such a way that no interest burden will be imposed on it. This means, of course, that we call upon the banks to create credit-money. The Government agrees that that must be done; but in that direction we go further (Continued on page 7.)

a reply to the argument that the Germans will stand more hammering than ourselves: "Foreign observers have been in the habit of describing the ordinary



C. H. DOUGLAS.

Teuton as stolid, unemotional and unshakable; and German admirals and generals fostered this notion by declaring that the people with the best nerves would win, and that

(Continued on page 7.)

W.A. PARLIAMENT'S FURTHER DEMAND FOR MONEY REFORM

An Interesting Debate

(Continued from Last Issue.)

On November 6, as briefly reported in our "West Australian Notes" of November 29, the Legislative Assembly of that State re-affirmed its demand that the Federal Government use the Commonwealth Bank to provide adequate financial credit for national purposes "without inflation or any charge."

We considered the debate which preceded the passing of the resolution, by 28 votes to 6, of sufficient interest to our readers to warrant publishing it in full, but its length is such that we are only printing part of it in each of several issues. The editor would welcome readers' views on this experiment. Here is the second instalment from "Hansard":

Mr. McDonald (West Perth — on amendment): "I feel I owe it to the member for Murchison to say that I appreciate the sincerity underlying his endeavour to secure a measure of monetary reform."

Mr. Speaker: "We are not discussing the member for Murchison or his motion, but the amendment moved by the member for East Perth."

Mr. McDonald: "That amendment endeavours to carry the principles of the member for Murchison into a specific direction. For that reason, I feel I should offer a few words to explain why I propose to vote against both the amendment and the motion. I realise, as everybody does, that the motion is symptomatic of a great change that is taking place in the financial system of the world today. It is recognised that the people are demanding a larger share of national production; they are demanding a greater share of the world's wealth or capital and are determined to have it. I think it quite inevitable, as time goes on, that they will receive a larger share."

Mr. F. C. L. Smith: "I have my doubts." **Mr. Marshall:** "Far from it."

Mr. McDonald: "I will come to that point in a moment. As was pointed out by a recent American authority—curiously enough this comes from America—side by side with this movement there is a decreasing incentive on the part of the people to save money. When conditions were more secure, many people sought to save for their old age and for their children; but today taxation is so heavy and death duties are so high, and there is so much financial insecurity, that people are now spending for the day. Side by side with the demand of the people for a larger share in the world's capital is this tendency on the part of many to abstain from accumulating capital."

Sitting suspended from 6.15 to 7.30 p.m.

Mr. McDonald: "I was saying that some people think there is a definite trend toward a more even distribution of wealth. I think that will continue, and that it should do so is most desirable. The member for Murchison seeks to accelerate that movement by an expansion of central bank credit in order to improve the position of those sections of the community that are most in need of assistance, and by the amendment of the member for East Perth, the motion is given a specific direction towards alleviating the position of a particular class, namely, the primary producers. The motion of the member for Murchison has this merit: it does not seek to mention any specific sum by which credit shall be expanded. He does not seek to give any specific direction to the authorities controlling the central bank or the monetary system as to how they shall bring about the reform he desires."

"According to the report of the Commonwealth Royal Commission on the Wheat Industry, the total amount owing by the wheat farmers of Australia was, at the

time the report was made, £151,000,000. Under the report, I admit, it is not possible to segregate that sum into first mortgage and other mortgage debts, but I should estimate that the first mortgage debts of the wheat farmers of Australia approach £100,000,000. The amendment of the member for East Perth relates to taking over the first mortgage debts not merely of wheat farmers but also of all primary producers, and if the wheat farmers, on an approximate estimate, owe £100,000,000 on first mortgage debts, we might estimate that £100,000,000 would be a conservative figure for the first mortgage debts of all primary producers. For the sake of argument I will take the amount of money that the member for East Perth would have the bank find as being £100,000,000. That amount is to be paid to the holders of first mortgages by an increase in the note issue of the Commonwealth Bank. As I understand the effect of the amendment, there would immediately be £100,000,000 paid to the holders of first mortgage debts of the primary producers of Australia. That would mean that all those people would have an expansion of their credit balances at the bank of £100,000,000; they would have £100,000,000 worth of purchasing power created by a stroke of the pen, and that money would be held by people whose debts previously were not in liquid form. At any rate, by the purchase or payment of first mortgage debts, the £100,000,000 placed in the hands of first mortgagees would become purchasing power that was now in completely liquid form. Without entering upon a full discussion of the result of such a financial transaction, I merely wish to say that so far as my limited investigations go,

it would tend towards inflation in this country."

Mr. F. C. L. Smith: "Do you think the mortgagees would oppose the proposition?"

Mr. McDonald: "In one sense they would not."

Mr. F. C. L. Smith: "In every sense?"

Mr. McDonald: "Not in every sense. If there was an inflationary tendency as a result of this transaction, their £100,000,000 would at once lose a material part of its value. At a later stage I should like to say a few words on the substantive motion of the member for Murchison. In speaking to the amendment, I shall not be able to say what I wish, but it is sufficient for me to remark now that I do not think there are sufficient grounds for believing it would be in the interests of the nation to adopt or support a proposal by which £100,000,000 of liquid purchasing power would immediately be placed in the hands of the community. The holders of that money would be seeking investment for it, and the inevitable result would be an inflationary process that would react unfavourably towards every member in the community and particularly those people engaged in primary industry and those who are on wages or fixed salaries."

Hon. W. D. Johnson interjected.

Mr. McDonald: "We hear a lot about that, but when I say a few words on the motion of the member for Murchison, I should like to refer to the apprehension with which the expansion of credit is regarded in many countries, particularly in New Zealand. The reason I shall mention New Zealand later is that it has a very enterprising Government which has desired to use the expansion of credit as a new monetary process, and many people have followed the financial transactions of that Government with great interest and instruction."

Hon. W. D. Johnson: "The world has done so."

Mr. McDonald: "Yes. The views of the New Zealand Government in the light of several years of monetary reform, or, shall we say, enterprising reserve-bank finance, are of particular interest, and later on I propose to say something about the attitude of that Government to this problem. For the time being I shall content myself by saying that the amendment seeks to create through credits of the central bank no less than £100,000,000 worth of purchasing power, and I am not able to persuade myself that such a transaction would be in the interests of the country at any time and particularly at this time."

Mr. Boyle (Avon—on amend-

ment): "I oppose the amendment moved by the member for East Perth. I do so with a certain amount of reluctance because I feel that the hon. member is actuated by the best intentions. Still, as I remarked earlier in the debate, I think it a pity that this amendment should have been moved to a perfectly straightforward motion that was carried by this House last session. When we look at the amendment put forward by the hon. member, the very size of it is apt to overawe. The member for West Perth mentioned a sum of £100,000,000 as the approximate amount of secured mortgages. The total of secured mortgages mentioned in the report of the Wheat Commission was £136,000,000, but I remind the hon. member that that applied only to the wheat mortgage position in Australia. It would be a very pleasing state of affairs if all other primary industries were free of mortgage debt, but the Commission dealt only with the wheat position, and one could double the amount if the amendment were carried into effect. To give a haphazard guess, I dare say that £300,000,000 would not be sufficient to buy the debts of the men in the primary industries of Australia."

Mr. Berry: "I think the amount is estimated at £500,000,000."

Mr. Boyle: "I have given a figure well on the conservative side. The Commonwealth would have to find, through the note issue department, about £300,000,000 in order to effect the purpose of the amendment. I am not so much concerned about that; my main concern regarding the amendment is that it proposes to pay 20/- in the pound of the existing debts. The hon. member proposes to use the note issue of the Commonwealth Bank to pay 20/- in the pound to all first mortgagees, irrespective of the time the debt has been owing and irrespective of the amount of compound interest accumulated during the period. In many cases, in fact in nearly all cases, these debts were incurred as far back as the time of the 1914-18 war and particularly were they accumulated during the so-called prosperity period from 1920 to 1930. The accumulation at the compounded rate of interest becomes positively alarming after a certain stage has been reached. Yet the hon. member proposes to pay 20/- in the pound on all interest compounded. In other words, the primary producers will be called upon to pay not only the mortgages that they undertook in the first place, but also all the accretions due to the compounding of interest right up to date. Under the proposal set down in the hon. member's amendment, the mortgage advance would carry interest at the rate of 1 per cent, while 4 per cent, would be applied as a sinking fund against the mortgage. The 4 per cent, payment would be suspended if the basic wage standard had not been reached by the farmer involved. Who would police such a scheme or check whether the farmer was making the basic wage on his farm? Instead of the 5 per cent, which is the usual rate charged today by the Agricultural Bank and by most of the financial institutions, this amendment would possibly have the effect of pushing up the redemption rate and the interest rate to something between 6 per cent, and 7 per cent. Now, that scale of interest is absolutely impossible for any primary producer to carry. A further point has to be considered. What farms could be sold today at the valuations placed upon them when these mortgages were entered into? In many cases the securities are showing absolute deficits. But under this arrangement the financial institutions will come out very nicely indeed. Their risks disappear. They share no risks under the amendment, but can look forward with every contentment to receiving 20/- in the pound of what would normally be highly insecure debts. The loading of the present

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LETTER TO THE EDITOR

MR. CASEY AND WALL STREET

Sir,—It is becoming alarmingly obvious why Mr. Casey was sent to Washington early this year. Reports have appeared in our papers from time to time dealing with Mr. Casey's talks with the Wall Street bankers.

These gentlemen have now decided that Britain is a "good risk." This is most considerate of them. It appears that a nice little piece of trickery is being planned. The International Financiers are suggesting, through their various spokesmen, that, owing to Britain defaulting on the last war's debts, they will be unable to make further direct loans available. However, the idea is being fostered that they would be prepared to make the loans available indirectly through the Dominions. In other words, they will make finance available against the assets of the Dominions. Mr. Casey will be able to inform them what assets we have in Australia to pawn. We

will then have the privilege of taking our orders direct from Wall Street.

In the meantime, the "British" Government is being pressed to publish its war aims, and we can expect the worst at any moment. Sir Richard Acland's views are being given undue prominence in the press. Federal Union is on the way—unless we fight it.

It might be a good idea if readers of this journal wrote to their Members of Parliament to ascertain what Mr. Casey is doing at these conferences in Wall Street. However, the majority of the Members don't seem to know very much about the activities of the local representatives of the International Group, still less about what Mr. Casey is up to in Wall Street.

Mr. Casey seems to do as he likes, and it is hard to discover to whom he is responsible. Of course, that's the sort of Ambassador some people like. Needless to say, the "some people" are not the Australian electors.

ERIC D. BUTLER.
Melbourne.

W.A. Parliament's Further Demand for Money Reform

(Continued from previous page.)

motion in a position of that sort is contrary to every principle I have espoused. My firm belief is that the only way in which, the farmer will get out of his present troubles is by writing down of his debt to the capacity of the productive value of his farm and a fixed price level, with which I shall deal later; I cannot debate it on the present motion. "I do not intend to speak at length on the amendment except to add, summing up briefly, that in the first place I do not think it is in the least workable. It would create a position positively unprecedented. We can imagine the Commonwealth note issue being expanded to the extent of, say, three or four hundred million pounds from its present limit of, say, £60,000,000. We can visualise and realise that what we are endeavouring to do makes for inflation in all its worst aspects. In my opinion, the amendment is entirely unworkable; and though I know that the hon. member has given it much thought -- I have discussed it with him and have also explained to him privately that in my opinion it is entirely unworkable -- I must oppose it. I regret that it has been attached to the straightforward motion moved by the member for Murchison."

Mr. Abbott (North Perth --on amendment): "I shall vote against the amendment because I believe it to be unbalanced. Possibly many primary producers are in need of assistance."

Mr. Watts: "You can say that quite safely."

Mr. Abbott: "Many of Western Australia's secondary industries are also in need of assistance. I do not know whether the member for East Perth (Mr. Hughes) intended to include within the scope of his motion the primary industry of gold mining. That may or may not be at present in need of assistance. The amendment as it stands is, however, highly unbalanced."

Hon. W. D. Johnson: "What about the indigent and distressed in the community?"

Mr. Abbott: "Undoubtedly there are many of them. In my opinion, whereas the motion suggests a general principle, which is to be applied by the experts, the amendment proposes a detailed scheme, which is out of balance with the general principles of the motion. For that reason I must oppose the amendment."

Hon. W. D. Johnson (Guildford-Midland—on amendment): "Very briefly I wish to oppose the amendment, as I have been against all the other amendments, because they are purely sectional. The motion is comprehensive, calling for reform which will give relief from the burdens of interest, and from the capitalistic system at present operating, to all those who are in need and in distress. The motion does cover primary producers and the gold mining industry, and also the unemployed and those in distress in East Perth. The member for East Perth should, I consider, realise that he is emphasising a special claim of one section of the community."

Mr. Mann: "For what reason, I wonder?"

Hon. W. D. Johnson: "I do not know; but I would say that bad as conditions are in the agricultural districts, they are worse in the city of Perth. Therefore we must take a comprehensive view, appreciating that if we are to make any impression upon those in control—and, after all, we in this Parliament are not in control but can only express a pious wish that notice will be taken elsewhere of our resolution—we must place our proposals on a national basis covering all sections of the community. One cannot secure reform limited to one section, or one ambition. It must be general. Therefore I support the motion, which does take a general

view of the burden Australia is carrying and the distress being caused today by the interest and the compound interest that are exacted by those in charge of the monetary system. Thus we need to have the whole matter reviewed again. It was reviewed by a Royal Commission, which exposed many weaknesses and called for reform. But the reform has never been made. The Royal Commissioner was appointed by the same class of Federal Government as is in power today."

Mr. Speaker: "Of course that is getting away from the amendment."

Hon. W. D. Johnson: "Well, no, Mr. Speaker. That Royal Commission dealt specially with the position of Australia's primary producers, and pointed out the burden placed upon capital by the amount of interest imposed. The Royal Commission was appointed by a Government similar to the existing composite coalition Government of today, and ignored the Commission's recommendations. As a consequence, there has been no reform. The report was most educational and of great value to students of monetary reform, but nothing practical resulted from it. The member for Murchison appreciates that all inquirers, all students, all authorities, and all writers on finance con-

demn the present system of financial control and all of them call for some measure of reform. The mover of the motion does not go into details as to what consideration should be given to primary producers and what consideration to other sections of the community. He does not limit his motion to any one special class, but makes a definite declaration, in which he asks the House to support him, that the present system of monetary control is unfair to and burdensome on certain sections of the community out of all proportion to their capacity to pay or to the fairness of the impost placed upon them. Certain people today receive good incomes and enjoy an excellent standard of living because of the interest paid to them on their capital. This is just a question of whether the worker is going down, or his ability to earn is going down. We say simply that, proportionately with that, interest rates and money-earning power should be reduced so that the burden will be distributed justly and fairly over all sections of the community. And that can be done. I look forward with pleasure to hearing the conclusions of the member for West Perth (Mr. McDonald) regarding the effort that is being made in New Zealand. I propose on the motion to deal with New Zealand, if I get the opportunity. It is there that an attempt has been made to effect a reform of the kind required, just the sort of thing that is covered by the motion. True, even in New Zealand they have gone fur-

ther in view of the parlous position of the primary producers, and made special efforts to relieve them as regards marketing and all those activities in connection with which they are unduly exploited by middlemen standing between the producer and the consumer. But while New Zealand has done that, it has not been silent with respect to advocacy of reform in other ways. It has used its political strength to implement reforms and put them into operation; and the member for West Perth agrees that the whole world is watching those efforts, because they represent a major attempt in monetary reform. I have studied the position in New Zealand more closely than the average because I am a native of New Zealand and my relatives are still there. Therefore, I am interested in the welfare of New Zealand a little more than possibly I would be if I had never resided there and did not understand the Dominion and its people to the extent that I actually do, I say that New Zealand has contributed a major measure of reform, and that if hon. members are afraid of what is done in New Zealand they must not carry either the motion or the amendment. New Zealand is doing what is proposed in the motion and the amendment, and is doing those things, to judge by the votes recorded, to the satisfaction of New Zealand primary producers and particularly the dairy section there. Of course some people are dissatisfied and discontented. Recently I met

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BENDIGO "ADVERTISER" ATTACKS CENTRALISATION

SOMETHING FOR MELBOURNE'S LORD MAYOR TO STUDY

Melbourne's Lord Mayor, Cr. Beaurepaire, has been expressing his views on the question of decentralisation. In our opinion, the following leading article from the Bendigo (Vic.) daily paper, the "Advertiser," of December 10, dealing with Cr. Beaurepaire's recent utterances, is one of the best we have yet read. Unfortunately, it misses the fundamental question of financial policy, which is the main cause of centralisation in industry. However, apart from this, it is worthy of republication, and indicates that there are still some sane thinking people in the community:

People in Maryborough must have been surprised on Saturday when they were told by a prominent visitor that decentralisation must not be "overplayed." Such a statement reveals how slight a knowledge of the matter it is possible to have. Explaining his peculiar views the visitor said: "You must get lighter industries, which have not high freights and do not require dozens of technical experts, who do not like leaving the cities. Heavy industries cannot be established in the country, and no amount of political help will enable you to get them." It will certainly take a lot of effort to dissipate darkness of this kind and the help of the teacher will be required with the help of the politician. The teacher will have to point out that technical experts have always been willing to go anywhere and live anywhere, and that they have not changed. They are to be found at Broken Hill, at Mt. Isa, on the oil prospecting fields in New Guinea, and wherever else there is boring for oil. Technical experts travel round the world to view eclipses of the sun, and their only complaint is that an eclipse is too short. If it lasted three or four years instead of three or four minutes they would be more satisfied. Technical experts have lived in the most unhealthy parts of the world studying the causes of yellow fever, malaria, sleeping sickness, and other grave maladies. Technical experts roam the unknown places of the world looking for minerals, rare plants, and zoological specimens. Technical experts are to be found where there is a demand for

their services, and no one who contemplates beginning an industry in a provincial centre in Australia need fear he will not be able to get all the technical advice needed, and trained men. There has never been any difficulty at Yallourn in respect of technical experts, and there is none at Lithgow and the Glen Davis shale oil works. The statement about technical experts is as weak as the other one that "the bigger industries cannot be decentralised owing to transport problems due to the absence of port facilities." Port facilities are not essential for heavy industries. Russia has established heavy industries far away from any port. In the United States the bulk of the heavy industries are inland, and the largest heavy industries in Europe, such as Krupp's, Skoda, and Creusot, are long distances from ports. All of this is ample proof that heavy industries can be established successfully inland. This State has one large foundry inland, which is able to keep its place in spite of having to pay freight charges on its raw material. Industries, heavy or light, can be established anywhere where there are a few favoring circumstances. If rich iron ore were found inland and coal for blast furnaces were not too far away, it would not be left in the ground. It is realised that high freights are injurious to country industries. This was pointed out year after year, and the only satisfaction the people got was the railways had to be made to "pay," and freight rates could not be reduced. These charges have been a hindrance to the development of industries in pro-

vincial centres, and although they have been reduced they remain a burden on country industries. Because of centralisation half of the population of the country is living in the capital cities, and to reach these markets country industries have to pay freight charges. On all the primary products sent to the central markets and sea ports the producers have to pay freight charges, and also on everything they want. The industries in the capital cities do not pay them, nor do they pay the freight charges on goods sent inland. They are added to the selling price of the goods, but consumers in the capital cities do not pay the cost of foodstuffs sent to them. In the past much was done for the centralised industries, and although special advantages are not granted to them now they have built up other things in their favor that keep them in front of country industries. The country will have to counteract there, and it will be a long task. The Federal Government is following the easy way in respect of war industries, and these industries are increasing the rate of drift to the cities. So much has to be done there is not the slightest danger of the campaign for decentralisation being "overplayed." The trouble has been that not enough interest has been taken in it, and not enough vigor put into the attacks on centralisation. It has been seen in respect of inland killing and other proposals. The value of this is realised, and there is no determined effort made to have it begun. It would save a lot of freight charges on livestock sent to metropolitan meat works and increase the number of consumers in this city. The absence of a large number of consumers in the provincial centres is one reason why it is so difficult to maintain large country industries. This obstacle will be overcome by the growth of inland industries that will employ more people and enlarge the local market. If Bendigo had a population of 100,000 there would be larger quantities of produce from the adjacent districts consumed, and there would be lower freight charges, and other disabilities would also be reduced or would disappear. People must be careful not to make the mistake of thinking that because an important man makes statements these are equally important. They can easily be futile.

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THE "FREEDOM" LOAN

The £28,000,000 "Freedom" Loan has closed; the Government is quite happy with the result; all we have to do now is to pay the interest bill for all time without reducing the debt. That will, of course, necessitate heavier taxation in the future. This should cheer the already harassed taxpayers, who are just beginning to realise the severity of the new taxation contained in the latest Budget.

To whom will this £28,000,000 be owed? Every impression is given by the finance-controlled press that the public subscribes the bulk of loans. The following misleading report appeared in the Melbourne "Sun" on Monday, December 16: "Every Little Helps. Again the small subscriber plays an important part in the Freedom Loan, by which the Commonwealth confidently counts on raising £28,000,000 for urgent war and national works. Formally closing last Saturday, it still has to reckon with many minor contributions in the post from outlying places—a success that will benefit investors and help Australia to win the war." We might well ask: "Win the war for whom?" Freedom in the modern world depends to a great extent upon the amount of effective purchasing power the individual has in his pocket. If that purchasing power is ruthlessly depleted by increasing taxation to pay the interest bills on loans, the freedom of the individual is being attacked. What irony, then, to talk about "Freedom" Loans!

The bulk of these loans is not subscribed by the people out of their savings. Even those small investors who do subscribe often have to mortgage their assets to obtain the money. This money—new bank credit—is created by the private trading banks at no more cost to themselves than the pen, ink, paper and administrative charges. The banks don't like to figure too prominently in these loans. It would never do for the public to wake up to the fact that private institutions are creating the nation's money supply as an interest-bearing debt against the assets of the people—both national and private. We are not objecting so much to them creating credit; what we particularly object to is the bare-faced robbery of issuing credit as a debt against the community; and, on top of this, charging interest. Figures in books—credit—would be completely useless without real wealth. The people, collectively, have created the real wealth, and should, therefore, own the claims to the real wealth.

If the banks are to continue issuing these claims—money—it must be on behalf of the people; and in such manner and amount that production and consumption are kept at the highest level physically possible. The banks would be entitled to a small payment (say ½ per cent.) for this work on behalf of the community—but, **once and once only**. Those producing wheat and other real things are lucky to get paid once for their efforts; our fighting men only get paid once. Then why should those few who control the banking system extract a toll from the community for all time? No sane, loyal citizen can defend this practice any longer.

Electors must unite in demanding that all this nonsense about the **difficulty of financing** the war shall cease. We have the men, materials, will and ability to get on with the job. The banks must be made to function as efficient servants of the community instead of being its masters.

"BOLSHEVISATION"

It is a remarkable thing how many people are fooled by labels; for years we had Communism allegedly in opposition to Nazism. Many people are beginning to realise that both these labels refer to the same fundamental evil.

On the main news-page of last Tuesday's Melbourne "Age" a report appears which says that Mr. Bevin has been clashing with the Communists in Britain. He objects to them preaching their ideas in wartime. The amazing thing is that Mr. Bevin and his Labour colleagues have expressed great sympathy with the Communists in the past. In our issue of September 27, we published a photograph of Mr. Attlee, showing him actually giving the Communist salute.

On the same page of the "Age" as mentioned above, a lengthy report appears about the necessity of a "new social order." The views of Sir Richard Acland on the necessity of "common ownership" are given some prominence. Apparently if you label it "common ownership" instead of Communism it is quite all right.

There appear to be many different conflicts between various groups in the world today; in reality, it is a sham battle between labels. The international financiers and their satellites are prepared to let the people fight for any label they

THE BUDGET AND THE PARTIES

From a broadcast over 7HO on December 15, By

JAMES GUTHRIE, B.Sc.

At the time of writing this broadcast the debate on the Budget was still in progress. Many of the members of the House of Representatives were a little more aggressive than usual, having had bundles of urgent telegrams and letters from their electorates, asking for some protection against the proposed taxation.

But as far as the National Parliament is concerned, the sittings might have been in secret, so little are we told of what actually took place. The few men who are doing the real fighting on our behalf in Parliament get no publicity in the Press. We never hear them, except under circumstances designed to throw them into disfavour. Information comes to us through the mouths of Party leaders, and since most of our present troubles are due to these same Party leaders, it is very unlikely that we are going to get any information of value to ourselves from that source.

The series of manoeuvres in Parliament was partly an attempt to shift some of the tax burdens from one section to the other; but wherever the taxes are placed, on incomes or on goods or on companies, all we know is that you and I will have to pay them.

When you consider that this country of Australia is capable of growing more food than she can eat and has very little chance of disposing of the surplus abroad, and then consider that we have over 70 men sitting in Parliament discussing ways and means of forcing all of us to cut down our consumption of food—because that's what taxation means—then you can understand why the people of this country are getting fed up with the whole sorry business that goes under the name of politics.

THE LABOR PARTY

The Labor Party had a magnificent opportunity of forcing a reform of the financial arrangements of this country so that the whole nation would have been given a new lease of life, and the whole country encouraged to go forward with new enterprises.

Instead of this, the leader of the Labor Party leads his gallant men into every trap that's set for him with the monotonous regularity of a man especially trained for the job.

When we consider the pathetic results gained against the background of Federal politics with its organisation of political parties and the political crises, debates, and the never ending procession of new laws and regulations, we begin to realise that we are the victims of a gigantic game of bluff.

After all these years, during which the Labor Party is supposed to have been fighting for better conditions for the people, the purchasing powers of the wage-earner today is no better than it was thirty years ago, and this in spite of the fact that the productive power of the country has increased every year.

We have seen prices go up and the wages go up, then prices go and wages go up; and the Labor Party bosses still talk of higher wages—and the people have been stupid enough to swallow this specious humbug.

choose—Communism, Fascism, Nazism, Common Ownership, etc.—while they (the financiers) steadily introduce a vast bureaucracy backed by centralised force—Federal Union. It won't matter much what label the people use then—it will be stark, brutal, world gangsterism.

We are being "bolshevised" internally in preparation for world bolshevism. "Planned production" has been introduced into the wheat industry. A bureaucratic Board has control. Other primary industries look like being "liquidated," also.

"Boardism" is on the march in Australia. A ruthless attack against private ownership of farms and individual initiative is being pressed home. This is all part of the enemy's strategy.

It is high time that the Australian people realised that the futile fight under artificial labels must end. We must unite against the real menace: "Bolshevisation" by financial interests. We all desire real democracy.

FOR PARTY OR PEOPLE?

If any country has been let down by its political parties, that country is Australia. If we had had men in British Parliaments representing the people instead of representing Parties, there would have been no war today.

If any person thinks that a political party will bring in any kind of reform, which will ameliorate the burdens of the people, he must be insane. Especially after the experience of the post-war years.

The Party system is a danger and a menace, and an obstacle to all reasonable reform. But there is one thing which the Party system does with almost scientific perfection; that is, to divide the people of this country into two warring camps.

And although the fight between the leaders of the political Parties is mostly sham fights, the enmity and friction produced by party propaganda is no sham, but real and destructive.

Mr. Baldwin, when Prime Minister of England, reduced the defences of England to a level that invited Hitler to wage war. The private members of Baldwin's party were wild with rage, but they could do nothing about it—they were caught in the mighty party machine, which threatened any rebel with political and social and economic extinction; and so we had to have war.

Now we have a war on our hands and we have to see it through. It is essential that we win this war, and win it as quickly as possible, and we have got to see that the management of the war is in the hands of men who realise their responsibilities to the people and not to parties. And this can be done only by continual pressure on your own Member of Parliament. Unless you can make your own member independent of the Party Machine you have little hope of saving what is left of democratic government.

INFLATION.

The Menzies Government has consistently refused to adequately use the Commonwealth Bank to finance this war, on the grounds that by so doing there would be inflation.

Inflation can only be judged by its effects, and its effects are a rise

(Continued on page 5.)

CHRISTMAS REFLECTIONS

CHRISTIANITY AND REALISM

By ERIC D. BUTLER.

"And numerous, indeed, are the hearts to which Christmas brings a brief season of happiness and enjoyment. How many families, whose members have been dispersed and scattered far and wide in the restless struggles of life, are then re-united and meet once again in that happy state of companionship and mutual goodwill which is a source of such pure and unalloyed delight, and one so incompatible with the cares and sorrows of the world that the religious belief of the most civilised nations, and the rude traditions of the roughest savages, alike, number it among the first joys of a future condition of existence, provided for by the blest and happy! How many old recollections, and how many dormant sympathies, does Christmas time awaken!"

—Charles Dickens, in "The Pickwick Papers."

I think that, under normal conditions, the sentiments expressed in the above lines of Charles Dickens would always strike a sympathetic chord in the hearts of the majority of people. Although there will be many hundreds of thousands of homes which will not know even the usual joys of Christmas this year—it is impossible for the tens of thousands of the men on active service to be re-united with their families—there is no reason why those of us at home should not take a brief respite from our labours and calmly review the struggle we are engaged in. There is no reason why we should not see the whole nation united in a determined resolve to really win this struggle for ourselves. Future Christmases will then become the festive season which Dickens spoke about—in fact, the philosophy of Christ will prevail at all times.

CHRISTIANITY AND REALISM.

Some people imagine that Christianity has very little to do with realism; that it has to do only with abstract ideals. Of course, when we think about Christmas we think about Christ. Did He not say: "Faith without works is dead"? A careful study of the New Testament reveals Christ as a great realist. It is very hard to be a realist at times. We prefer to think of things as we would like them to be, instead of facing them as they are.

For example, it appears quite futile to me to be discussing whether we should be at war or not. We are at war, and all the wishful

thinking which some people indulge in is no real contribution to the problem of emerging from the war with our political and other institutions still intact. Some people in this country get into a frenzy of emotionalism because of the tremendous hammering that Britain is getting from the air. Those who are facing the position with the greatest realism are those who are being hammered. We must expect these things; we can expect worse things. "The wages of sin is death"; we have sinned—not in the moral sense—we have failed to accept our responsibilities in the past. That failure has resulted in the present world cataclysm.

The financiers and their satellites expect others to face their responsibilities while they look after themselves. I can't say that I have much time for that type of person.

We have Mr. Noel Coward out here at the moment putting over ideas, which sound suspiciously like Federal Union—-he talks a lot about his American friends and "Dick Casey." Mr. Coward may be sincere, but can he help us to face our responsibilities in this country. He admits that he didn't face his own while in Britain—i.e., "I took very little interest in politics until lately." It is because of people like Mr. Coward that Britain is in her present plight. I would suggest to Mr. Coward that, if he really is a part of British society in the organic sense, his place is in Britain, endeavouring, with his fellow citizens, to force British policy in the right direction—a policy of victory for the

THE BUDGET AND THE PARTIES

(Continued from page 4.)

in prices. Then what is the sales tax but inflation? According to the Price Commissioner, Professor Copland, the sales tax of 5 per cent, and 10 per cent, on goods is to be passed on to the people in the form of increased prices and the retailers are permitted to add their profits on the 5 per cent, or 10 per cent, tax; the same happens with most of the other taxes—these thus find their way into the price of goods.

That is inevitable, so that we can say that most of the rise in prices has been decided on and sanctioned by the Menzies Government—but that is not inflation—oh, dear no. That is merely an increase in prices.

But when you and I suggest that instead of paying 3/4 per cent, to the private banks for the use of the Nation's credit, the Commonwealth Bank should issue the necessary money interest-free, we are told that that would cause inflation; and many silly people believe it.

BOTTOMLESS PIT.

Remember that before this war started half of all our taxes was swallowed up to pay interest on Government loans, most of which were held by the financial institu-

tions, about 40 per cent, of our rates went into the same bottomless pit; and almost the entire income of the wheat-growers went the same way. Also, when you realise that about 90 per cent, of the property of Australia is mortgaged to the financial institutions, then you begin to understand why there is trouble in finding money to finance this war.

Before we can be fair to ourselves and fair to the troops in the field, we have got to get rid of this financial octopus, which is sucking the lifeblood of the country.

Unwise taxation is going to slow down our war effort; you can see it happening already. Men and women, instead of devoting their energies to their work, are using their skill and brains and their spare time to find ways and means to pay their bills and at the same time pay the tax collectors.

It means that large numbers of men and women are going to stand idle waiting for customers who cannot afford to pay them, and every man and woman is going to have a lot of useless work to do merely to try and save money.

These things may be necessary in England, where so much has to be transported by ship, but to inflict upon ourselves the same disadvantages as suffered by people in the war zone just for the sake of making sacrifices is to misunderstand entirely the problems of this country.

British people, and not a victory for private financial institutions.

ORGANISED CHURCHIANITY.

It will be appropriate in these reflections on Christmas if we briefly examine the fundamental ideas of the great teacher whose birth gave rise to the festive Christmas season. Apart from being a realist, he was also an individualist; he believed in the sanctity of the individual—i.e.: "The Kingdom of God is within ye." He attacked the insidious doctrine of "leadership" as we see it flourishing on all sides to day. His most important teaching was that institutions existed only for the purpose of serving the individual. I am quite convinced that the Man who opposed usury and whipped the money-changers out of the temple would be horrified to see today certain aspects of what I can only term "organised churchianity." Usury is not only condoned; most churches are in debt to the modern money-changers and collect tribute from the people on behalf of the usurers.

Christ's views on "organised religion" challenge those who have, on the whole, opposed his philosophy—i.e., the Jews. For this reason the following extracts from the "Jewish Encyclopedia" are most interesting:—"It is difficult to decide the question whether Jesus contemplated a permanent organisation to carry out His ideas. The whole tendency of His work was against the very idea of organisation . . . and His evident belief in an almost immediate reconstruction of the whole social and religious order would tend to prevent any formal arrangements for a new religious organisation . . . The opposition between His followers and the 'world' or settled and organised conditions of society would also seem to imply that those who were to work in His spirit could not make another world of their own with the same tendency to conventionality and spiritual red tape. On the whole it may be said that He did not make general plans, but dealt with each spiritual problem as it arose. . . He was content to let the influence of His own character work upon the persons immediately surrounding Him, and that they should transmit His influence silently and without organisation, working by way of leaven, as His parable puts it." The underlying implications of the above extracts are worthy of close study by all Christians.

THE GROWTH OF POLITICAL CHRISTIANITY

I have referred in these columns in the past to the contribution of the Anglo-Saxon race to civilisation. Apart from the fundamental genius of this race—contributed to by the invasion of the Norsemen with their spirit of adventure and inquiry, and the Norman invasion with an introduction of the fine aristocratic outlook—the real philosophy of Christianity was readily accepted and has progressively become the policy of the nation. I am indebted to Norman F. Webb, an English writer, for the following extracts from his "European Background":

"The truth is essentially not a matter of dogma, but of demonstration. As with individuals, so with nations. The national culture which produces the greatest degree of individual freedom, mental and material, is the Christian community..."

"Christianity had come to Britain in the 7th century, and there its establishment and growth was the establishment and growth of the nation . . . When, therefore, Britain emerged from the condition of contending Anglo-Saxon kingdoms, it was a peculiarly homogeneous Christian nation . . . It was that their political structure was more directly influenced by the Christian ideal of individual freedom and responsibility. It was due to this fact, seconded by the accident of racial mixture, and climate, and geographical position, that the Anglo-Saxon

Englishmen developed a feeling for independent and voluntary co-operation; for resourcefulness without guile, and competition without malice—in other words, the sporting instinct—that showed conspicuously in later medieval Europe, and by contrast, with added brightness against the blackness of the bigotry of the Counter-Reformation. This it was that constituted the working Christian model—quite outside and beyond all disputes of Churches, or sects, or dogma—of the post-Renaissance world."

Political Christianity—the representative system of government—slowly developed in England. It has slowly spread in many parts of the world. The British Commonwealth of Nations owes its development and existence to political Christianity.

Unfortunately, economic Christianity has not yet become a reality. Apart from the military struggle, which has left thousands of families homeless in Britain, the economic struggle has deprived thousands of families in this country of the means to enter into the spirit of Christmas. In last Saturday's Melbourne "Herald" appeared an appeal by the Trades Hall Council and the Central Unemployed Council for work for the jobless. These "jobless" and their dependents will not know the joys of Christmas. Many more instances would be given. Poverty and misery exist on all sides.

But, let us be of good hope. There is reason to believe that the first streaks of light are visible in the dawn of economic Christianity. Each and every one of us might stop and think for a few minutes during the coming Christmas season; let us make a firm resolve that we will see this struggle through; that we will shoulder our responsibilities as realists. If we give ourselves to this greatest work with clarity of purpose, we will at last see that those families "whose members have been dispersed and scattered far and wide, in the restless struggles of life, are then re-united, and meet once again in that happy state of companionship and mutual goodwill . . ."

Dickens's sentiments will be transformed into a reality.

United Democrats' Report

From Headquarters, 17 Waymouth Street, Adelaide.

An enjoyable evening was spent by United Democrats and friends on Saturday evening, December 7, in listening to an instructive lecture on New Zealand by Mr. Wilson. The attendance was gratifying, and the questions and discussion that followed were evidence that Mr. Wilson's talk had been followed with much interest. With the help of a map he gave a comprehensive account of the country from every aspect—geologic, geographic, historic and economic, and not the least interesting part was a history of the Maoris, a remarkable people who have now equal rights of citizenship with the white population.

The next monthly meeting will be on the first Saturday in February.

Give Books for Christmas! We have on hand a stock of the "Art of Life" series, at pre-war prices—no sales tax! Single volumes at from 5/- to 7/6. These make excellent gifts and the subjects are various. There are also the "Best Digest," 1/6; "Victory without Debt," 1/-; etc., etc. Make your gift kill two birds with one stone by pleasing a friend and helping the Movement.

Christmas Holidays! The office will be closed from Christmas Day to New Year's Day inclusive.

SUCCESSFUL MELBOURNE RALLY

Speakers' Appeal for More Individual Responsibility

One of the best meetings in the history of The United Electors of Australia took place at the Centenary Hall, Melbourne, last Sunday evening. The hall was nearly full. Those present clearly indicated their appreciation of the frank talking by the speaker, Mr. Eric Butler, and the chairman, Mr. Fred Paice.

At the end of the meeting, many signified their willingness to take a more active part in the immediate future. A period for questions and discussion was allowed at the conclusion of the address.

Mr. Paice, in opening the meeting, said that those present were gathered to hear a general review of the political and economic situation; also to face the matter of greater assistance for headquarters, as Mr. Norman Rolls was unfortunately leaving the State. Mr. Paice took the opportunity of expressing himself on several matters of fundamental importance. He stressed the importance of individuals accepting more responsibility instead of leaving everything to headquarters, the "New Times," or some committee. He gave an interesting outline of the work being done at Coburg.

Dealing with the idea of standing men for Parliament, Mr. Paice said that he thought that we had learnt enough from the past about the folly of this practice. Democracy was more important than mere monetary reform at the present time. Some monetary reformers in Parliament were advocating the abolition of State Parliaments and greater centralisation.

MR. BUTLER'S ADDRESS

In opening his address, Mr. Butler said that the time had arrived for some very frank talking. Those present had to make a decision about the future of the Movement. Apart from the loss of Mr. Rolls, he would be unable to do any more than contribute to the "New Times" for the first few months of 1941.

Continuing, he said: "There seems to be an idea in some quarters that the success of a movement can be judged solely by the number of people in it. I desire to challenge that idea. The successful campaign against National Insurance demonstrated that a comparatively small number of people who know what to do, and how to do it, can get results. What we want is more people throughout the community who are prepared to subject themselves to the necessary mental discipline to thoroughly understand every aspect of the case for political and economic democracy. As a whole, I am sorry to say that this issue has not been frankly faced; otherwise we would not see the confusion, which has occurred in our ranks on many occasions. For example, hundreds of pounds of supporters' money was spent at the last election trying to get monetary reformers into Parliament. Very little real educational work is accomplished in the heat of elections, and, even if you get a man in, he must have the conscious and intelligent backing of the majority of his electors. In the last analysis we must admit there is no short cut to reform."

The "New Times" extends Christmas Greetings and Best Wishes for the New Year to all its Readers

We must conserve our financial strength and slowly but surely show the people that they have the supreme power."

Dealing with the broader implications of strategy and policy, Mr. Butler said, "Some people seem to think that we are mere monetary reformers, and that anyone who talks monetary reform must be a good fellow. Mr. Dedman was hailed by some monetary reformers as a great man; I notice that Mr. Dedman is in favour of abolishing the State Parliaments, and some idea of a new world order which sounds suspiciously like Federal Union. Several other Labor supporters are talking along similar lines. We must attack every move towards centralisation and "Sovietism." I am rather inclined to think that

we have plausible people in our midst suffering, consciously or unconsciously, from the leadership mania. If we are prepared to let them use us under the guise of mere monetary reforms, we are completely ignorant of the real nature of the enemy we are fighting."

In a brief review of the international situation, the speaker said: "Here again we notice those who have not grasped the real significance of the present world struggle telling us that Wall Street shouldn't concern us. The fact of the matter is that we now see the question of financial backing from America is going to vitally affect us, as it is becoming obvious loans will be made to Britain against the assets of the Dominions. We are beginning to realise why Mr. Casey was sent to Washington. Some cannot see that Federal Union is now more than a theoretical possibility: it is being discussed as a practical proposition. We must attempt to understand the enemy's strategy. He hopes, as a result of this war, to so weaken our morale that we will accept anything. It is sheer folly for us to prattle away about monetary reform while our political machinery is being destroyed and our minds conditioned for the advent of Federal Union. It will be rather late in the day to wake up at the end of the war and say

that we don't want Federal Union. We must oppose and expose all these suggestions now."

Mr. Butler dealt with the successful work being done all over Australia, and said that the new taxation would force more people to think.

In conclusion, he made an appeal for more individuals to come forward and assist in the general work.

DISCUSSION.

At discussion time it was generally agreed that a campaign against taxation was the best line of attack in the immediate future. Mr. Paice made the suggestion that all those present draft a letter to their Member and send a copy of it in to the "New Times." He said that someone might touch a note, which would get a ready response from the public.

Apart from general help, Mr. Butler said that he would like certain people to undertake the responsibility of reading certain papers and send in cuttings likely to be useful. Promises to cover practically every paper were forthcoming.

(Readers in other States might bear this in mind. If you see anything in a paper or journal likely to be useful, cut it out, write the name of the paper and date on it, and forward to Box 1226, G.P.O., Melbourne. Mr. Butler would like someone to undertake to read the Sydney "Bulletin" for him every week.)

Literature sales at the rally were very good. Eric Butler's last book proved a best seller. The financial response was also very satisfactory.

THOSE CHRISTMAS STOCKINGS

By GRACE IGGULDEN.

It seems to me that one of the saddest things about this war-time Christmas is the thought that thousands and thousands of children, all over the world, will find miniature guns, tanks, bombers, tin soldiers with bayonets at the charge . . . packed into their CHRISTMAS stockings!

We who are fighting this war are swearing to ourselves and to each other that this seemingly endless martyrdom of man must cease in our time. The last Great War was the war to end all wars; but somehow or other this one happened along (some of us know why), it became unavoidable, and now it has got to be won by the British Commonwealth of Nations. But when it is over we have to set all our efforts and energy to so altering conditions, so challenging the war-generating system under which we live, that there WILL, be no more war.

When that period of reconstruction comes, while it is going on, these children of today will be growing to manhood and womanhood; they, actually, will be the ones who will have to be actively concerned in the rebuilding. Surely, the least we can do is to see that they grow up with a feeling that war is shameful, that it is an incredibly shocking indictment of a so-called civilised world. And how can we do that if from infancy they are accustomed to handling symbols of war and hate and death?

Teach them self-defence—yes. Teach them respect for their fellow-men, tolerance, good citizenship, love of country—not only for their own people, for their own country, but towards other peoples and other nations. Let them read books of great deeds—and great deeds are rarely attended by great publicity



—books about scientists, about great lovers of humanity—such as Madame Curie, Paul de Kruif, Louis Pasteur. Why not give a magnifying glass instead of a miniature machine gun, a microscope instead of a tin soldier, a camera instead of a bomber, a book about the early history of flight instead of one about the magnificence of war?

These children are in for a pretty tough time, anyway. Don't let us make it any tougher by giving them the wrong angle, the wrong approach to life, from the very jump—so that when they finally start to think for themselves they will have to burrow their way to the light through a great mound of prehistoric prejudices, cruel creeds and bestial beliefs.

Another Royal Commission?

"Budget Crisis Ends: Before Mr. Menzies announced the end of the crisis, Mr. Wilson (U.C.P., Vic.) asked whether, in view of the tremendous public interest in banking reform, the Government would consider a further inquiry into those problems which were not covered in the terms of reference of the Royal Commission, Mr. Menzies undertook to discuss the suggestion with his colleagues."

—Argus, Dec. 6.

Bendigo League for Monetary Reform

A meeting will be held at the home of the president, Mr. Tom Crombie, 101 Anderson-street, at 2.45, Sunday afternoon next. New members are specially invited.

NOTICE

To All Readers

Owing to holidays in the printing trade, the "New Times" will NOT be published on December 27 or January 3.

Publication will be resumed on January 10.

The "New Times" office will close on Friday afternoon, December 20, and will reopen on Monday, January 6.

BUDGET

(Continued from page 1.)

than the Government because we believe that what the Government does not propose to get by interest-free taxation it should get by interest-free credit. We believe that future generations should not live and die forever haggard by an incubus of debt. We resent the burden of debt, which we inherited from the last war, and with that resentment it would be unfair for us to impose such a burden on future generations in order to finance our war effort. The Government says that its objection to such a policy is that it is better to pay interest than to have inflation. A very dismal picture of the results of inflation was drawn by the Prime Minister. Whether that be right or wrong it is an argument which the Government is not entitled to use because its borrowing policy will give us both inflation and an interest charge for the future.

"Part of the Government's borrowing will be from trading banks, but the banks will not lend from their deposits. They will create credits for the purpose, and thus bring into existence money, which previously did not exist. So soon as this credit performs the functions of money, it actually is money. So soon as the credits are created . . . and the money is distributed among the people by way of remuneration for services or goods, it increases the income and expenditure of the nation . . . But the Prime Minister and the Treasurer say: 'You will not get inflation by our borrowing policy, because our borrowing will be from the public, and we will borrow from the savings of members of the public, which savings would otherwise be available for some other investment. Therefore there will be no inflation.' I could agree with that view if borrowing from the public were the only form of borrowing and if it would end with the first transaction. If the transfer of the citizens' savings were the end of the transaction, there would not be any inflation. If all we obtained by borrowing was obtained from the people's savings which they actually possessed and which they would otherwise invest in some other form of industry, there would not be any inflation. But it is not proposed that the borrowing shall be from individuals only. It is proposed that we shall also borrow largely from the trading banks. When we borrow from that source, new money is created, specially and on purpose, to be lent to the Government, but even as to that portion which may be borrowed from individual lenders, inflation may begin.

"The experience of the last war showed very clearly that when a man drew his money out of a bank and lent it to the Government there came into existence a new form of property which did not exist before. The lender, in fact, obtained from the Government a security or an instrument, which pledged the Government to repay him with some added interest. Such a pledge is the most valuable form of property that can exist in a country at such a time. Harvests may fail, crops may be unsaleable, businesses may fail, stock may be unsaleable; but the Government's promise that it will repay a loan is something, which is not subject to the vicissitudes of the weather and the risks of ordinary business. It is something, which will stand as long as the nation stands. Therefore to the bank it is the most desirable form of security that can be obtained. It is much better security for a bank to have than acres which may become unproductive, or crops which may never be reaped, or businesses which may fail, or

stock which may never be sold. When a private lender obtains a Government bond he also obtains something, which can become the basis of additional credit money. So the old rhyme may be adapted—

'Great loans have smaller loans upon their backs to bite 'em,

And these again have smaller loans, and so ad infinitum.'

Upon the security that John Smith gets arises a pyramid of credit. When he lends £1000 to the Government his private bank will lend him more money on the security and that may be made the basis of securing a new pledge from the Government, which may, again, become the basis for additional credit money. So the business may go on indefinitely. Or the creation of credit may start at the other end, as we saw it start during the last war. A bank may say to John Citizen: 'Why do you not take up a Government security?' He may say, 'How can I, I have only £10.' The bank may then say to him, 'We will lend you some money which will make it possible for you to pay the Government £100.' The bank lends him £90 of newly created credit money for the purpose, and so the foundation of another pyramid is laid.

"Our choice is not between inflationary credit issues and non-inflationary borrowing. It is a choice between two policies, either of which may lead to inflation, but one of which will impose upon future generations a burden of debt from which they will never be able to escape, while the other will not impose upon future generations any such burden.

"My second objection to the policy of the Government relates to the raising of money by indirect taxation. It is a simple matter to demonstrate the unfairness and inexpediency of indirect taxation. By indirect taxation the Government merely takes from the community what it could take by direct taxation. The sums, which it is proposed to raise by the sales tax, for example, could be raised by direct taxation. Treasurers resort to indirect taxa-

tion presumably because the taxpayers are supposed not to feel it. When a man is asked to pay an extra penny or 2d or 3d in the £1 in income tax, he knows he is paying it, whereas indirect taxation commends itself to financiers who follow the old Frenchman who declared that the art of taxation was to pluck the goose without making it cry. The more efficient the tax gatherer is, the less outcry will the goose make and the more feathers will be extracted from it. It is, in my view, unfair to impose indirect taxation upon the community. I believe that if money is to be raised by taxation the method adopted should be such as will permit every man to know exactly what he is paying.

"A further difficulty about indirect taxes upon any commodity is that the imposition increases prices, and tends, therefore, to diminish the consumption of the commodity. Anything that tends to diminish the consumption of a commodity tends to diminish the opportunities for employment for the people who produce it. In a circuitous way the burden of indirect taxation falls upon the persons who work in industry.

"My third and last objection is that the budget proposes to lower the exemption from income taxation. We have always considered that there should be a certain level below which direct taxation should not fall. Especially have we always believed that the basic wage was something, which should be exempt from taxation. I strongly suspect that the opportunity afforded by the war is being used, not merely to resort to temporary expedients, but also to effect a permanent change in the system of taxation. The reduction of the exemption is justified on the ground that most of the persons who will pay taxes are single men and women. The Government says that the class of persons who are to be reached—persons with incomes under £400—have over £500,000,000 between them, and will be called upon to pay £5,000,000, whereas previously they paid only £100,000. Married men are told that the exemption will not affect them, because the Government is after the unmarried wage earners, who are described as persons living in the lap of luxury, because they receive a big wage which is based

on the assumption that they are married and have wives and children to support. My experience is that there are very few single wage earners in receipt of £3 a week who have no financial responsibilities. Many of them contribute to the maintenance of the family home, provide for their aged parents, or assist to maintain and educate their younger brothers and sisters. Others are making provision for the time when they themselves will marry and have families. Do they not constitute a class, which is worthy of the sympathetic consideration of the Government? In my opinion the worst thing about this proposal is that, once the exemption is reduced, it will remain at the lower amount indefinitely. We were reminded this afternoon that the sales tax was introduced as an expedient in a time of crisis, on the understanding that when the crisis passed it would be removed. However, it would appear that, like the poor, the sales tax is always with us. Indeed, the tax becomes heavier as time passes. I fear that the new tax on the basic wage-earner will become permanent."

More Meetings Addressed by Eric Butler

On Friday, December 6, Mr. Butler addressed a successful open-air meeting at Denilquin, N.S.W. The chair was taken by the Deputy Mayor. The speaker was very critical of the attitude of the Labor Party towards the budget and said that, although Mr. Langtry, the new member for the Riverina, had made a fine maiden speech in the House, it was urgently essential that the electors unite behind him and demand that he press for the results desired. He should be controlled by his electors, not the Labor Party.

On Monday, December 9, and Tuesday, December 10, Mr. Butler addressed small, but successful meetings at Mathoura, N.S.W., and Rochester, Victoria, respectively. On Wednesday, December 11, he addressed a meeting of supporters in Bendigo on matters of policy and strategy.

The Bombing of Civilians

(Continued from page 1.)

the German nerves were the strongest in the world.

"The truth is almost the opposite. Scarcely any nation suffers so acutely from nervous ailments. The German lives on his nerves; he is quick in emotion and sentiment, easily fired, a prey alike to hopes and suspicions. In his own way he is as excitable as the Latin, and he has not the Latin's saving store of common sense. He is the stuff out of which idealists are made, but also neurotics.

"We see this trait in the overweening national arrogance which filled him of late years; that is not the characteristic of steady nerves, but of diseased ones.

"We see it in his almost mystical fidelity to a plan. The neurotic loves a mechanical order; he flies to it for comfort, as a hysterical lady obeys the dictates of an autocratic physician. We see it in the passion of hatred which about the beginning of September rose against Britain, drowning all the lesser antagonisms against Gaul and Slav."

Doubtless your readers will find the last paragraph of this quotation interesting over a wider application than that of German mentality. It has long been my opinion that the passion for a "plan" which characterises Jewish-inspired Socialism, and many other 'isms,' is a symptom of nervous instability amounting to disease, to which the Jews are nearly six times as prone as the Anglo-Saxon.

Yours, etc.,

C. H. DOUGLAS.

THE COST OF PUBLIC WORKS

By STANLEY F. ALLEN, F.C.A. (Aust.),
in "The International Accountant."

Abstract conceptions undoubtedly have their place and usefulness in accountancy as elsewhere, but if, in dealing abstractly with figures, we lose sight of the physical basis of them all and neglect to check up on the final result as affecting human satisfaction, then we are not being scientific or professional, no matter what examination tests we may have been dragged through.

What Mr. E. R. Feist says ("The International Accountant," June 27) about war economics is of such importance that I wish to follow up with some observations, and to suggest that all Accountancy bodies should make a serious attempt to face up to the fundamental mistakes which cause the ordinary PRICE accountancy to be in no true sense a COST accountancy.

Nor only war efforts, but all Public Works are paid for fully as and when they are completed. The idea that Public Works can "earn" interest is utterly foolish and absolutely false.

Let us imagine a small, primitive community living without a money system, and under climatic conditions which are so severe that every adult is obliged to work continuously in order that all the inhabi-

tants may be fed, clothed and housed decently. Then suppose that one year the weather behaves itself so well that all regular products are harvested in double quantity. The people of that community are then able to choose between two courses. They may enjoy what is virtually a year's holiday at their accustomed scale of living, or they may decide to set to work to build roads, tanks, bridges, etc. The surplus materials available for food and clothing were the physical basis for the Public Works exploits, and the bridges, etc., were paid for in the consumption of these commodities.

No matter how complicated are our affairs to-day, compared with those pictured above, the same principles apply physically; but for some stupid reason the figuring or statistical system which we call finance has been perverted, and the more we produce the more difficulty we have in accommodating ourselves properly to the circumstances of a plentiful supply of goods available for use.

No accountant worth his salt can contemplate this sad state of affairs with equanimity. Let us not baulk at the task of satisfying ourselves as to where the fault lies.

W.A. PARLIAMENT'S FURTHER DEMAND FOR MONEY REFORM

(Continued from page 3.)

in Perth some persons who came from New Zealand. They were loud in their condemnation of the deplorable conditions in the Dominion."

The Premier: "But they had money enough to take a journey around Australia."

Hon. W. D. Johnson: "But when I cross-examined those people I found that their wailing was purely that of the capitalist with a great amount of money and a good income, and with investments created by his exploitation of New Zealand industries. But the people declared for financial reform and elected a Government of reformers who had worked in conjunction with the Social Credit people to educate public opinion on the matter covered by the motion and the amendment now under discussion. They were elected to do that job and they have done it. If we condemn New Zealand's action, then reform is hopeless and we must go on with the present system and continue in the old groove."

Hon. C. G. Latham: "Do you think New Zealand is likely to continue with this system?"

Hon. W. D. Johnson: "I know, of course, that the way of the reformer is hard; but the fact that New Zealand has the whole world watching it says a good deal. In London I heard Mr. Nash address members of the House of Commons on New Zealand's monetary reforms."

Mr. Speaker: "Has this anything to do with the amendment?"

Hon. W. D. Johnson: "Unquestionably, Mr. Nash was dealing with primary production and the burden imposed upon the primary producers, particularly the dairying section. At the gathering, which was largely attended, there were many of the financial experts of the House of Commons, and they cross-examined Mr. Nash at great length. In fact, he encouraged them to question him. Without doubt, he convinced the members of the House of Commons that the attempt being made by the New Zealand Government was sound in principle, from an election pledge point of view. It was realised that the New Zealand Government was doing what it pledged itself to attempt when first elected. Then the Government was re-elected on that self-same policy. It was after the second election that Mr. Nash went to Eng-

land for the purpose of overcoming the opposition to the continuance by the New Zealand Government of its policy. That opposition arose because the Government's policy interfered with the capitalistic arrangements of Great Britain and with their credits, Mr. Nash's mission was to secure £17,000,000, threats to withhold which had been made."

Mr. Speaker: "I am afraid the hon. member is drifting a long way from the amendment now."

Hon. W. D. Johnson: "Possibly I could better deal with that phase when discussing the motion itself. I want Opposition members to appreciate the fact that the New Zealand Government did try to introduce a reform such as that indicated in the motion, which should not be limited in the direction suggested in the amendment." Amendment put and negated.

As to Call for Division:—

The Premier: "I wish to speak to the motion, but I thought I heard a call for a division."

Mr. Hughes: "Yes, I called for a division."

Mr. Speaker: "I heard only one voice."

Mr. Hughes: "Is it clearly on record that there was only one member voting 'aye' and that all the rest of the members of this House voted 'no,' and therefore I cannot secure a division?"

Mr. Speaker: "If I have an assurance that two members voted 'aye,' I shall allow a division, but I only heard one 'aye' called."

Mr. Hughes: "On your ruling, Mr. Speaker, there was only one 'aye' called, and I can merely assure you that I voted in that direction."

Mr. Speaker: "If any other member says that he voted for the amendment, I shall direct that a division be taken."

Mr. Hughes: "No other member appears ready to indicate his support."

Mr. Marshall: "You are one-eyed; sit down!"

(To be continued in next issue.)

Mr. Frank Devlin, tailor, of Elizabeth House, City, extends the compliments of the season to readers of the "New Times" and expresses his appreciation of the patronage many of them have accorded him.

TAXATION SWINDLE EXPOSED

(Continued from page 1.)

out whenever an attempt is made to loosen the vice-like grip of "sound finance" on the pockets of the workers. The Prime Minister spoke airily of "sky writing," and the Treasurer declared that credit expansion would be a "concealed tax upon every shilling in the community." Less distinguished critics describe it as "hocus-pocus." The ignorance or hypocrisy underlying these criticisms becomes apparent when we realise that Australian Governments have always been financed principally by credit, not money, issued by the private banks at interest rates of 3½ or 4 per cent and that the general public were taxed to pay for it. Why should it be termed "inflation" if the Commonwealth Bank issues credit free of interest, and not be inflation when the private banks issue credit and charge interest upon it. In the whole Commonwealth, there is never more than about £65,000,000 in notes and coin, roughly, one-half of which is held by the public and one-half by the banks. Yet the Lyons Government borrowed £100,000,000 in three years, and this Government now plans to borrow more than £100,000,000, in-

cluding the £28,000,000 loan recently floated. If that loan is to be raised in cash, where is it to come from? Obviously, the greater part of it must be bank created credit, interest bearing, of course. In 1860 the public debt of Australia was £10,000,000. In 1938, before we faced the task of paying for this war, it had risen to £1,300,000,000, and we were paying £1,000,000 a week or £110 a minute, in interest. Is it not about time that we issued our own credit to ourselves, free of interest, through our own bank? It can be done, and it has been done. The Kalgoorlie to Port Augusta railway was built with interest-free credit provided by the Commonwealth Bank, and no one pays interest on the cost of the bank's palatial buildings in Martin-place, Sydney, and in other cities."

(We would like to correct the widespread idea that portion of the East-West railway was financed debt-and-interest free by Commonwealth Bank credits. It was financed by the Commonwealth Government out of profits on the note issue—controlled by the Government at that time—and taxation.—Editor, "N.T.")

"INFORMATION"

The following matter appears under the above heading on a leaflet, which is available gratis from the address indicated.

It is intended to be circulated chain-letter fashion:

MY NAME IS INFORMATION.
I HAVE 1000 APPOINTMENTS WAITING.
READ ME—HEED ME—PASS ME ON—NOW.
I AM COMPILED FROM FACTS.
MY PURPOSE IS TO MAKE YOU AWARE OF SUBVERSIVE ACTIONISTS IN AUSTRALIA.
WE ARE A TRUSTING PEOPLE—TOO TRUSTING.
PARLIAMENT IS CONTROLLED BY BIG BANKERS AND INVESTORS!
PRIVATE TRADING BANKS AND INVESTORS MAKE MILLIONS FROM WAR LOANS.
THE DAILY PRESS CALLS THEM PATRIOTS—THAT'S HOW THEY FOOL TRUSTING CITIZENS!
"INVESTORS" RECEIVED £900 MILLIONS IN INTEREST FROM THE 1914-18 LOANS.
OVER HALF OF ALL GOVERNMENTS' REVENUE IS USED TO PAY INTEREST.
EVERY £1 YOU PAY MEANS 11/- FOR INTEREST TO PRIVATE TRADING BANKS!
FROM THE £100 MILLIONS WAR LOANS RECENTLY RAISED, PRIVATE TRADING BANKS WILL RECEIVE £3 MILLIONS EACH YEAR, FOR EVER—AND EVER.
YOU AND YOUR CHILDREN WILL PAY THIS IN TAXATION—UNLESS YOU STOP THE RACKET.
IT IS EVIDENT THAT WARS ARE PROFITABLE TO SUCH PEOPLE. THEIR MOTIVE IS PROFIT, NOT PATRIOTISM.
THESE PEOPLE ARE FIFTH COLUMNIST'S DISGUISED AS PATRIOTS!
LOYAL CITIZENS COULD, AND SHOULD, COMPEL THEIR FEDERAL MEMBERS TO STOP THIS EVIL PRACTICE NOW!
THE COMMONWEALTH BANK COULD PROVIDE ALL WAR FINANCE AT NOT MORE THAN 10/- PERCENT. WITHOUT INFLATION, OR INCREASED TAXATION.
YOU SHOULD IMMEDIATELY SEND A LETTER TO YOUR FEDERAL MEMBER INSISTING THAT THIS BE DONE—UNDER PENALTY OF DISMISSAL.
HE IS YOUR PAID REPRESENTATIVE—IT IS YOUR DUTY TO TELL HIM WHAT YOU REQUIRE. IF YOU REQUIRE MORE TAXATION, ADVISE HIM; IF YOU DON'T, ADVISE HIM!
NOMINEES OF PRIVATE TRADING BANKS DOMINATE THE COMMONWEALTH BANK BOARD AND PREVENT IT FROM PROVIDING FINANCE AT COST, WHICH WOULD SPOIL THEIR RACKET!
THESE NOMINEES, AND THE DAILY PRESS ALSO, SCARE THE TRUSTING PEOPLE WITH THE INFLATION BOGEY. THEY ALSO BRING PRESSURE ON CERTAIN ECONOMISTS TO RAISE THIS BOGEY.
OUR MONEY SYSTEM IS MAN-MADE, AND IT IS ABSURD TO SUGGEST THAT MAN CANNOT CONTROL IT. IF THE PRESENT SO-CALLED EXPERTS CANNOT DO SO, IT IS TIME THEY WERE SACKED.
TAXATION—DIRECT AND INDIRECT—IS A CLEVER BANKERS' TRICK TO LOWER YOUR INCOME AND RAISE THEIRS. IT HAS THE SAME EFFECT AS LOWERING YOUR WAGES.
THE FUNCTION OF PARLIAMENT IS TO OBEY THE PEOPLE. IN DICTATORSHIP COUNTRIES THE PEOPLE OBEY PARLIAMENT, PROTECT YOUR GALLANT FIGHTERS FROM THE ENEMY WITHIN, WHO ARE PREVENTING US FIGHTING A TOTAL WAR. ACT NOW!
ALL INQUIRIES TO "INFORMATION," ROOM 9, FLOOR 5, McEWAN HOUSE, LITTLE COLLINS, STREET, MELBOURNE.

A BOOK YOU MUST READ

"The Money Power versus Democracy"

By Eric D. Butler. Price, 10d, posted

This book is being acclaimed by readers from all over Australia as the finest exposition of political and economic democracy to yet appear in this country. A former executive of the Queensland Movement, now residing in Melbourne, told a meeting of Melbourne supporters in the Centenary Hall on Sunday, December 15, 1940, that this was the best book he had read during his ten years of activity. He urged supporters to buy copies and pass them around.

This book will save you a lot of talk. In forty-eight pages, the author has crystallised the philosophy, history and application of democratic principles. A handbook, which every supporter should have.

ALSO BY THE SAME AUTHOR:

"The War Behind the War." Price, 4d, posted

Every person who desires to gain a thorough knowledge of the real background to the present conflict should read this booklet. The most critical and impartial analysis of the "Jewish Question" to appear in this country.

"Elections Over—What Now?" Price, 6d per dozen, post free.

A summary of political strategy. The campaign director of the N.S.W. Division of the Electoral Campaign has written as follows about this brochure: "We consider this to be a masterly presentation of vital factors, and probably the finest article that has yet appeared in any paper in this country."

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

Dividends on Death

"The 'Financial News' says that half-yearly interest on 6 per cent first mortgage sterling debentures of the Skoda works will be paid on the due date, December 1, from money forming part of

Czechoslovak sterling assets in London. It is not known how long such payments are likely to be continued."

—"Argus," 2/12/40.

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