

ON OTHER
PAGES

TASMANIAN
TREASURER'S
INTENDED
STATEMENT TO
LOAN COUNCIL.

(See page 3.)

THE NEW TIMES

Now, when our land
to ruin's brink is
verging.

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

Now, when the
padlocks for our
lips are forging.

Silence is crime.

—Whittier (1807-1892).

Vol. 7. No. 16. MELBOURNE, FRIDAY, APRIL 25, 1941.

THE LOAN COUNCIL SCANDAL

Vital Issue Suppressed

The apologists and political puppets of the Money Monopoly often find themselves in tight corners nowadays. Mr. Fadden found himself in such a corner at last week's Loan Council meeting. The way he wriggled out of it at the last minute shows how valuable he is to the Money Monopoly. But it is a public scandal.

Mr. Cosgrove, Tasmanian Premier, had given due formal notice of his intention to submit a resolution the principal feature of which was a recommendation to the Commonwealth Government that it should cease borrowing privately manufactured money. This was placed on the official agenda of the Loan Council (Item No. 10), but Mr. Fadden, as chairman, summarily dismissed this vital issue at the eleventh hour by ruling the motion out of order on a technicality.

Mr. Fadden's grounds were that under the Financial Agreement war finance was not directly the concern of the Loan Council.

Mr. Cosgrove protested, but the other States' representatives "took it lying down"—which is also a public scandal, especially in view of the declared policy regarding national credit of the Parliaments of West Australia, South Australia and Queensland, and of the Government party in Victoria.

That the Government of Tasmania does not intend to let the matter drop, was made clear by the Treasurer (Mr. Dwyer-Gray) in a special interview with a representative of the "New Times." Mr. Dwyer-Gray said that Mr. Fadden's ruling was not taken as ending the issue. It was quite evident, he said, that there is a great deal to conceal in the Federal Government's present methods of finance, otherwise Mr. Fadden would, not have taken the extraordinary step of stifling all discussion. If discussion had taken place, the Premiers of West Australia, South Australia and Queensland would each have been obliged to support the motion or oppose the policy of his own Parliament. The Victorian representative, too, would have been obliged to support the motion or show contempt for the policy of his own party organisation. He, Mr. Dwyer-Gray, would take the required steps to obtain fullest publicity for Tasmania's defence of its proposal, in spite of the daily press, and presently the arguments which Mr. Fadden would not allow the Loan Council to listen to would be immortalised in Federal "Hansard." It had been arranged between the Premier (Mr. Cosgrove) and himself that the Premier would move and speak to the motion in general terms and then request him, as Treasurer, to deal with the technical aspects of the proposal. Naturally, he had gone to considerable trouble and had carefully prepared his statement in typewritten form.

We publish Mr. Dwyer-Gray's intended statement elsewhere in these columns, and record hereunder the motion which Mr. Fadden ruled out of order:

"(1) This Loan Council concurs in the view expressed by the State Parliaments of Western Australia, South Australia, Queensland and Tasmania, that national credit, operated through Commonwealth Bank only, should be utilised in financing the war and

for the general well-being of the people of Australia. (2) In order to give effect to this policy in a practical manner, the Loan Council recommends to the Commonwealth Government the adoption of the following principles: (a) In future no subscription to public loans should be accepted from the trading banks, nor should the trading banks be permitted to increase their holdings in Com-

(Continued on page 5.)

REGULATION FORTY-TWO A

Its Teeth Not Drawn, Says Lawyer-M.H.R.

To the Editor —Dear Sir: May I draw your readers' attention to the dangers of the amended Regulation Forty-two A? This has not yet been laid on the table of the House of Representatives, so that a motion for its disallowance cannot yet be moved. The changes made in deference to a public protest are verbal merely and do not draw any of the regulation's teeth. In fact, in one respect, the Regulation is worse. The original regulation punished a statement which was held likely to interfere with the national effort by the disruption of the morale . . . In the amended form the words "disruption of the morale" are taken out and the words "lowering the morale" take their place. Obviously the change increases the circle within which offence may be committed, "Disruption of morale" is a more serious, more deliberate thing than "lowering morale."

The evil of the Regulation is that it tries to prevent anything, which a court may deem likely to (for instance) cause public alarm, to discourage recruiting, or to lower civilian morale. The motives or intention of the speaker or writer are immaterial. The only question is -- what may be the effect of his words? If their tendency is to cause alarm to some, to discourage others from enlisting, to lower the morale of others, an offence is committed. The publisher of a newspaper containing such a statement commits an offence; a reader of that newspaper commits an offence. There can be no imaginable criticism of the Government's war effort, no discussion of the war policy, or of the war aims of the British Government that may not cause alarm to some, may not discourage recruiting, and may not even lower civilian morale. Such statements of the position of Australia, as were lately issued by Mr. Fadden and Mr. Curtin, would expose lesser men to fine and imprisonment. Forty-two A will assure that he who criticises the Government does so at his peril.

To illustrate the emptiness of the safeguards supposed to have been inserted in the Regulation, please note that while reasonable and temperate discussion in good faith of any existing law or measure is, in some cases, protected, there is no such provision as to proposed laws or measures. You may discuss an Act—something that is now law; you cannot as safely discuss a Bill—a proposed law.

Yours faithfully,
MAURICE BLACKBURN.

J. B. PRIESTLEY, A CITY EDITOR AND THE BANKS

By YAFFLE, in "Reynolds News" (London).

The attention of the Department for the Maintenance of the National Morale has been drawn to a further development in the controversy about Peace Aims. Mr. Priestley, who seems to be losing his respect for our sacred national institutions, has spoken lightly of our banking system.

Replying to a parson who accused him of "sowing seeds of future rebellion," Mr. Priestley made rude remarks about the National Debt and "The whole crippling idiocy." He asked "why we must regard the present financial system . . . as God's first charge upon our obedience."

He complained "97 per cent, of all the money in the country was created by the banks, which are, in turn, controlled by the Bank of England . . . a private company independent of any control by the general public."

Mr. Oscar Hobson, city editor of the "News Chronicle," leaps to the defence of the persecuted Bank.

He denies that the Bank is independent of public control. It "came very largely under the control of the Treasury in 1931." That was the year the Bank forced the Labour Government to resign by telling them they couldn't have the money they wanted for their social reforms.

"Under the control of" is perhaps not the most apt phrase, but 'twill serve. Whether the policeman controls the burglar or the burglar controls the policeman is, after all, a minor consideration so long as they do not let go of each other.

Admitting that the banks do create 97 per cent, of our money, Mr. Hobson argues that, so far from being a crime, this is "a striking tribute to the banking system that they have been able to do so . . . For this money is, after all, merely the product of the credit... which the members of the community repose in each other and in the banks."

It is more than a tribute; it is a gift. We have presented the Bank with the power of creating money on the credit of the community and letting it out at interest as if it were their own. It was generous of us. Big-hearted Britain, that's us.

It being admitted that the banks do create practically all the money on our credit, two questions will leap spontaneously to the lips of both of my intelligent readers: —

(a) Why is there never enough of it? (b) Why do we have to pay it all back in taxation, as if our National Credit were our National Debt?

It is not my purpose here to attempt to solve these mysteries. This is a Broadcasting System, not a Psychoanalytical Clinic. Suicidal impulses are not our theme. Our purpose is to discover why somebody is defending the banking system whence all but he are fled.

Here is a banking system, which cannot provide enough money to distribute the products of industry, so that the products rot, the machinery rusts, and the workers stand against the wall to keep it up.

Here is a system, which permits bankers to raise money on our credit and then demand that we pay it back as if we owed it — as who should say, "I have pawned your bicycle, so now you owe me a velocipede."

And here is a man, to wit, one Hobson, a city editor, who defends the system with all the devotion of

(Continued on page 8.)

FINANCING THE WAR

A TALK BROADCAST FROM 7HO HOBART, AT 8.15 P.M.
ON SUNDAY, APRIL 20.

By JAMES GUTHRIE, B.Sc.

As the Federal Government keeps on demanding more and more money for the war effort, and as business houses and private individuals are beginning to feel the strain of the new taxes, taxpayers are beginning to take a keener interest in war-time finance.

To try to set at rest this growing curiosity, the propaganda machine of the Private Credit Monopoly is grinding out "explanations" at full blast and the newspapers are full of articles inspired and uninspired, all designed to throw dust in the eyes of earnest inquirers.

The position, we are told, is this: That we require next year more than £200 million for purposes of war. Taxation, crushing though it is, is only supplying about one quarter of this amount. The rest has to be obtained by loans.

We are also told that if sufficient loan money is not forthcoming the Government will be faced with only two alternatives: More crushing taxation or compulsory loans taken from the people.

That is the alleged position. The real position is quite different, and the following statements of indisputable facts are well known to the Federal Government, who, for reasons best known to itself, carries on as if they had never been heard of:

1. No Government today in any part of the world need be held up for lack of money.

2. Money is merely a ticket system, the purpose of which is to get things done.

3. Money in Australia is not based on gold, as there is no gold in Australia to base it on.

4. As long as there are the necessary men and materials in Australia, no Government need be held up in its war effort through lack of money, as the Government has full powers to issue all the necessary credits.

5. At the present time, money necessary for prosecuting the war is made available by the issue of loans by the private banks to the Government.

6. These loans are merely paper credits, or cheques, which the private banks issue at practically no cost to themselves.

7. These credits are based on the assets of the Australian nation as a going concern, and they represent entirely new money and perform all the functions of money.

8. Having issued this credit, or cheque money, the private banks claim the nation's assets as their own (in effect) and claim interest on them.

9. As the only means of obtaining money to pay this interest to the private banks is by borrowing from the private banks, we find that the entire nation is mortgaged to the private banks.

10. Heavier and heavier taxation arises from the need to pay interest on Government borrowings from the private banks.

11. At the present time, there exists £400 millions of tax-free Government bonds on which interest is paid; those who receive this interest pay no State taxes on it, and no Federal war taxes.

12. This is what Bank directors call "Equality of Sacrifice."

13. By means of taxation, the people are reduced to penury, and they will be forced to sell their assets - - that's what taxation is for.

14. It can be arranged that assets fall on the market at the same time, thus causing a slump in values.

15. The only people who can

buy these assets are the people who can manufacture money; the private banks and their friends.

16. In other words, taxation transfers the property of the nation into the hands of a carefully selected few.

17. It is the duty of the Government to protect the people against this gigantic swindle; otherwise a creeping paralysis will come over the nation and destroy its war effort.

As the Government has complete powers to issue all monies necessary for the prosecution of the war there is no need for destructive taxation.

As there is no possibility of collecting sufficient money to prosecute the war at the present time from the people, either in savings or in taxes, the private banks are issuing the balance at no cost to themselves, and collecting interest on this counterfeit money.

This automatically brings a further increase in taxes.

Increase in taxes means an increase in prices, which brings in its trail industrial unrest, strikes and continuous demands for increased wages.

All this can be avoided by methods which have been made known for years, and which we have advocated over this session. The methods are as follows:

That all wages and direct costs, plus an agreed profit, incurred by producing organisations in carrying out Government war orders should be met out of bank credits issued for that purpose, the banks being paid a reasonable fee to cover the very small bookkeeping costs involved in creating the credits.

If this proposal had been put into effect in the last war the taxpayers of England would have been saved £6,000 million—a mere trifle!

This proposal, if carried out, will ensure that at the end of the war we will have no war debts. In other words, the war will have been paid for in the only way it can be paid for—in blood and tears and hard work; and the soldiers will come back without being under the necessity of paying over and over again interest on the shells they blew into the air.

One of the most important and most profitable functions of a Government in wartime is the control of prices.

Prices can be fixed at the cost of production, plus an agreed margin of profit. The inflated price of goods caused by indirect taxation can be removed by a Government subsidy to licenced retailers; all the retailers who increase the prices above the agreed margin will lose their licenses, and therefore will have to pay the taxation out of their own pockets. In this manner an effective control over prices can be maintained without a huge army of officials.

When there is a shortage of certain commodities, these commodities be rationed so that all can obtain a fair share. In special circumstances the Government can commandeer all supplies required for the prosecution of the war. The taxes collected for purposes of war not to exceed 10 per cent, of the total sum required.

All taxes collected for war purposes should be looked upon as a loan from the people to the Government, and be returnable after the war. These loans to carry the same interest as paid to the private banks on their fictitious loans.

There are three kinds of money used by the Government to finance the war: (1) Confiscated money; that is, money taken from us in taxation. (2) Bought money: savings invested by individuals. (3) Counterfeit money or credit created by the banks at

practically no cost to themselves.

If the banks can create money at practically no cost to themselves and receive on it interest for ever afterwards, why should we receive nothing on the hard-earned cash taken from us in taxation? Mr. Maynard Keynes, the English economist, stole this idea from us, turned it upside down, and by that perverse and devilish ingenuity only known to professional economists, turned an instrument of grace into an instrument of torture.

The Keynes plan adopted by the British Treasury, and being considered by the Federal Government, is a means for inflicting more taxation on the overburdened taxpayer under the pretext that he will receive some of it back after the war. You have only to think for a minute to see what a colossal fraud that is: The money taken from you by the Government is going to be spent; after the war it will no longer exist. How, then, is it to be paid back? That's easy to answer—the Government will tax you to pay it back to you. Surely it is time some of you people woke up and did something about the way in which this war is being financed. Don't you think it is time you stopped grousing and came to give us a hand.

An Examination of Contemporary Savagery

In writing his book "Human Nature Writ Large," Mr. F. Creedy has attempted to induce people who are studying sociological problems scientifically in academic circles to realise that in our Western Society the influence of mythology is rampant to a degree about equal to similar influences in primitive tribes; "the only reason it is not generally recognised being that we take our beliefs for gospel truth, though really they are not merely fabulous but extremely harmful" (p. 9). Unfortunately, the reaction of the vast majority of men is to say "Everybody believes these things, who am I to doubt them?" (p. 41).

"Most of the time, it would appear, we are merely human ants, automatically responding to the appropriate stimulus, bound fatally and completely by custom . . . Our minds are crippled by their training, as the Chinese women's feet are by foot-binding in infancy." (p. 49).

There is much in the book, which will be found to be challenging and stimulating to religionists. After dismissing asceticism as a mistaken idea, and exposing the evil of standardised or ready-made types of personality, Mr. Creedy goes on to say:—"Now that the social system does violence to human nature, real religion is about to be reborn," so that its function of producing "a harmony of values," and of producing "freedom from psychic conflicts" may be effective.

I found myself heartily in agreement with the following sentiments: "The very object of a rational and harmonious social system would be to see that no man was frustrated, and that every man has an opportunity to express all that is in him. No doubt we must combat with giants to bring about such a society. Very well, we will do so." (p. 367.)

It is possible that Mr. Creedy's programme of research, and his suggestions to implement the "vast changes" which he sees are impending may be worthy of consideration; but a social creditor would not have much patience with them at the present time. The money monopolists must first be ousted from their position of power in the Temple of our civilisation. —C. H. Allen.

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 "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 NSW 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

Tasmanian Treasurer's Intended Statement

I support the proposal brought forward by the Premier of Tasmania.

I remind the Council that at its meeting in November, 1939, it was resolved to raise £10,000,000 through the banking system, and that the minutes at that gathering record my protest as Premier of Tasmania upon the double grounds:

1. That the amount mentioned was insufficient in the circumstances of the day; and

2. That I consider that credit should be issued through the Commonwealth Bank only.

I remind the Council further that at the Loan Council held in Melbourne on January 19, 1940, I moved the following motion and received no support, namely:

"An approximate amount of £42,000,000 being required, this Council advises the Commonwealth Government to make arrangements for an extension of National Credit through the Commonwealth Bank solely of at least £15,000,000, the balance to be financed by a later Public Loan for war purposes only after effecting the arrangement with the trading banks suggested by the State of Tasmania."

At the last Loan Council a discussion on these matters was held to be out of order, and, therefore, Tasmania gave formal notice on the present occasion to raise the whole issue in connection with National Credit, and this has been done by the motion now moved by the Premier of Tasmania. I desire to be quite candid and clear in this matter when dealing with the technical application and facts of the present proposals from Tasmania, which, of course, bear a close resemblance to those brought forward by myself at the Loan Council in January, 1940.

The first question to be frankly faced is "What is meant by National Credit?"

I distinguish three forms of credit.

(a) Private credit—when one person or firm lends existing money to another; or allows time for him to pay for goods purchased.

(b) National credit—when the Commonwealth Bank creates new money and lends it to the Government or anybody else.

(c) Bankers' credit—when the trading banks create new bank deposits by lending to Governments or to business.

The distinction between Bankers' credit and Private credit is not generally understood, because the trading banks claim that they only lend existing money which has been deposited with them. The truth is that the greater part of the deposits of the trading banks has come into existence as a result of loans made by the banks; cheques were drawn on overdraft and paid into deposit accounts with the banks.

"Banks are not merely" purveyors of money, but also, in an important sense, manufacturers of money." (Modern Banking by R. S. Sayers, Lecturer in Economics in the University of Oxford, p.1. This is a textbook in the Universities of Sydney and Tasmania.) The other principal ways in which trading bank deposits come into existence are:—

(1) Through overseas borrowing for expenditure in Australia, or through an excess of exports over imports and overseas interest; the sterling and foreign currencies obtained from these transactions are sold to the banks in exchange for deposits.

(2) Through the expenditure of National Credit, in so far as the cheques drawn on the Commonwealth Bank are deposited with the trading banks.

(Deposits of cash saved up by members of the public are not an important source of deposits; they are usually offset by withdrawals of cash, since a certain amount of

To Loan Council BLOCKED BY MR. FADDEN

Hereunder we publish in full the intended statement, to last week's Loan Council meeting, by the Treasurer of the State of Tasmania (Mr. Dwyer-Gray) in support of the motion brought forward by the Tasmanian Premier (Mr. Cosgrove). As Mr. Fadden ruled the motion itself out of order, Mr. Dwyer-Gray's carefully prepared statement was automatically suppressed. It reads thus:

cash must be kept in circulation for cash transactions and change.) It is true that bank loans would not create deposits if the public abandoned its habit of making payments by cheques. In that case bank loans would cause a withdrawal of cash instead of an increase in deposits. The banks are only able to create credit because the public deposits the cheques that borrowers draw on their overdrafts. This is the basis of the bankers' claim that they only lend out again the money that is deposited with them. But as long as the public has a habit of using cheques the deposits are the natural result of the bank loans. The creation of deposits (Bankers' Credit) may be regarded as a co-operative process in which the banks and the public both play parts; but the public's part is normally an automatic one, and the initiative is taken by the banks when they make loans.

There are limits to the creation of credit by the trading banks. One limit is the availability of sound and willing borrowers. The other limit is the actual cash position of the banks, in relation to what they consider to be safe. Against its deposits and other liabilities the banks desire to hold cash reserves in Australia, and also cash reserves in London. When the trading banks create deposits by making loans, this does not add to their cash reserves. In fact, it reduces the percentage of their cash to their liabilities, because deposits rise while cash remains constant. Hence the trading banks will not create bankers' credit beyond a certain point, unless their cash possession is strengthened.

The other two ways in which deposits may increase, already mentioned, also involve an increase in cash. We may concentrate attention on the effects of National Credit, as this is the most important at present. When the Government pays out a cheque drawn on the Commonwealth Bank, and this cheque is deposited with a trading bank, the public's deposits with the trading banks are increased. The trading bank then presents the cheque to the Commonwealth Bank, which credits it to the deposits, which the trading banks keep with the Commonwealth Bank. These "bankers' deposits" with the Commonwealth Bank are part of the cash reserves of the trading banks, since they can always draw on these deposits if they wish. Thus the expenditure of National Credit increases both the deposit liabilities and the cash assets of the trading banks. In fact, it increases the percentage of trading banks' cash to deposit liabilities. Suppose the banks had £10 m. cash against £100 m. deposits, and receive deposits of cheques drawn on National Credit for another £10 m. This makes their cash £20 m. and their deposits £110 m; the percentage of cash to deposits has risen from 10 per cent, to 17 per cent.

2. THE PRESENT SYSTEM OF WAR LOANS.

The Commonwealth Government already claims, according to published statements, that it has

made some use of National Credit, as I have defined it. That is only partially true, because it has combined this with the use of bankers' credit; and has allowed the National Credit to be used as a basis for the manufacture of bankers' credit, to the profit of the trading banks.

For instance, let us assume that the Government has, in fact, borrowed and spent £10 m. of National Credit (i.e., subscriptions to loans by the Commonwealth Bank; the actual figures are not divulged). The trading banks' cash and deposits rise by £10 m. Suppose the trading banks' desire to keep a cash reserve of 25 per cent, to deposits. Their first step might be to lend 75 per cent, of the £10 m. to the Government; when the cheques were deposited again they would still have the £10 m. of extra cash; and their new deposits would now total £17½ m. The percentage of cash to deposits would now be much above 25 per cent so the bank could lend still more to the Government. The process need only stop when the new deposits rise to £40 m., assuming that none of the cheques are cashed. Even if we suppose that, as a result of this expenditure, the public wanted to hold an extra £2 m. in cash, leaving only £8 m. in the banks, deposits would rise by £32 m., without the cash ratio falling below 25 per cent. This would mean that the trading banks had been enabled to advance £22 m. to the Government as a result of the Commonwealth Bank's creation of £10 m. of National Credit.

Thus the Government, in this example, would borrow in all £32 m; of which £10 m. comes from its own bank, that is, from National Credit; and £22 m.

which is based on this issue of National Credit, but is now owed to the trading banks as a debt. The Government (i.e., the taxpayer) must pay interest to the trading banks, and after the war must face a dead-weight debt of £22 m. to the trading banks.

This system, according to Commonwealth Government spokesmen, is the best use that can be made of National Credit.

In effect, it may be claimed that the National Credit is used for war purposes, but incidentally, and more truly, it is used to make a profit for the trading banks, and to involve the Government in debt to the trading banks.

The figures given are naturally merely illustrative. If the Government has, in fact, borrowed from the Commonwealth Bank not £10 m. as assumed, but say £20 m., this does not affect the principle involved. So long as the Government makes a point of borrowing also from the trading banks, it assumes an unnecessary burden of interest and debt. If £20 m. of National Credit has been used, the trading banks, on the assumption of the above argument, might lend the Government £44 m. But it is only the issue of National Credit in the first place that makes it possible for the trading banks to lend such sums to the Government without an equal restriction on their other profitable activities. Notice also that the smaller the percentage of cash to deposits the trading banks wish to keep, the more they can lend to the Government; e.g., suppose their cash reserves were 20 per cent, and the Commonwealth Bank lends £10 m. Assuming a £2 m. rise in the public's cash holdings, the banks could keep on lending until their deposits rose to five times their cash; this would involve a rise in deposits of £40 m; and the trading banks would lend £32 m. to the Government.

3. THE DANGER OF INFLATION AND HOW TO MEET IT.

Returning to our original example of £10 m. of National Credit, and £22 m. of Bankers' Credit, suppose the £32 m. had all been borrowed instead from the Commonwealth Bank in the first place. This would mean

(Continued on page 5.)



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BRITISH DEMOCRACY'S SUPREME TEST AHEAD

It would be folly, indeed, to emulate the proverbial ostrich by refusing to see the seriousness of the present war situation in Europe and North Africa. However, the immediate significance of recent developments tends to be exaggerated. Hitler has gained control of most of Europe, but Britain though "blitzed," remains unbowed and is stronger than ever. The rest of the Empire is, of course, even more fortunate.

As to the potentialities of recent developments, they lie in the **future**, and the supreme test, in the military sphere, lies ahead; it has not already come and found us wanting. But it is close at hand, and Britons everywhere must see that they are NOT found wanting. Such personal qualities as courage, in our fighting men, will never be lacking. But that is not enough. Mechanised might must be met with mechanised might. To do this **adequately** and as **quickly** as is **PHYSICALLY** possible, the old taboo of **financial limitation** must be abolished. Completely and literally—**abolished**.

However, it is not merely necessary to see that sufficient money is forthcoming for ALL **physically possible** productive activities that can add something to our war effort. The question of where the money comes from, and upon what terms, must NOT be ignored. Of course, this does not mean a senseless haggling over petty details. Vital issues are involved.

If the private banks continue to **manufacture** astronomical sums of "fountain-pen money" to **lend at interest** to our Governments, British countries will become nothing more, in effect, than slave-plantations of the banks. That would be almost as bad as losing the war and becoming Hitler's slave-plantations. Astronomical sums of "fountain-pen money" will certainly have to be manufactured. But these must be manufactured by **public** financial institutions (we already have the Commonwealth Bank in this country), unless the private banks are prepared to do the job on the same basis as a private firm contracting to manufacture the other kind of money (notes or coins) for the Government—i.e., one trifling immediate payment for the actual work done, and no outrageous claim that the Government **still** owes the face-value of the money and must pay interest on it.

Furthermore, the incomes of the people must not be taxed so that they cannot buy needed foodstuffs and other goods that **ARE plentiful—or can be made plentiful—despite the physical demands of the war effort at the time. To do so is not only ridiculous; it weakens the health and morale of the people.** (For example, it is not necessary sacrifice, but sabotage, if Australians are compelled to curtail their consumption of apples while they rot in the orchards.) If any commodity becomes genuinely and unavoidably scarce, it can be rationed. An appeal for **voluntary** rationing should be sufficient, thus avoiding further bureaucracy, which entails friction and wasted manpower.

Another threat to British Democracy is the mania in certain quarters for **centralisation**. Centralisation of political and economic power strikes at its very foundations, besides making administration slow cumbersome and unwieldy—thus hampering the war effort. Britons must see that they are not strangled by bureaucratic red-tape while Hitler marches on. Centralisation of production in a few highly vulnerable cities is too obviously stupid and dangerous to be tolerated—and it indicates that productive resources that exist outside these cities are being neglected.

Again, there are those in our midst, and others abroad who profess friendship, who are in a great hurry to hand over British Democracy—lock, stock and barrel—to the mercy, if any, of an International Police Air Force enforcing the edicts of a body of International Politicians. Over these latter we Britons could **not have the slightest effective control; we would have lost the power to decide our own destiny and to carry out reforms of our own choosing, just as surely as if we had been absorbed into Hitler's "new world order."** Treason-

Still It Goes On!

"RAW MATERIALS FOR NAZIS. IMMENSE TRAFFIC ACROSS SIBERIA. New York, Tuesday. —The trans-Siberian Railway has become Germany's chief means of circumventing the British blockade, says the Shanghai correspondent of the "Daily News," who quotes trade observers as his authorities. These observers say that Japanese ships, loaded to capacity, are transporting materials to the Siberian railhead. The railway is carrying 100,000 tons of goods a month, including American cotton, fats and copper, East Indies' copra and sugar, and Chinese fats. Warehouses in Dairen and Vladivostok are overflowing with raw materials."

—Melbourne "Sun," April 23.

United Democrats' Report

From Headquarters,

17 Waymouth Street, Adelaide.

The Advisory Group which was formed at the Conference on April 5, has already got down to work, and after much cogitation some new and practical suggestions have emerged from their first meeting on April 8. These suggestions will be laid before the next business meeting of the United Democrats as recommendations. If they are adopted, there will be plenty of work for everyone in the coming months, Lunch-hour Addresses: On Friday, May 2, the speaker will be Mr. G. L. Morris, already well known to us as Secretary of the Council for Civil Liberties in South Australia. His address will be on "The Latest National Security Regulations." In view of the importance to us at present of certain of these regulations, it behoves us to give careful attention to what he has to tell us. Mr. Alec. Walker was booked for an address on Friday, April 25, on "Winston Churchill," but as this happens to be Anzac Day, his talk will be postponed till a later date.

Attention is directed to the resumption of the Social Credit Study Class on May 8. It will be conducted by Mr. F. J. Day, A.F.I.A. Nominal contributions to cover expenses only. Students should bring notebook and pencil.

U.E.A. Heckle Hour

One side of the subject, "Adequate Pay for Soldiers," was dealt with by Mr. George White the other side was taken by Mr. Jack. The speakers ably presented the subject to a small but interested audience. Your attendance would greatly assist in making these debates successful, so please come along with your friends next Tuesday night to Hovey Court (Housewives' Room), Collins-street, Melbourne—and may we ask you not to leave it to "the other fellow"?

The next subject will be "The Margarine Question," between the well-known debaters, Mr. J. McKenzie Taylor and Mr. Vern Wright. Leaflets for advertising these debates within the metropolitan area are now available from the U.E.A., McEwan House, Little Collins-street, Melbourne. If you can distribute some of these, it will be very helpful.

able suggestions of this kind must be shunned, however cunningly daily papers and Federal Unionists may "bait the hook."

Finally, there are some in high places who seek, under cover of war emergency, to rob us of the very democratic rights for which Britons have given their lives in the past and for which Britons are giving their lives **today**. (In this country, Regulation 42A, while, having the laudable ostensible purpose of empowering action against subversive activities, seems to be a loaded weapon pointing directly at those who, like this newspaper, presume to exercise the democratic right of free speech to the advantage of their country.)

These, then, are the issues, which British Democracy must face if it is to emerge intact. But British Democracy implies British democrats. Every Australian elector should remember that, and write to his or her member of Parliament about these issues — again and again, if necessary — to ensure that Australia shall not be found wanting in the supreme test that lies ahead.

TO THE NEW READER

At a time like the present, when there is no shortage of the real things needed to ensure comfort and liberty for everyone in the community, we yet find ourselves surrounded with poverty, fear and debt, while every day fresh inroads are made on our liberties through taxation and vexatious regulations.

In consequence of this, we find a fertile breeding ground for Fascism, Communism, and other varieties of change — some of which may possibly add to our material well being, but all of which exact the price of still further surrender of our reasonable liberties.

Parliament is rapidly falling into disrepute. Why? Because Parliament has lost much of its real powers to add to your liberties. Parliament can do little more than take away your liberties. Parliament is ineffective. For proof of this, read what Ministers are daily telling deputations which wait upon them. All sorts of desirable plans are put before Cabinets — plans for hospitals, schools, roads, etc. We have the men who are willing and anxious to do the work; we have the skill and experience; we have all the materials. Only one thing is lacking. That thing is finance. Finance is a matter of bookkeeping entries, of proper accounting for things done. In other words, finance is, or should be, a reflection of facts. Instead of this, we have allowed it to control practically all our activities.

Until this state of affairs is righted we shall never regain our prosperity or our liberties; and it can be righted through Parliamentary action in such a way as to, extend our liberties and without any interference with private property. Parliament is elected by the people. THIS MEANS YOU; and it is your duty to yourself, to your dependants, and to your fellow-citizens to give serious thought to those removable impediments which are preventing Parliament from doing its duty and which are stopping the further progress of our country.

The "New Times" has been established to assist you in getting at the truth of things. It is anxious to help you. You, in turn, can help it by becoming a regular reader and by getting your friends to read it.

The "New Times" is on sale at all authorised newsagents every Friday, 3d. Order it from your local agent. If he does not stock it, ask him to order supplies direct from Gordon and Gotch.

If you wish to subscribe direct, the rates, post-free, are: — One year, 15/-; six months, 7/6; three months, 3/9.

Riverina Monetary Reform Conference

At the above conference, held on Sunday last, the following resolutions were passed:—

"That while members and supporters are free to take any action they desire in connection with political candidates, this Conference does not approve of organised assistance which would associate the Movement with any candidate unless we could have complete confidence in his personal integrity, his willingness to regard himself as the representative and servant of his constituents, and his prior understanding and advocacy of the purpose and principles for which we stand."

"That the purpose of financial policy should be to give the whole of the people access in freedom to the resources of the country and the products of their efforts, so that no artificial restrictions control our freedom of choice or action in regard to any objective. We believe it is essential to expose those defects in the existing financial arrangements, which obstruct this purpose, so that the people may understand, and, through their representatives and experts, effect, the necessary alterations. To this end we believe it desirable to avoid unprovoked propaganda or criticism directed at persons or institutions of a social, religious or similar character, and that every effort should be made to unite the whole community in correcting a defective policy which lends itself to abuses and monopoly, rather than take action liable to create or encourage schism of any kind."

Action Wanted to Obtain Efficient Air-Raid Shelters

Attention is being drawn to the failure of the Federal Government to provide adequate air-raid shelters, and the fact that the present proposals are to provide basement shelters, which proved to be death-traps in England. The position calls for urgent action by campaigners, who are asked to circulate letterforms to Federal members, directing them to take the necessary steps to correct this matter. Letterforms are available from the United Electors of Australia, McEwan House, Little Collins-street, Melbourne. Prices are 1/6 per 100. Kindly let us know how many you can distribute. The letterform is as follows:

AIR-RAID PRECAUTIONS.

Citizen's Letter to Federal Member

Mr..... M.H.R. Parliament House, Canberra. Dear Sir, —I deem it my duty, in the interests of women and children, to advise you, as my Federal member, that I require your best effort to obtain the following:

- 1. Adequate deep air-raid shelters in all cities and suburbs, and not dangerous basement death-traps.
2. That the Federal Government accept responsibility for providing these—instead of placing the onus on the people.
3. That the Federal Government shall forthwith provide the necessary finance to all States and municipalities -- directly through the Commonwealth Bank, without interest charges.
4. That Parliament be immediately assembled to give immediate effect to these proposals. - Yours in earnest,

Signed
Address.....
Fed. Electorate.....
Date

The Loan Council Scandal

(Continued from page 1.)

Commonwealth bonds. (b) Public loan flotations should be limited to amounts within the capacity of the public market, as distinct from the trading banks and the Commonwealth Bank. (c) All other borrowing should be in the form of direct advances from the Commonwealth Bank. (d) Adequate steps should be taken to neutralise the increases in cash held by the trading banks, and to prevent an expansion of trading bank advances for purposes not consistent with the Commonwealth Government's war policy. The Loan Council further urges the Commonwealth Government to use its war-time emergency powers to make whatever legal arrangements are required to give effect to these principles."

In a statement prior to the Loan Council meeting, Mr. Dwyer-Gray said that "Mr. Fadden seemed to be in a most curious position, for, he had publicly claimed that national credit was already being used to the limit of safety; secondly, that the advocacy of national credit by four Parliaments was an invitation to Australia to commit suicide; and, thirdly, that the recent death of the distinguished Sir Harry Sheehan (Governor of the Commonwealth Bank) was particularly lamentable at the present time, because he was engaged just before his death in a profound study of national credit."

If there ever was any doubt as to where Mr. Fadden stands in the issue of the people versus the banks, there should be no doubt now. The attitude of the Federal Government was strikingly indicated in the "Argus" of April 7, by the following extract from a report by that paper's Federal political correspondent:

"The Government scored a tactical advantage over the advocates of monetary reform by keeping the £50,000,000 Loan Appropriation Bill out of sight until a few hours before the session was due to end. Its late introduction brought a storm of protest from those members who deplored the lost opportunity of explaining how much more effective is credit issue than borrowing—but the Bill was passed, although it enabled a handful of members in the Senate to cause extension of the sitting until nearly midnight."

LETTER TO THE EDITOR

Absurdity of Abstractions

Sir, —I am continually being confronted with such expressions as: "To the last man and the last shilling," "the new world order" etc. Their popularity does not necessarily spring from their authors, whether they be "noted authorities" or otherwise. It is usually created by the daily newspapers — which invariably mind everybody else's business and attempt to mould everybody else's minds.

It is high time we challenged the purveyors of pointless and abstract anomalies to call a spade a spade, and spare the public from the whirlpool of illogical mutterings. The time for fact facing and the definition of our policy and objectives is long overdue; the people are becoming restless in their desire for clarification. The more one studies the press, the more confused one becomes over the contradictory nature of the reports.

Tasmanian Treasurer's Intended Statement to Loan Council

(Continued from page 3.)

that the interest would be paid to the Government's own banks; and after the war, instead of the Governments being indebted to the trading banks for £22 m. it would owe itself £32 m.

The expenditure of £32 m. of National Credit is not in itself any more likely to cause price inflation than the expenditure of a similar sum of bankers' credit. In both cases the result is a net increase in the expenditure of money. In both cases prices will rise if there is no increased flow of goods and services to meet the expenditure; they will not rise if there is a sufficient increase in production.

There is, however, this difference. If the whole of the £32 m., to which reference has been made, is obtained from the Commonwealth Bank in the first place, the expenditure of the cheque will cause the cash and deposits of the trading banks to increase by £32 m. less any increase in the public demand for cash. The greatest danger of inflation lies in the possibility of the trading banks using their additional cash as the basis for the creation of Bankers' Credit, which they might lend to private industry. This would enable private industry to compete with the Government for command over the available labour and materials; and prices and costs would be driven up by this competition. When the Government spends £10 m. of National Credit, and borrows the other £22 m. from the trading banks, it neutralises their extra cash, and prevents them from using it as a basis for loans to private industry. Thus it removes the danger of a cumulative expansion of uncontrolled credit, and the additional risks of inflation, which that would bring. But, as noted above, its method of removing this danger involves an interest burden and a dead-weight debt to the trading banks. Also this method is no safeguard against the danger that production will not increase rapidly enough to meet the expenditure of the £32 m.

If we want to use the National Credit for the full £32 m. we must adopt some other method of neutralising the extra cash, which this would bring to the trading banks. In evidence before the Royal Commission, the Commonwealth Bank suggested each trading bank should be required to keep on deposit with the Commonwealth Bank a sum equal to a

certain percentage of the trading banks' liabilities to the public. The Commonwealth Bank considered this to be necessary, even in peacetime, and the Commission recommended it, in a modified form. If a similar measure were adopted now, it would be possible to raise the percentage whenever the trading banks appeared to have surplus cash. A further method of control would be to require the trading banks to submit regular returns to the Treasury, analysing their loans to businessmen and others, according to the types of business. No doubt the trading banks, if they desired to help the war effort, would accept the Treasury's guidance as to any branch of business, which should not be allowed to borrow additional amounts in wartime. The Government already supervises public capital issues in this way; why should it not also supervise the trading banks' issues of capital to their customers?

The net effect of such control would probably be an increase in bank deposits without any similar increase in profitable channels for the investment of the trading banks' funds. This does not appear to be an undue sacrifice to ask of the banks in wartime; and if the cost of handling these additional deposits became embarrassing, the banks might reduce the interest they pay on fixed deposits, or impose a small service charge on current accounts.

If such a policy were adopted, there would only remain the same danger of price inflation as already exists under the Commonwealth's present policy, namely, that the additional expenditure out of loans might rush ahead of the flow of production. This danger can only be met by rationing of materials and such labour as is in short supply according to a system of priorities, and by making the most efficient use of the materials and labour at our disposal. This danger also places a limit upon the extent to which borrowing rather than taxation should be used for war purposes. But the proposals advanced above are concerned only with the methods adopted to raise such money as cannot be obtained from taxation.

4. SUMMARY OF PROPOSALS

The purpose of the proposals is not "to get something for nothing"; it is to arrange for war time borrowing in such a way as to reduce the burden of the war debt to a minimum, and to ensure that the National Credit shall be administered in the interests of the people, and not used to put extra profits in the way of the trading banks.

The method proposed is to borrow whatever sums cannot be raised from taxation, from the public (genuine savings) and from the Commonwealth Bank (National Credit); and to exclude trading banks from all participating in public loans. Since the effects of such a policy, with borrowings on their present scale, will be to render the trading banks extremely liquid (when the cheques drawn on the Commonwealth Bank are deposited with the trading banks) it will also be necessary to neutralise the addition which will be made to their cash, and to exercise a closer control over their lending policy.

The detailed measures, which will be required, can be prepared by experts, provided the fundamental points of the purpose and method are laid down in advance. The administration of such measures would normally be in the hands of the Commonwealth Treasury and the Commonwealth Bank; although the Loan Council might be kept informed of problems as they arise.

THE ENEMY WITHIN THE EMPIRE

A Short History of the Bank of England

By ERIC D BUTLER

People who urge that the present disastrous financial policy of needless debt and taxation should be abolished in order to allow the British peoples to win this war FOR THEMSELVES, in the shortest possible time, are sneered at by our financial "experts," who tell us that "we must pay the cost of the war."

We agree. But the real cost of a war is the sacrifice in men and materials. This cost is paid as the war is fought. Under the present financial swindle the people are sacrificed in order to pay financial tribute in the form of taxation for all time. To ask men and their families to pay the interest bill for all time on the materials they used to defend themselves is little short of treachery.

Those who think that we should be sacrificed to an insane financial policy at the end of the war might note that Britain, during the last war, actually increased her assets by 25 per cent. This was done in spite of the millions of men taken out of production and doing the fighting in France. When these men had won the military conflict, they came back to civil life and started producing further goods. In 1919 Britain possessed the greatest industrial machine in the world. She was in the position to give her people the highest standard of living the world has yet seen—in fact, a land really fit for heroes to live in.

But, as we have seen previously, while the British people were standing up to the German military machine, the financiers were plotting to obtain even a greater control of the nation. No wonder that Williams Jennings Bryon, the famous American statesman, once said: "The money power prays upon the nation in times of peace and conspires against it in times of adversity."

We have already dealt with the sinister Cunliffe Committee, and its recommendations to put Britain back on the gold standard after the war. Dealing with these recommendations, Mr. A. N. Field, the New Zealand writer, has stated: "The recommendation of the Cunliffe Committee was for the maintenance of a complete and effective gold standard.' In plain language, this simply meant that the enormous debt incurred in 8/- and 10/- pounds should be paid back in 20/- pounds. The nation was saddled with a debt more than ten times that existing in pre-war days, in nominal value; but in actual value, in consequence of the depreciation in the purchasing power of the pound, about five times the pre-war debt. This committee recommended that the load on the back of the people should be doubled by a restoration of the pound to the value it had possessed before the banks had lowered its value by lending thousands of millions of imaginary money.

"To realise the enormous fraud which was perpetrated by this juggling with money it is sufficient to take one example. An important

item in munitions manufacture was copper. A good deal of this was purchased from the United States. In a publication at hand it is stated that the average price for copper in the United States during the ten years preceding the war was 16.2-3 cents per pound; the war price was 27 cents per pound. Commodities bought with 8/- and 10/- pounds at wartime prices of this sort were lumped in the huge bill tied round the nation's neck, to be paid off in 20/- pounds. In the words of Mr. Reginald McKenna, in his annual address as chairman of the Midland Bank at this time, the whole proceeding was 'repugnant to every principle of equity and economic propriety.'"

Dealing with the recommendations of the Cunliffe Committee in a series of articles in the London "Times" from May to October, 1918, "Mr. Arthur Kitson said:

"... The nation should be on its guard to see that the war debt is not enhanced by some jugglery with our legal tender after the war... The method is so insidious and can be accomplished so easily that the public may be cheated before they are aware of it. The war debt has been incurred in cheap pounds, and honest dealing requires repayment in pounds and commodities of the same value as when the debt was incurred.

"To raise the value of money after the war is an old trick of the financiers. ... At all costs a repetition of such jugglery should be prevented."

MONTAGU NORMAN TAKES CONTROL

In spite of the warnings of Kitson and others, the policy of deflation was introduced in 1920 by the new Governor of the Bank of England, Mr. Montagu Norman. He introduced Wall Street's deflation policy.

Norman was a former partner in the banking house of Brown, Shipley and Company, the London end of Brown Brothers and Company, international bankers, New York. He was partly trained in America. He became Deputy Governor of the Bank of England in 1915, and Governor in 1920. Immediately upon his rise to the Governorship, Dr. Oliver Sprague, of the Federal Reserve Board, which is dominated by the Wall Street group, Warburgs, etc., was sent over from America to help him with his task.

Within three years of Norman taking control Britain was reduced to chaos. Unemployment figures rose to approximately 2,000,000. Men who fought to beat the German military gangsters were stabbed in the back by the financial gangsters. Shipbuilding yards closed, never to open again. Slum areas increased, while the defences of the nation were whittled away. There was no money! Millions of British people have lived in hell under the dictatorship of Norman and his Wall Street friends. It is a magnificent tribute to the millions of people in Britain who have been crucified by the financial system for so long, that their morale has remained unbroken under the Nazi blitzkriegs.

In 1922 Mr. Norman went to America with Stanley Baldwin to fix the American debt. The result of this visit was to "fix" the British people more firmly under the heel of the Wall Street group. Stanley Baldwin immediately afterwards had a meteoric rise to the Prime Ministership of Great Britain, and played a traitor's role in introducing Planning and Boards—part of the Bank of England's programme of Socialism, as we will see later—and acquiesced in the reduction of Britain to a second-rate Power.

When Mr. Montagu Norman returned from America with the Debt

(Continued on page 7.)

£250 WANTED IMMEDIATELY £250

Have YOU Helped Yet?

In our issue of February 21 we launched a determined campaign through these columns, in conjunction with an appeal-by-circular from Mr. Eric D. Butler, to raise £250 immediately; also to increase our circulation by an extra 1000 copies per week.

As we go to press we have received £227/19/5. This leaves the comparatively small sum of £22/0/7 to be contributed by the many thousands of readers who have not yet contributed. Are you one of these? Please send your contribution immediately, however small. Don't fail those who have already contributed.

We extend our thanks to the following donors, and although receipts have been posted to them we publish herewith their initials, etc., as an indication of the nation-wide character of the response:

(Previously acknowledged, £216/18/-.)

J.McK., Molyullah, Vic., 10/-; Miss M.B., Mildura, Vic., 4/-; "Welding Shop Group," Newport, Vic., 15/-; L.W., Preston, Vic., 2/-; H.G., Theodore, Qld., 13/6; "Boongie," Nth. Qld., 5/-; Mrs. J. C., Osborne's Flat, Vic., 5/-; P.S., Axedale, Vic., £1; Mrs. I. O., E. Malvern, Vic., 5/-; Mrs. J. L., Corrigan, W.A., 6/-; W.J.H., Plympton, S.A., 1/3; "Anonymous," Culgoa, Vic., 10/-; A.J.P., Healesville, Vic., 2/6; Mrs. D. B., Tullamore, N.S.W., 2/6; A.G.K., Brisbane, Qld., 2/-; Mrs. B., Mt. Hawthorne, W.A., 2/-; C., Victoria Park, W.A., 5/-; P.S., York, W.A., 10/-;

C.T., Hobart, Tas., 5/-; W.J.C., Sth. Yarra, Vic., 10/-; A.E.L., Camp Hill, Qld., 10/-; C.T.E.S., Albany, W.A., 2/6; W.F.S., Tamworth, N.S.W., 2/6; B.C., Hobart, Tas., 10/6; M.S., Clayton, Vic., 5/-; S.S., Hurstville, N.S.W., 1/8; R.G.B., Bondi, N.S.W., 5/-; J.P., Paeroa, New Zealand, 5/6; H.J., Paeroa, New Zealand, 5/6; J.A.P., Pingrup, WA., 5/-; G.T.F., Essendon, Vic., 3/-; G.S., Holyoake, W.A., 10/-; T.R., Malvern, Vic., 2/-; J.M., Wagin, W.A., 15/-; H.G., Muntadgin, W.A., 2/6.—TOTAL: £227/19/5.

CIRCULATION MUST BE INCREASED

In conjunction with our appeal for the minimum sum of £250 we have been appealing for a big drive to increase our circulation by at least 1000 copies per week. Although the response to this appeal has not been as successful as we would desire, we believe that this increase can be obtained, and this is one of the main objectives of the proposed country tour by the Editor (Mr. H. F. Allsop) and Mr. Eric Butler. New readers can be signed up at meetings if supporters will co-operate in obtaining meetings. New and increased enthusiasm can be stimulated right throughout Victoria if Mr. Butler can obtain some of the big meetings, which he obtained last year. If readers will only get the meetings, Mr. Butler will do the rest.

BIG COUNTRY TOUR PLANNED

Readers throughout Victoria are requested to communicate with Mr. Butler, c/o Box 1226, G.P.O., immediately. Some readers have already written in. Mr. Butler will communicate with these people as soon as a rough itinerary can be drawn up. Press publicity and advertising material will be forwarded.

WE NEED YOUR ASSISTANCE IN THIS CAMPAIGN

FINANCIAL BLUES

By FOOTLE

"I say, old chappie," I asked Pongo Pyke one morning, "D'you ever read that frightfully learned stuff in the no man's land of your daily paper?"

Pongo seemed doubtful. "D'you mean those snappy pars about worms just past the ad. for soiled undies or something, and before you get to 'Indignant' and 'Patriot'?"

"Pull yourself together. I'm trying to direct your attention to the 'Facts of War Finance.' They're terrific, old man, they really are. D'you know, when I read about them my heart ached. The chappie who was unearthing 'em seemed so frightfully blue, doncherknow—as if he had made a soul-saddenin' discovery which blew sky high the calculations of a lifetime. D'you know, I didn't think anything ever got these economic blokes down. 'Look at what they've done,' I always tell myself. They always raise a moan about depression and sacrifice, but has there ever been a case in history when a war stopped because there wasn't any money?"

"I dunno," said Pongo. "Has there?"

"Noone's ever heard of it. So, naturally, when the economists start to moan I just say to myself, 'No money, indeed! Ha! I should laugh. Sacrifice! What ho! You wait till the financial boys get busy. They'll show you.' They always seemed to me to have a sense of humour. But this direful dirge, this remorseful recession, this funeral finance, it's—dash it—it's unreal. Something's come over the boys."

"I think someone should take it up, doncherknow. I mean to say, it's all very well in peacetime for a monthly bank circular to philosophise about this an' that like Pilate or whoever it was. But in wartime every assault on the public morale is a blow struck for Germany. Agreed?"

"Tell you later," gloomed Pongo. "I'm waitin' to know what it's all about."

"Well, the monthly circular of the National Bank of Australasia asks, 'what can money do? It cannot fight wars. It cannot produce brave men. It cannot grow food or machinery.' Pessimistic doncherthink? I mean to say, here's this bloke Fadden shoutin' himself red in the face exhortin' us to make our money fight. It's no use having men and factories and materials if you haven't got money. Then right in the middle of all this Fadden enthusiasm for money comes this note of doom, 'What can money do?'"

"Mind you, I think the writer just let the blues get away with him, for although he says, 'It cannot fight wars,' he always says three sentences further on, 'The most it can effect in these times is the provision of a method which enables the Government to pay our Forces and purchase the munitions and equipment they require.' That's a relief, doncherthink? Of course, the trouble with me is that I never thought money could do any more than things of that sort — I mean paying creditors and all that. It would never have occurred to me at any rate to reply to Hitler's tanks and aeroplanes with rows of noughts."

"But this bloke evidently feels that money has let him down. He's most frightfully fed up. He goes on and on. 'Money is neither food nor shelter nor guns nor ammunition. Money doesn't add to the number of our effective fighting men.' Money doesn't do this! Money doesn't do that! Can't we do something to comfort the poor blighter? You know, while he's in that frame of mind he's liable to commit suicide if someone dies and leaves him some more money."

"D'you mean to say," bellowed

Pongo, "that you've missed the point of what he's tryin' to say?"

"Hi! Cheese it." I remonstrated. "Trying', indeed! I like that! There's two whole columns of it, and it's all about what money can't do. I mean to say, even if I'm as feeble as Aunt Ella says, I'm bound to admit I never really thought money could buy anything unless the thing happened to be there."

"He's trying to tell you that increasing the money tokens won't increase the goods in existence."

"I see what you mean. Money doesn't really matter at all. I mean, since it has no relation to the goods in existence, it won't make any difference whether we have lots or hardly any."

"I didn't say that."

"Righto! Let's start again. The goods in existence can't be increased."

"I didn't say that, either."

"Well, I wish you would say what you did say. I'm no good at this 'Clumps' game -- especially when you mix it up with money."

"Listen!" hissed Pongo. "Suppose there are a thousand people, a thousand dinners and a thousand shillings. Would it increase the people or the dinners if you increased the shillings?"

"Naturally not. But there'd be some shillings over for something else maybe."

"Ass! The dinners are symbolic. They stand for everything that can be bought."

"Well, what about it?"

"Don't I keep telling you? What's the use of increasing the money?"

"Well, who wants to in a case like that? That would be daft. I mean, you've just proved that we've as much as we can get of everything, that everybody gets enough—or haven't you?"

Pongo glared. "I didn't prove everybody had everything. I merely used a hypothesis."

"Well, I think you're goofy, old fellow. Why pick on that one? Why not assume there are 1,000 dinners, 800 people and 500 shillings—the shillings mostly in the hands of the first dozen or so? It's all jolly fine for you to assume everything's all right so's you can prove it's all right . . . Oh, well, you needn't play if you don't want to. Let's go back and see if we can help this poor bloke. You see in spite of his gloom over the failure of money to be everything and do everything, he does kind of grasp that in the material world things are more important than symbols, but when he asks me, forsaking all other, to believe that none of the things we have can be increased except by war, I boggle, old thing, I boggle."

"Oh, and there's another thing. He makes out such a thundering good case for the unimportance of money that it's hard to understand why he's so hostile at the people who don't agree with him. I mean, if it's as unimportant as all that it can't really matter if it turns out to be important . . . Oh, well, don't bother. But this is where he gets all worked up about what he calls 'cost free' credit. He doesn't believe in painless birth. Something's worrying the poor old egg."

"The only thing he seems to be quite sure of is that the ones who understand money should be allowed to make it and own it all, and that everyone who doesn't think so should be shot as a Nazi spy."

"On the whole, Pongo mine—a Selling Plater. Agreed?"

THE ENEMY WITHIN THE EMPIRE

(Continued from page 6.)

Settlement, Mr. Bonar Law, Prime Minister of Britain at that time, is reported to have said: "If I sign this I will be cursed for generations." Nothing more prophetic could have been uttered.

That Mr. Norman had the "right" outlook for his job of controlling the British Empire will be seen from the following significant extract from John Gunther's book, "Inside Europe":

"Once, amiably chatting with a banker friend, he (Norman) listened imperviously to the argument that the gold standard would impoverish Britain in the long run. 'Tell me,' Norman is reported to have said, 'do you think it better to be rich than to be poor?' His friend replied: 'Well, I have been poor, and now I am fairly rich, and I hope to be richer.' Norman replied that he was not sure but that countries, which were too rich, went to pieces; he pointed to the example of Periclean Athens and Imperial Rome. His friend did not reveal the substance of the conversation; the indication that the Governor of the Bank of England might consider it his duty to impoverish his country for the country's benefit would not have been too popular."

Just like Hitler and other gangsters: "I know what is good for you." "I will have you thrown into a concentration camp and have you beaten to death with a rubber truncheon," says Hitler. Norman and his associates are more subtle. The British people are much harder to deal with than the Germans. "I will have you living on the dole in slum areas. It is good for you," says Norman.

Civilisation will never be safe until the Hitlers and Normans are removed from control.

SOME INTERESTING QUOTATIONS

Apart from the actual history of what took place after the last war, the following quotations, which I have selected from a variety of sources, leave no doubt that even many orthodox people realised that the control of the financial policy of Britain had been transferred to Wall Street:

... "The City, the financiers and the moneylenders in New York and Paris, refused to put up credits in support of a balanced budget"

"They wanted humanity crucified on a cross of gold. We declined absolutely, and resigned . . . Twenty men and one woman—a British Cabinet—waited one black Sunday afternoon in a Downing Street garden for a financial decision from the Federal Reserve Bank of New York."

—Thomas Johnston, M.P., Civil Defence Commissioner for Scotland, and Lord Privy Seal in the Ramsay Macdonald Labour Government.

"Many nations may laugh at our State Department, but all must tremble before our Federal Reserve Board . . . High money rates in the United States of America early in 1929, for instance, forced an increase in the official bank rates at once in England, ten European countries, in two Latin-American countries, and two in the Far East; and in almost every case that action restricted business and brought suffering to millions of foreign workers. That blow hit Britain hardest of all."

—Mr. Ludwell Denny, well-known American banking authority, in his book, "America Conquers Britain," published in 1930.

"Never in the history of the world has so much power been vested in a small body of men as in the Federal Reserve Board. These men have the welfare of the world in their hands, and they could upset the rest of us either deliberately or by some unconscious action."

—Sir Josiah Stamp, Director of Bank of England, reported in the "National Bank Monthly," February 1926.

The memoirs of the late Lord Snowden, who was Chancellor of the Exchequer in the Ramsay Macdonald Labour Cabinet, reveal the fact that during the 1929-32 depression Wall Street demanded a reduction in the British unemployment dole. Lord Snowden said: "On Saturday, the 22nd August, the situation was hectic. The Bank of England submitted to Mr. Harrison, the president of the New York Federal Reserve Bank, the tentative suggestion for a reduction of unemployment payments . . . Mr. Harrison replied by telephone that, while he was not in a position to give the answer until he had consulted his financial associates, his opinion was that it would give satisfactory assurance."

"The interdependence of the money policies of the U.S. and Great Britain, or—not to put too fine a point upon it—the dependence of the latter upon the former, has been dramatically demonstrated. We are informed that the bank rate must certainly be raised from 4 to 5 per cent, next Thursday. There is nothing in the present position of British Industry, which would in itself call for an increase in the rate . . . The incident seems to show clearly who it is that cracks the whip and obeys the signal."

—Sir Josiah Stamp, in a letter to "The Times," London, February 3, 1923.

"Nor is the growing importance of American finance in international trade an assuring event. One of the things that can be assumed as a certain consequence of the war is that finance is to hold a more important grip on international industry than hitherto, and that in their own interests communities must protect themselves so far as possible against an imperious international financial trust."

"In any event, it is quite clear that this country will have to watch not only Lombard Street, but Lombard Street and Wall Street."

" . . . For finance can command the sluices of every stream that runs to turn the wheels of industry, and can put fetters upon the feet of every Government that is in existence. Those who control finance can paralyse the nation, can make it drunk, can keep it normal. And in all their transactions their own interests are put first. Of course, these interests are involved in the general interest. They cannot flourish in a dead economic state."

"But they fix exchanges, bank rates, capital values, they can tighten or loosen the purse strings of Governments and manufacturers; they control the means upon which the political and industrial State depends for its existence."

—Mr. Ramsay Macdonald, in "Socialism, Critical and Constructive." "The Prime Minister, at his interview with the junior Minister on Monday, said the proposals which the Government submitted to the Bank of England had to be telephoned to America to see if they could be approved of there."

—Mr. Ernest Thurtle, Labour Government Whip, in the "Daily Herald," August 27, 1931.

Speaking in the British House of Commons on September 10, 1931, Mr. W. Graham explained how the British Government was forced to reduce the dole rates at the instigation of Wall Street: " . . . it was specifically put to us (the late Ministers) that, unless one item in particular—a 10 per cent, cut in unemployment benefit, to yield £12 250,000—was included in the programme, it would not restore confidence, and we were told that no other item could be put in substitution

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J. B. Priestley, a City Editor and the Banker

(Continued from page 1.)

a dodo defending its egg. What is the reason for Hobson's choice?

Some say he was acting at the instigation of the Society for the Preservation of Ancient Monuments. Such a body would doubtless be concerned to save this interesting historic relic from destruction.

Others say he was moved solely by a chivalrous impulse. It is but a few weeks since "The Times," turning its back on the faith of its fathers, hinted that our banking system was 50 years out of date.

His motive, I think, was deeper than that. He is concerned for the rational morale. He is thinking of the future. There is only one reason for defending a system which does not deliver the goods.

The productive capacity of modern industry is so great that if

no restriction were put upon it the soul of the nation would be in jeopardy.

The people would wallow in swinish excess. Their vitality would be sapped by surfeit and their energies dissipated by riotous living.

What (Mr. Hobson asks himself) shall save our people from this soul-destroying satiety? What shall deliver them from the fate of Babylon?

Clearly, if virtue is to triumph in this struggle and the world be made safe for plain living and high thinking, we cannot have a financial system which delivers more than a fraction of the goods.

This brings us to the question of our Peace Aims. Amid all the doubt and hesitation which surround this subject, and all the welter of conflicting opinions, it is gratifying to find at least one man whose faith is unshaken and whose mind is free from doubt.

Last February Mr. Hobson told the readers of the "News Chronicle" that this is a war for the Gold Standard.

THE ENEMY WITHIN THE EMPIRE

(Continued from page 7.)

... Let the House be under no misapprehension. It was because of an outside insistence upon that specific point that the late Government broke."

"To propitiate Wall Street, British industry is to be taxed another 1 per cent. From the list of directors of the Bank of England we publish (under the heading of "Our Masters: Who's Who at the Bank: Who are the Financial Dictators of Great Britain?"), it will be seen how few of them are engaged in the daily uphill task of making good and finding markets.

"We have to face the fact that the power of the world today is in the hands, not of kings or governments, nor of armies or navies, but of financiers."

—"Sunday Dispatch," August 16, 1931.

On the previous day the Dean of Winchester had written in "The Times": "The recent experience of Australia shows us that the banking community is at long last a very effective Second Chamber."

On September 25, 1929, following a rise in the London bank rate, the editor of the "Daily Express" said in an open letter to the Governor of the Bank:

"Among your colleagues are several who are closely identified with large foreign interests, and who may be tempted to consider questions of current policy from the standpoint of international finance. But the Bank of England is, or should be, a British institution serving British interests."

The questions which every Britisher, loyal to the principles upon which the British Commonwealth of Nations has been built and the sovereignty of the Monarchy—particularly in the issue of the nation's money supply—should ask: "Are the British peoples still controlled by a financial policy dictated by a group of aliens? Can we hope to preserve British institutions and British culture under such domination?" (To be continued.)

The Fruits of Federation?

Readers of the "Argus" may recall an article recently by Prof. Chisholm, in which he referred to America, and her "Genius for Union": holding up the Federation of the United States as an example of the "benefits" that would follow a similar federation of the various States of Europe.

"Gun Battle Kills Four on U.S." The following report appeared in the "Argus," April 16, on a fresh industrial dispute that has broken out in America. Coalfields.—New York, Tuesday.—Tragedy again overshadowed the Kentucky soft coalfields this morning when four men were killed and about 20 others wounded in a serious gun battle in which machine-guns were used.

This could almost be the "International Police Force," we hear so much, about, "convincing" the people (in this case the Kentucky miners) that something they didn't like really was the best thing for them after all.

The Plot Thickens

"English - speaking Union's Centre. The English - Speaking Union has acquired a site at Hamilton, Bermuda, on which it plans to set up the world centre of the organisation.

A large three-storey building with extensive grounds will be opened on February 10 in the presence of British, American, and, possibly, Canadian representatives, says the "New York Times."

—Sydney Morning Herald, April 12.

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