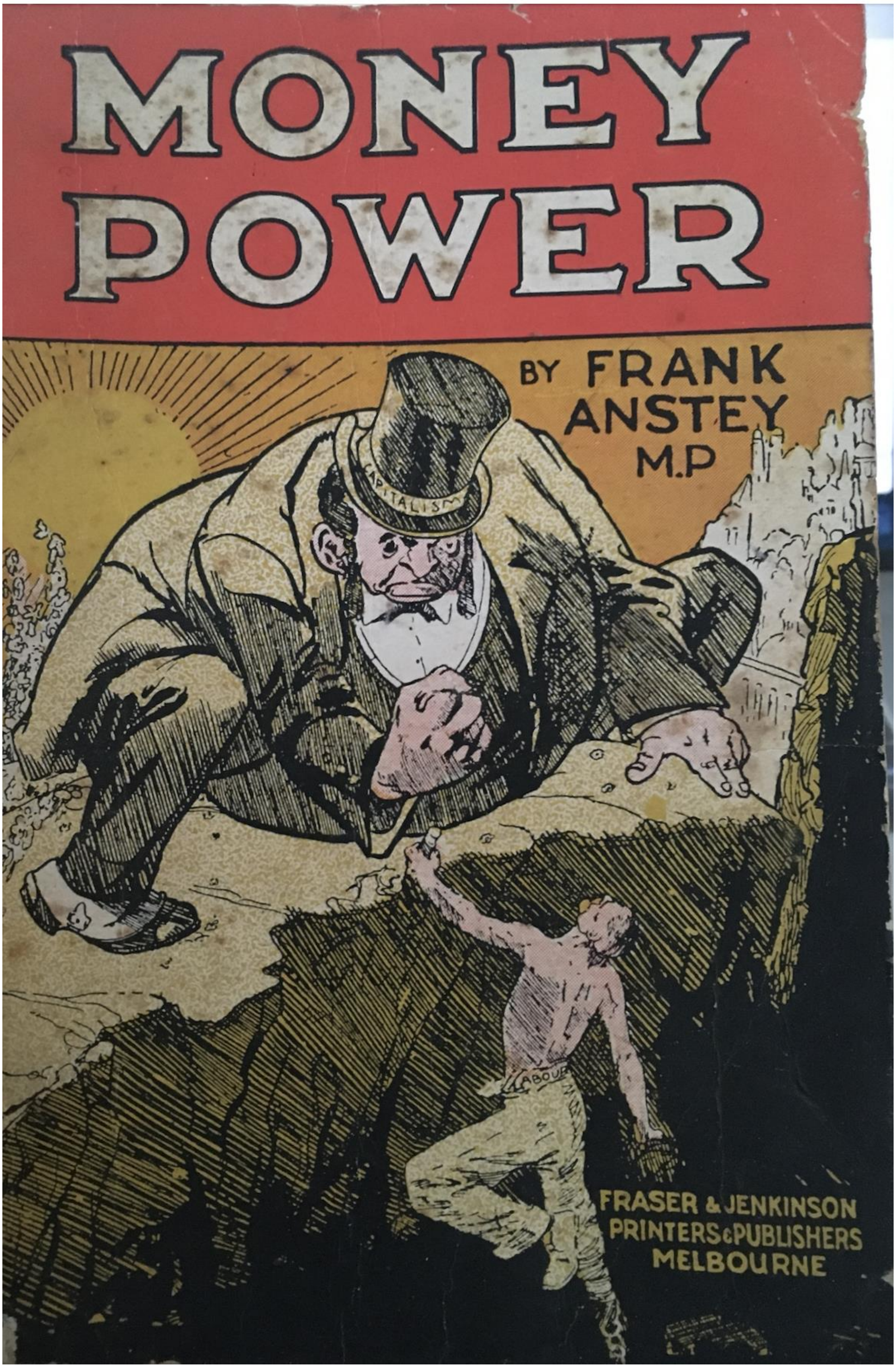

Australian Natives Association Library
Frank Antsey's 'Money Power' 1921

MONEY POWER

BY

FRANK ANSTEY, M.P.

"The Oligarchy of Finance possesses more wealth, more power, more control over the destinies of the human race than any class or caste ever possessed."

—T. Quelch

Melbourne:
FRASER & JENKINSON, Printers and Publishers 343-5 Queen St

THE "INTRO."

In 1916 I wrote a series of articles on banking, currency, and "war loan" trickeries. Those articles were rigorously censored, many of the facts being either distorted or suppressed. In 1917 those emasculated articles were published in book form, and at once (Sept., 1917) the military censors organised raids and seizures and declared the book "absolutely prohibited in any form whatever."

A few days later (3rd Oct., 1917) "George Pearce, Minister for Defence," added a new clause to regulation 28 of the "War Precautions." Any person who sold or gave or distributed or delivered, or carried on his person, or kept on his premises, "or received through the post or otherwise" any copy of a prohibited publication, was liable to six months imprisonment, or to a £100 fine, or both, or if prosecuted "upon indictment" then short of death itself there was no limit to the punishment that might be inflicted. All that was needed to put a man away was to send to him a prohibited publication, and then denounce him for having it in his possession. Under those circumstances few "Shylocks" went into circulation.

Yet "Shylock" did not deal with the merits of the war. It dealt with the economic causes of war, and the inevitable "aftermath." It dealt with modern wars and their distinctive financial characteristics, and it said nothing that was not permitted to be freely said in every country at war except Australia. As a matter of fact the book contained dozens of statements from financial and other journals in England. Statements freely, made in England without fear of suppression—were here prohibited.

For the time being the military censorship is in recess. The suppressed facts therefore see the light of day, and the material within the suppressed book is once more placed upon the market. Five more years of history have brought more facts necessitating much re-arrangement, especially in connection with recent economic events within Australia. Therefore, for the majority of readers this book will be as new in material and structure as it is in title.

"The War to End War" has finished these two years. The "New World After the War" and the "Green Fields of Perpetual Peace" are no longer unveiled to the gaze of admiring audiences. All the mirages have disappeared, and in their place come the pressure of governments squeezing from the masses the wherewith to meet the demands of the oligarchy of bondholders whom the "War for Democracy" has made more powerful than ever.

The burden of "Interest" is equivalent to an indemnity imposed by a foreign conqueror. It continues to increase, not merely from the process of fresh borrowings; but from the heavy blackmail imposed by the "High Financiers" at every renewal of the old mortgages.

This blackmail is not restricted to war loans. It is applied to all the pre-war debts of the States. Their renewed mortgages are only renewed at doubled or nearly doubled rates. Apart from wages and material, these increased interest charges upon the old obligations increase the maintenance costs of public utilities by millions of pounds per annum. These additional millions per year are paid away for, nothing in return—no service, no product. Moreover, the more prices of products fall the more and more products must be sold to meet the demands of "Interest."

Financial Capitalism is determined that Interest shall be met by scraping down the wages of Labor. Thus, responsible statesmen declare that "wages would have to be reduced"—but nothing is said about Interest. Thus the daily press carries on persistent propaganda in favor of lower wages; but declares that the high rates of interest are "SACRED," therefore Labor must be broken on the wheel that these "Sacred" obligations may be met. For these sacred purposes we have the rapid co-ordination of the police and military forces: unified command carried to the point in some States of placing both agencies, the bayonet and the baton, under one man, one ordre militaire.

In order that forty millions may be annually paid to the Bondholders at home and abroad, the standard of life for the workers is to be systematically reduced—that's the situation.

In a foreword to "Shylock" I used these words: —

> *"This movement of ours talks of the instruments of production, distribution and exchange. Of the first two we hear much and read much. Upon the last we are silent in speech and policy. Yet in the modern world the last is fundamental in industry, in statecraft and in war."*

Thus Capitalism controlling the "instruments of Exchange" controls the Governments or diverts their philanthropic endeavours into channels harmless to the Capitalist system. Thus the Russian Communist Government as a first step took possession of the institutes and instruments of exchange and whatever else was left for future decision, these were not. It needs not belief in the Russian Government or in the principles for which it stands to see, as a fact apart, that the control of the instruments of exchange has been the basis of its statecraft, its propaganda, and of its titanic struggle against the world effort to destroy it.

All Governments, whether Liberal, Labor, Socialist, or Communist, all alike have got to face the problem of "financing" whatever they do—whether they call it reform or revolution. No change in the mere machinery of Government; no change in the industrial ownership or workshop control will be of permanent value while an annual tribute of £40,000,000 continues to be torn from production to fatten foreign and local bondholders. While that exists even the Socialist State would be but a mere collecting agent for the holders of the £800,000,000 blister on Australian industry, and so long as Great Britain stands upon her legs and her navies float upon the seas, so long must Australia's obligations to British financiers be met, irrespective of the character of Australian Governments or the composition of her industries. Repudiation, so easy to say, would impose upon the country economic difficulties and boycotts as burdensome as the load of interest from which it was sought to escape. On the other hand, any policy, Labor or otherwise, which is based upon further indebtedness and further additions to the load of interest only pushes the country from bad to worse. And the futility of the effort is not neutralised by nicknaming it "progress" or "reform."

Yet the nation may do as did Lincoln: *"Rose resolute; and like the sea called stream Tore new channels where he found no way."*

It is in coping with the problems of Finance that the world has got to find its regeneration. All reorganisations of industry, all social projects, and all efforts to climb out of the pit of misery into which the burdens of war surely push the people are dependent upon the first. No mere policy of alleviation will meet the position. Revolution in method, not in words, is the sole alternative to a long period of grinding poverty for the mass.

This impulse, this essential action cannot come from one man, or a few. It will come from the miseries, the dissatisfactions, the passions of the masses. The duty of leaders is to be ready for it, and when it comes guide it along the right channels.

Note the helplessness of governments, their aimless drift on the stream of events, their frenzied efforts to meet the rising tide of their responsibilities by piling debts higher and higher, and making heavier and heavier the burdens on production. "After us the deluge"—that is their unsaid prayer and their public policy—so that Australia in the path of the world's cyclone drifts unruddered to the crisis. Therefore, here is a bird's eye view of the world, a record of facts which capitalist journalism, as far as possible, excludes from public observation. Here is the mechanism of financial piracy seen in the past and present—as it was, as it is—as it operates in America, England, and Australia. Here is a record of barefaced buccaneering, piratical legislation, and Capitalist methods of waging war at a profit and of robbery in times of peace. Here are the facts which men who would act must know—the situation as it is, and the methodical foundations upon which must rest all policies of effective reconstruction.

THE HISTORIC

For a thousand years England waged war at home and abroad—by sea and land—wars of aggression and defence—wars on Spanish Main and coasts of Barbary—wars against Armadas of old Madrid and fleets of the bold Van Tromp—wars in Normandy and Flanders—wars of Roses and Roundheads—wars inside and outside, civil and foreign, somewhere, always—and yet she emerged from that thousand years of bloody strife free of debt, no harpies within her borders to gather interest from the blood of sacrifice. Give your life or give your money—that was patriotism in the days when patriotism meant "love of country," and not a blood-sucking money lender's parody.

But times changed. Dutch finance, a Germanised throne, and capitalised industry were the marks of the transformation and kings no longer went forth to battle, and money no longer freely served the nation that protected it. Money—Finance—began to look upon war as a rich gold mine yielding fat dividends for ever and ever without end.

The Jew Medina came in the train of William the Dutchman. He gave Marlborough £6,000 a year for the first tips of victories in France or Flanders. All the tricks bound up in rising and falling prices, lying reports from the seat of war, the pretended arrival of couriers, the formation of financial cliques to work the market, cabals and connivings behind the scenes, the whole system of Mammon's Wheels—Medina worked them to the full. His successors have amplified his methods.

After Medina came the Jew, Manessah Lopez. He amassed a fortune in the panic which followed the false news that Queen Anne was dead. He "bought on the slump and sold on the rise." Then came Samson Gideon and the Goldsmids—Abraham and Benjamin. These were succeeded by the Rothschilds.

The Napoleonic wars made the fortunes of the Rothschilds. They combined brokerage with banking. Behind the bulling and bearing and thimble rigging on the market there was all the resources of deposits entrusted to their care. "Loan floating" as distinct from lending became a new occupation. "Oh! all ye people; all ye who love your king and your country come into the good thing. Subscribe to the loan!"—the deed was done. It was incidental that fortunes were skimmed off in all sorts of flotation charges and devices. When the war was over the money market was "tightened," credit restricted, prices depressed. The public sold their bonds, the riggers bought, confidence was restored, the public bought once more. Perpetual game of inflation and restriction, colossal fortunes made not by honest trade but by financial trickery and market fakes, instruments of the spieler, tick-tacks of the racecourse, garbed in respectability, sheltered by the Law, and hosannahed by the Church.

The Empire of "High Finance" became more and more intricate and extensive. The dynasty of the Rothschilds became more and more powerful. Around its throne gathered satraps and satellites—compatriots and puppets worked its will and shared the spoils. Its dominion was over nations. Its influence and its interests were as much in Berlin as in London. Its titles and distinctions were gathered from every flag. Thus, in 1914, Alfred Rothschild, director of the Bank of "England, could wear the "Order of the Crown of Germany." the "Grand Cross of Austria," and be Austrian Consul-General in London. His son Alfred, born in Germany, was a member of the "Imperial Yacht Club of Germany" and attaché of the German Embassy in London. For such men as these there were neither internment camps nor deportations nor any exhibitions of anti-German hostility. They had behind them the approbations of the British press, the smiles of "British" royalty, the guns of British militarism. These Rothschilds and their clique of friends and satellites personified "Finance"—"Loan Power," "Banking Power"—they were safe.

The English financial newspaper, "The Economist," had an editor named Frank Hirst. He did not say the things the proprietors thought he ought to say, so he had to go. Then he wrote a book on the economics of war and in that he said:

> *"The magnitude and appalling character of the influence on the welfare of the whole nation exercised by the Stock Exchange, is entirely due to the fact that the securities dealt in on its floors represent in paper form the bulk of the business of the nation."*

This "Paperisation" of industry is the feature which distinguishes "Capitalism" from all other economic systems. The existence of an enormously rich class, the employment of masses of men to maintain a few in idleness, the ownership of the country and of its industries by a few individuals do not constitute Capitalism, because rich men, slaves and serfs, and dominance of industrial resources by the few existed long prior to Capitalism. The fact that a man is rich, or employs labor, or owns an industry does not make him a Capitalist. To say it does is to say that Capitalism is older that the Pyramids.

It is the cutting up of industry and countries into stocks and bonds and scrip that make the Capitalist System relatively modern and definitely distinctive. When an industry is floated into so many shares of one pound or ten pounds, that business is "capitalised," and it commences to run its course in a capitalist manner. That is to say; Quick rich comes no more entirely from the profits of industry, but from the market manipulation of shares. The actual business is henceforth only a thing to monkey with, and boom or stiffen to the spielers' needs. Shares must be bulled or beared, let out or pulled in, and every time they come in they must come loaded with the spoils of speculation. Between the rise and the fall, the inflation and depression, the price at which the victims buy and the price at which they are squeezed out dry, the riggers of the market draw to themselves the savings of the trustful.

Profits are piled up in bank credits, re-invested and re-invested until the field of industrial activity is exploited to its limit. Money, in the language of the market, becomes "plentiful" and "cheap." In other words, the industrial outlets are diminishing, and the rate of interest, the "reward of Capital," is falling. It will fall to zero. Something must be done—it is done.

International hatreds are stimulated. People prepare for peace by grinding the axe of bloody slaughter. Armaments are demanded, loans are raised, and the right to levy perpetual tribute on the nation is given in return. Even this is insufficient to mop up profits as rapidly as their accumulation.

So war comes. Any pretext suffices. War must come. It is the product of the predacious instinct in every age and clime. But there is a difference. Under every other economic system, war placed the yoke of slavery on the conquered foreigner. Under capitalism, war is made the Instrument of the enslavement of men of kindred race and blood.

War borrows millions of the piled profits—interest rises. More millions of loans—higher and yet higher interest. Much rubbing of hands on the Stock Exchanges—3½ per cent. yesterday, 4½ to-day, and 5½ or 7 to-morrow. Men may rot on battlefields, but Money gathers an ever-increasing harvest of rich, ripe fruit, and when existing credits are exhausted, fictitious credits are created and new methods of barefaced loot are perpetrated, and when the war is over Money flows back into industry at the higher rates of interest created by the war.

Thus, because the interests of rival robbers are at the base of war, human rights, social rights, the political and industrial rights of the masses are never written in the Peace terms of warring capitalist States. They are always written in terms of coal, iron, oil, steel rails, locomotives and timber concessions. Give us, sell us, or buy from us, always in terms of property and profit.

It is not necessary for revolutionaries to affirm these facts. They are admitted by the candid of every faction. In the introduction to his book on the "Franco-Prussian War," Count Von Moltke—Junker, Imperialist, and Warrior—said:

"The great conflicts of modern times break out contrary to the will and wish of nominal rulers. The Stock Exchange has acquired an influence so great that it is able to call armed nations into the field to fight in its interests. Blood flows in order that the demands of High Finance may be liquidated."

To the capitalisation or paperisation of industry is added the capitalisation of the living masses. War stimulates the process. The nation sinks further and further into debt. It is mortgaged. It is cut up into stocks, bonds, and debentures at so much per cent. It is sold in pieces upon the market-places of the world, and the right to bleed is sold to the highest bidder—Yankee Doodle, Jap, Jew or Gentile.

To carry out these vast flotations and speculations in war or in peace, it is necessary to control vast credits. To control credits it is necessary to control the banks. Whosoever controls the banks controls industry. This control is exercised in every country by a small group—the inner circle of great Capitalists.

This group is designated "The Money Power." It is the latest product of Capitalism. It is its offspring, and yet its master. Industrial capitalism is observable and understandable. Financial capitalism lurks in vaults and banking chambers, masquerading its operations in language that mystifies or dazzles, and this power that holds the "monopoly of the instruments of exchange," is the overlord of every other monopoly.

The key to the power of this group is combination and concentration. It controls banks, trust companies, insurances—the main depositories of the peoples' savings or the reservoir to which they flow. It controls all credit. It advances or withholds credits, builds up or destroys. It controls the daily press; finances the dope propaganda; wields an unseen sceptre over thrones; cabinets and populations; and is the dominant "behind the curtain" power in the governments of modern States.

Such is the modern "Money Power."

Mammon the Overlord.

> *"The Money Power preys upon the Nation in times of peace and conspires against it in the hour of its calamity. It is more despotic than Monarchy, more insolent than Aristocracy, more selfish than Bureaucracy. It accumulates by conscious fraud more money than it can use. It denounces as public enemies all who question its methods or throw a light upon its crimes. It can only be overthrown by the awakened conscience of the Nation."*

W. J. BRYAN,
New York Reception, 1906.

AUSTRALIAN MONEY POWER.

> *"Control of banks, trust companies and insurances by a small group of financiers means their ability to lend a large portion of those funds to industries in which they are interested. They appropriate an ever increasing proportion of the products of industry. They dominate the economic situation and become more powerful than the nominal rulers."*
>
> —Louis Brandier.

THE OVERSEAS GROUP

The grip of British Capitalism upon Australia consists, not only of mortgages upon Australian Governments, not only on the oversea ownership of Australian resources, but upon the control of nearly one-third of the total depository power of the Australian people per medium of the British banks and British insurances trading within Australia.

The English banks are the "Australasian," the "Union" and the "E. S. & A." (including the absorbed "London")'. Their 500 branches are mainly in the States of New South Wales and Victoria. Their headquarters are in Melbourne.

They control the English Life, Fire and Marine Insurances trading in Australia. They control English owned territories in all States. They control a large portion of our coal, meat, and wool resources. They are the dominant factor in the export and import business of this continent. Around the English banks are gathered the old Imperial Land Grant companies and others of kindred type. There is the Van Dieman's Land Company of 1824. The A.A. Company of New South Wales (1824), with all its coal beds and collieries. The South Australian Land Company (1836), the Scottish-Australian Investment of New South Wales (1840), the N.S.W. Land Agency, and the Peel River Land and Mineral of N.S.W. (1852). This last, and the A.A. Company, are practically one company owned and controlled by the same men.

These Imperial Land Grant and associated land and mineral companies cover millions of acres, represent scores of millions in value, and from their coal, meat, and wool resources pour out millions of revenue per year for their oversea owners. Linked up with these are the estates of the "free old English gentry" who squatted upon Australian soil during the early part of last century.

The descendants of those families are a peculiar caste. Their spiritual home is England, their outlook, their education, their adopted mannerisms, their social and business relations are all English. Like the Anglo-Indian, Australia is to them another India, an accidental birth-place, a place of occasional temporary residence from whence their money flows.

Thus all the financial and industrial relations of these men are with English banks and English companies. Thus they are constantly changing from Australia to England and vice versa, and those on the English end of company directorates one year are found on the Australian end next year, and later on back again. These men seldom enter into the public life of Australia, but the corporations with which they are connected are the heaviest subsidisers of local reactionary propaganda.

The wool, the meat, the coal resources of Australia controlled by the English group are financed by the English banks, handled by English companies, shipped through and by English companies, insured by English companies, and the directorates of the banks and of these companies are interwoven, interlocked, interchanged. Moreover, as more and more Australian-founded houses fall into the maws of the English group, so the export and import business of Australia approaches more and more to an absolute monopoly headquartered in London. The old trade names are retained to hide the absorption, but whatever remains un-absorbed is subordinate and subsidiary to the paramount power in Australia's oversea trade. It was to the English companies that an Australian Government during the war gave legal control of Australian exports, and in 1920 it was Mr. Andrew Williamson and P. A. Keating, of the English companies, who organised the London capitalists' testimonial to an Australian Prime Minister, and the same gentlemen at the same time endeavoured to dictate to the Labor Premier of Queensland, the legislative conditions upon which he could secure a loan.

"Dalgety's" is a mere trade name. Its control is shared by directors of the English banks and members of the old "free English gentry" squatter families. It buys and sells wool, hides, sheep, cattle. It imports, exports, finances and ships commodities. It is the Australian end of Shaw-Savill, the Aberdeen, the White Star, and Nippon Yusen steamers. It is the Australian end of the "Phoenix" and "British and Foreign" insurance. It is the Australian selling end of Nobel's Explosives, Chilworth's Gunpowder, Kerol Disinfectants, Quibell's Sheep Dips, Kemp's Branding Liquid, Wolseley Shearing Machines, Wolseley Separators, Gane's Milking Machines, and Dalgety Motor Cars Limited.

John Sanderson & Co. operate in wool, stock, insurance and shipping; link up the "Blue Funnel" section of the P. & O., the P. & O. Branch Service, and with the growing control of the P. & O. over Australian shipping comes the "P. & O. Banking Corporation" with its new measures of economic conquest.

The main P. & O. service is represented by Macdonald, Hamilton & Co., and the head of the P. & O., the British India, the E. & A. and Orient Lines is Lord Inchcape. This combination purchased the coastal fleet known as the A.U.S.N. and organised the overseas boycott of the Commonwealth-owned ships, stripped the coast of shipping, and compelled the Commonwealth Government, in order to meet the local shortage, to withdraw half their fleet from the deep-sea trade for which they were specially constructed. Inchcape is also co-director with James Burns and Rob Philp, in the Burns-Philp Shipping and Sugar combinations.

The Gibbs, Bright combination appears on the surface as shipping agents only, but their buying, selling and financing is done by subordinate corporations. Thus "Australian Pastoral," "Australian Estates and Mortgage," "Caledonian and Australian Mortgage," "Trust Agency and Loan Co.," are merely "Gibbs, Bright & Co." under various aliases. G. B. & Co. are the Australian end of the E. & A. Line to Asia and the C. & D. Line to Europe. They are the controllers in Australia of the "British Traders' Insurance," "Union Insurance," "Ocean Marine Insurance," "Law, Union and Rock Insurance." They are the "Sulphide Corporation" of Broken Hill and the smelting works at Cockle's Creek. They link up with the importing houses of Briscoe & Co. and James Service & Co., and control the Royal Bank, dragging it in as an adjunct of the British financial group. As with Dalgety's and the English Banks, so is the mutual control of Gibbs-Bright & Co. and the English Banks interwoven and interrelated.

The New Zealand Loan is an English firm linked up with Gibbs, Bright. It buys and sells agricultural and pastoral products on commission. It controls Cooper's Sheep Dip and is the Australian end of the Palatine Insurance. The N.Z. & A. Land Company, consisting mainly of territory in N.S.W. and Queensland carrying 1,600,000 sheep and 40,000 cattle, is N.Z. Loan under another name. So is the N.Z. Land Association, with £500,000 assets in all States, and the North Queensland Mortgage Co.

The Australian Mercantile Loan operates on similar lines to Dalgety's. It supervises estates for absentee owners, and controls the Marine Insurance of London and the N.S.W. section of the English Northern Assurance.

Australian Chilled and Colonial Consignment control the English-owned portions of Australian meat production, and these through their Nelsons and Hamiltons interlock with the English banks and wool houses.

TWO PROFITS.

All these establishments advertise that they "make advances" and "finance meat, wheat and wool" consigned to them for sale or shipment. The money for this "financing" is got from the banks and the loaning of bank money is mainly to these subsidiary institutions. These subsidiaries charge their customers 2 or 3 per cent, higher than they (the subsidiaries) pay the banks. The actual producer has therefore to find two interest charges—one for the loan agency and another for the bank in the background. As the directors of the banks and the loan agencies are the same people they catch two profits from the one deposit, so usury works in more ways than one—straight out and round about.

The same facts apply to the English Import Houses—Briscoe & Co., Patterson, Laing & Bruce, S. Hoffnung & Co., Farmer & Co., Robert Reid & Co. with its aliased "Buckley & Nunn," and W. & A. McArthur with its "Rich & Co." are all English owned, all associated with English banks, insurances and shipping, all do the same subsidiary financing of smaller men with deposits from the banks at higher rates and double profits.

In these English controls of coal, meat, and wool, these English banks and insurances, these English import and export agencies, we have the same men, sometimes interchanging from one directorate to another or from one end to another, but always the same men and always in these directorates inter-related, interwoven, interlocked.

Thus we have Lord Geo. Hamilton and C. G. Hamilton, John and Leslie Sanderson, Harold and Montague Nelson, O. D. and E. W. Parker, F. G. and Charles Parbury, E. V., G. M. and R. Reid, Vicary Gibbs and the Bright family, the Living-stone Learmonth, Fairbairn, Austin and Armytage families, Sir Wm. McMillan, S. M. Bruce, Maurice

Glynn, F. C. Fanning, Geo. Slade, Blackwood, Vesey Holt, Falconer, Lawley, Hegan, Keating, Braddon, Doxat, Cockburn, Andrew Williamson and Sir Frederick Green.

These men, their companies, their banks, their insurances, have their arranged "sphere of influence." They control the main volume of international traffic, and the agencies associated therewith. The Metal and Sugar banks have the financial organisation of internal trusts and combines—beer, sugar, tobacco, gas, jam, bricks, timber; the control of woollen and rubber factories, control of the production of metals and industries based thereon. They have a divided ownership in coal and coastal shipping; but by harmonious mutual arrangements they divide between themselves the traffic and the treasure.

These three committees of financiers—the English, the Sugar, the Metal—constitute Australia's Trinity of "Economic Masters."

They control the banking system of Australia.

They control the Life, Fire, and Marine Insurance.

They control the savings of the people.

They control all Mercantile Loan Agencies.

They control the principal industries.

They control nine-tenths of the institutions that receive deposits and negotiate advances.

By their control of the institutions to which flow the savings of the people they are enabled to "finance" every industrial scheme in which they are interested. They can say who shall have credit and who shall not. They can boom or paralyse. They can inflate or restrict. They are the economic masters of the country. They are the financial backbone of every Ring, Trust, Combine, and price-raising conspiracy. They stand in the same relation to the democracy of Australia as "Standard Oil" and the Steel Trust in America. By their process of amalgamation, fusion and absorption a compact financial oligarchy becomes more and more the dominant fact. Thus there is built up in secrecy and silence a Black Masonic Order of Plutocracy, cemented in all its parts by the lust of power and the cohesive power of plunder.

Aye, fight,

And spill your steaming entrails on the field;

Serve well in death the men you served in life,

So that to them the war a profit yield.

In peace .. .. to your toil,

In war .. .. .. to the teeth of death.

So will they smite your blind eyes till you see,

And lash your naked backs until you know

That wasted blood can never make you free

From utter thraldom to the common foe.

Then you will find

That workers' interests, world-wide, are the same,

And ONE the ENEMY they must resist!

AUSTRALIAN MONEY POWER. PART II

In the year 1893, during the Australian bank smash, the capitalist Governments of the States rushed eagerly to the assistance of the afflicted corporations.

The Queensland Government, of which a majority were bank directors, substituted a State-guaranteed note issue for the discredited notes of the private institutions. The new issues threw the responsibility of redemption upon the Government, and relieved the banks of any liability to meet the notes in gold.

In Victoria the Government took upon itself to guarantee the ultimate redemption of the private note issues, and relieved the banks of their responsibility.

The banks foreclosed upon the deposits of their customers, and gave the customers receipts for deposits they could not get. On May 16th, 1893, the "Argus" urged the Government to issue notes upon the security of these depreciated receipts, and in its issue of June 9th, it urged that the banks should be provided with Government notes to enable them to meet their liabilities. Government notes for private banks were regarded by the "Argus" as good currency, and it buttressed its arguments with the statement that the Bank of England issued £16,000,000 in notes outside any gold basis.

In order to quieten the clamors of the burgled public, the Victorian Government appointed a Royal Commission on Banking. Its exposures were illuminating. Its proposal for a State banking system was pigeon-holed. One of the witnesses was Gilmour Brown. He had been a bank manager for over 20 years. He told the Commission that the capitalist banking system was "a disgrace to civilised communities"; that "it placed in the hands of a small committee a power greater than that of Government"; that the Bankers' Association of Australia was "a close corporation bound together by the cohesive power of plunder," and that:—

"They levy direct taxes on the enterprise, industry and production of the community greater by far than that levied by the Government. They control our reserves, our rate of interest, our credit, and possess a more absolute jurisdiction over our livelihood, our savings, our monetary future, than the Government."

Nat Levi: "You mean it is a Trades Union."
Gilmour Brown: "It is a currency monopoly—a corner in credit."

The bankers rushed into private conference in Sydney, and came out with proposals of their own which they wished the Royal Commission to adopt. They wanted a State Note Issue issued to private banks, and their eighth proposal asked that notes should be issued to the banks upon a deposit of 80 per cent. Government bonds, and 20 per cent. gold. In other words, after they had invested their money in interest-bearing bonds they were to be permitted to get Government-guaranteed notes upon bonds which the Government had itself issued. Their ninth proposal was that when bonds and gold were exhausted, they should get Government notes, not upon any security of their own, but upon trade bills and other securities lodged with the banks by the general public. They wished, in short, to make the State Treasury a "re-discount agency" (for the banks) and Mr. Gyles Turner, on behalf of the Bankers' Conference, informed the Commission that:—

> *"Paper money issued by the Government on good security is as good as the Bank of England."*

But the Bankers' Conference did not mean that the Government should issue notes to every citizen who had good security. It meant issued to banks only, for them to lend out, and for them to draw interest upon. That was their idea of State aid.

In April, 1905, Russell French, of the Bank of New South Wales, in the "Insurance and Banking Record," put forward proposals for a "Federal Bank of Issue."

This "Central" was to issue Government-guaranteed notes to private banks.

Those banks were to get a supply of Government notes up to 40 per cent, of their capital.

There was to be no deposited security. The only security for the notes was to be a first lien upon the assets of the banks in case of failure.

If the banks wanted notes in excess of 40 per cent, of capital, they were to get them upon such securities as the Commissioners might approve—bonds, bills, deeds, etc. But not an ounce of gold was to be supplied by the banks.

For these privileges the Government was to be generously permitted to share in the profits of the issue, and—provided it put up a 40 per cent. gold cover—the Government was to be permitted to issue a volume of notes on its own account. But the banks were to get notes without cover.

Thus, with the bankers in Australia, as with those in America, England and elsewhere, gold is a non-essential, and legal tender notes of the nation are excellent and desirable, so long as they are issued under terms and conditions that treat the banking corporations as a privileged class. Even a National Bank of Issue is a favored institute of the corporations, provided it be made a fortress for the defence of the great monopolies.

Now, these proposals of bankers, of bankers' conferences, of banking journals, these reports of Royal Commissions, these conspiracies, smashes, and organised robberies of the people were parts of the historical records of the country, and the Labor Manifesto of 1910 referred to capitalist controlled banking as "One of the frauds by which Capitalism bleeds the people," and it was under these conditions and in the-presence of these facts that the Labor Party in 1910 swept into power.

Almost the first act of the Labor Government was the introduction of the "Australian Notes" Bill—an application to all Australia of the Queensland Note Scheme, as originated by the Tory Government of that State in 1893.

But the adoption of this Tory expedient of '93 could not be Labor policy—else, between Tory policy and Labor policy there is no difference.

The Labor Government was confronted with an empty Treasury, and half a million deficit. It needed to raise money quickly. Instead of interest it paid the price to the banks in a Government-guaranteed note, legal tender for all their obligations. For this first instalment the Government got gold, and upon this gold issued a twofold volume of notes for its own use. So one to the banks and two for the Government meant three notes for one of gold. These notes flowed through the channels of trade to the reservoirs of the private banks, so that the banks became possessed of Government notes far in excess of any gold supplied.

On June 23rd, 1910, I said:—

> *"The issue of notes by the National Government to the Associated' Banks of Australia is neither a step forward nor a decent substitute for the sixth item of the programme of our party; it is a side-step and a subterfuge. It will not diminish the power of monopoly, but strengthen it. It will put behind the private banks a credit they 'do not now possess. It will rid them of their obligation of note redemption, and place it upon the .Government. It will make the notes legal tender for the Associated Banks, but not for the National Government—the Government must redeem in gold. It is a device acceptable to the Money Power, but for Democracy it is a deception."*

Yet the measure of the Government was justified provided it was only an emergency measure to meet the deficit, and a temporary measure to give it time to put its declared banking and currency principles into practice.

Those principles applied to banking mean a system of public ownership superseding all private traffic in the instruments of exchange.

But the principles were put into the dust-bin, and the Tory note issue scheme of '93 was maintained as a permanent policy.

Then came the establishment of the Commonwealth Bank. The Labor programme declares that the C.B. shall exercise the functions of "Issue" and "Reserve"—it exercised neither.

A "Bank of Issue" is the 6th declaration of the Labor Party's programme. The Labor Government in its C.B. Act deliberately enacted that the Bank should not be what the Labor programme said it should be—a Bank of Issue—and whosoever protested was said to be "a disgruntled member of the Party."

Yet without those powers of Issue and Reserve the C.B. is an emasculated institution. It is not the reservoir of the national gold supplies. It is not the tap from which flows legal currency available to all upon conditions common to all. It is not the Bank of the Nation, endowed with supreme powers. It possesses no more power than any ordinary trading bank.

It is a mere addition to the list of banks enrolled "beneath the peculants banner of the Associated Ranks. It is as much a part of the Capitalist System of Exchange as any private institution in the land.

Thus the Labor Government ignored the felonions bank history of all countries—"one of the frauds by which Capitalism bleeds the people." It ignored the confessions of bankers, the evidence of Royal Commissions, the Party platform, its own manifesto. It gave a Commonwealth Bank, but it left it stripped of those prerogatives stipulated in the platform; prerogatives that would have made it the supreme banking power in the Nation, that would have made all other banks (while they existed) subject to its will. There was no protest from Labor conferences, Labor Unions or Labor press. All alike were under the spell of the fetish that unity in action demands deafness, dumbness, blindness in the presence of every violated principle. Yet if a movement when it gets power does not function for the purposes for which it was created, if it deserts what it was pledged to defend, if it abandons principle after principle, then unity in action is valueless, and the hopes of men are an ever retreating mirage. It was under such conditions that Labor confronted the war.

The Commonwealth Labor Party elected in 1914 had got as far as it was prepared to go.

The political chiefs steeped in Imperialism and softened by nose-rubbing with gentry of social and financial distinction had become Liberals in action.

They were not prepared to put into operation even those items of the Labor programme that came within the Constitution.

And the political chiefs, substituting their own inclinations for the principles of the Labor movement, followed the lines mapped out by every reactionary Government in the world at war.

In Great Britain, when the war cloud burst, the administrators of the capitalist State hastily called to its council the representatives of the great banks and stock exchanges.

In Australia the Government did ditto. The representatives of the Australian banks and the presidents of the stock exchanges of Sydney, Melbourne and Adelaide were called together to draw up a financial policy.

These Bankers and Brokers were constituted a behind-the-curtain Government.

They anticipated a loss of public confidence, a run on the banks, a collapse of the banking system and "a serious outflow of gold" to oversea ports. Upon these anticipations and assumptions the Bankers and Brokers acted, and later on, Feb. 28th, 1917, Mr. Butchart, of the London Bank, made this admission:—

"Soon after the outbreak of war, the chief bankers of Australia agreed among themselves to abandon the principle of convertibility of credit instruments into gold, and to effect settlement in paper money."

Bank directors decided—not the elected Government of the country. The real Government— the Government of Bankers and Brokers—laid down the law.

And while acting, the Bankers and Brokers' Committee drew up a scheme, which became an official document, an agreement between the bankers, the brokers, and the Commonwealth Government.

Banks were to get a supply of Commonwealth notes to meet their own obligations, on the basis of three notes to one of gold. Where they had only one million of gold to meet calls they were to be provided with three millions of national guaranteed notes, legal tender settlement for all their debts and obligations.

The "Economist," commenting on the position in Australia, said (Oct. 10, 1914):—

> *"There is to be a sufficiency of paper money to advance to the private banks such paper money as they may require. The banks welcome the scheme as one calculated to relieve any pressure on their resources. It makes it easier for the stronger banks, as it relieves them of the responsibility of coming to the support of their weaker brethren."*

Thus the sustaining power of the banking corporations in Australia, as desired by their own representatives, was to be not gold, but the credit, the guarantee, of the Australian Nation through its Government.

The Bankers and Brokers' Committee agreed that the Commonwealth Government should meet its preliminary military expenses by an issue of notes—one-third to the banks in exchange for gold withdrawn from circulation, and two-thirds for the use of the Government. These two-thirds passed to the soldiery and their families, passed along the channels of trade to the reservoirs of the private banks, so that eventually the banks, in addition to notes in circulation, possessed many millions of notes in excess of all gold furnished to the Government.

The Committee of Bankers and Brokers agreed that the States should be financed by an issue of four Commonwealth notes to one of deposited gold. As the States had no gold, the banks deposited gold in the Commonwealth Treasury, and drew four times the amount in notes. As the States drew the bulk of their credits by cheque the notes remained with the banks as "legal tender" reserves, as a foundation for a further superstructure of book credits and cheque money—new supplies of interest-earning loan power. These were the three main planks of the Bankers and Brokers' programme, accepted and endorsed by the Government.

The Labor Manifesto of 1910 had referred to private controlled banking as "one of the frauds by which Capitalism bleeds the people," yet it was to those bleeders—not Labor principles—that a Labor Government in 1914 turned for guidance.

The Labor Manifesto of 1914, drawn up by William Hughes, contained these words:—

> *"The Labor Party through its note issue had created the very instruments by which credit could be sustained and the wheels of industry kept moving."*

That being so, there was no need for the Government to borrow from and pay interest to institutions and persons whose credit was sustained by instruments which the Labor Party had created.

But the Labor Government did financially what W. L. Baillieu, Bowes Kelly, Sir John Grice and the rest would have done if they were in power. They had no need to be in power—the Labor Government acted on their advice. The "Argus" was so pleased that it said, July 16th, 1915:—

> *"The fact that the Federal Treasurer (Mr. Fisher) has conferred with leading bankers, and others versed in financial operations is a guarantee of sound finance." It was "sound finance" because it was born of the advice of the bitterest enemies of Labor, and of everything for which the Labor movement was supposed to stand, and for this advice of Bankers, and Brokers the people, of Australia were told by a Labor leader that they were "under an undying debt of gratitude."*

The intimation that the Credit of the Nation-stood behind the Banks, that legal tender currency of the Nation would be, if necessary, issued' in liquidation of the called-up obligations of the banking corporations, was sufficient for the public. There was no lack of confidence, no run, no collapse, and the Commonwealth Notes, drawn by some of the Banks in accordance with the scheme, in anticipation of a run, were not needed.

The notes issued by the Government for industrial wages and soldiers' pay filtered through the channels of trade to the reservoirs of the Banks. The cheques paid by the Government to contractors and suppliers went to the Banks, who presented for collection at the Commonwealth Bank, and drew more notes. Thus the "legal tender reserves" of the Banks began to grow.

In proportion as the stocks of legal tender currency accumulated in the bank vaults, so did the old-time necessity of maintaining a ratio of gold to liabilities diminish. Commonwealth Notes performed the function. They were legal tender. They met all obligations. They acted for the Banks as if they were "gold in reserve," and upon this basis—upon the paper notes of the Nation—the Banks erected an additional superstructure of credit for loans and profiteering.

Thus it came about that the original scheme—the scheme whereby the credit of the Government, and the Nation behind it, was pledged to uphold the credit of the private corporations—was no longer needed. The Bankers no longer feared runs and collapses. They no longer needed protection and preservation. The national instruments, "the instruments by which credit could be sustained," had become their property—a vast accumulation in the vaults of the financiers. Henceforth they wanted interest-bearing loans floatable on the notes previously issued by the Government.

The loan-floating methods in Australia were mere copies of those in England and America. In root principles of barefaced plunder they were all the same. The Melbourne "Herald" of Sept. 22nd, 1920, describing the system in the United States, said:—

> *"Banks subscribed to the loans simply by writing deposits on their books to the Government's credit."*

So did they in Australia. Against these imaginary "deposits" the Government drew cheques, paid their debts, and whosoever presented those cheques were credited with a fresh deposit. "Around, around the gooseberry bush," from each turn of which the banks skimmed off fresh profits in bank charges and gathered into their possession £46,000,000 of interest-bearing bonds.*

It was, in brief, the application to Australia of the British Financiers' "Seventh Scheme" of public plunder.

Thus the banks created a currency of their own—an enormous cheque currency, inflated by hundreds of millions—a vast ocean of cheques, so that the note issues of the Government were mere specks upon the sea of bank-created paper.

Upon this subject the Melbourne "Herald," in the article quoted, said:—

> *"Credit inflation is still a mystery to the mass."*

It might also have said that behind the veil of this mystery the banking corporations carry on their spoliations, and levy annual toll upon all the productions of the country. That the banks have large hidden reserves, hidden under the heading "liability to depositors"—to themselves—is well known. Their disclosed reserves, and reserves allotted to increased capital account, increased from 1914 to 1920 by £13,000,000; their oversea assets in excess of oversea liabilities by £25,000,000. Within Australia the bank holdings of Government bonds increased by £30,000,000, and their holdings of Government notes increased by another £30,000,000. These notes were not themselves interest fruit-bearing, but they were instruments of profit—they were an army of reserve, they held the fort, the base, the line of communications, while the cheque currency of the banks sallied forth and came back loaded with the loot of piratical expeditions.

To this feast upon the vitals of the nation the public were invited. The vultures of High Finance could tear off more in a few bites than a million flies, but this offer of general participation not only gave to the vultures an air of generosity, but it surrounded them with a multitude of petty partners, who felt they had a personal interest in buzzing in defence of the birds of prey.

Thus the loan loots were made "popular," "democratic," subscribed to by all classes—old maids, widows, orphans, everybody—until available savings disappeared into the pool, trans-formed into bonds whose future values depend upon the operations of the riggers of the market for money.

And when this source was dried, the workers, the widows, the old maids, the petty traders, were told that they could make yet more money from their bleeding country. They could take their bonds, their homes, their land, and mortgage them to the banks, and the banks would advance their paper money at four per cent., which they could reloan to the Government at five, and they could continue to pay four until the paper money was returned. But no money passed—not even paper money. There were merely figures in a book, designated "deposits," and those figures in a book, borrowed by the Government, drawn upon by cheques, represented not cash in the banks, but the mortgaged properties of the general public, mortgaged to the banks for figures in a book at four per cent. Of the £40,000,000 loan of 1918, the Melbourne "Argus" of March 18th said that the banks, by this process "made fluid" private property, and the term "private property" included private holdings of previous issues of Government bonds. So that the banks created book credits and cheque currency representing nothing but the prior debts of the Government. With these book credits and cheques the banks bought fresh supplies of interest-bearing bonds, both on their own behalf and on behalf of "approved customers."

The "Banking Record" of September, 1919, said:—

> *"The £90,000,000 increased deposits within Australia was created by bank advances of paper money on meat and wheat and other primary products, and by bank advances of paper money to enable customers to take up war bonds."*

For "paper money" say "figures in a book, a pile of cheques and a few notes for small change purposes," and you get to the vitals of the subject.

On the 7th September, 1920, the Melbourne "Argus," in an article on the "ignorance of legislators," said:—

> *"The banks create deposits every time they make an advance or discount a bill." In other words, "deposits" have, for the most part, no relation to the popular conception of "deposits"—two-thirds of so-called "deposits" are "loans," overdrafts, discounts, advances of bank-created paper against "approved" securities. And for these securities the borrowers are "put in credit," charged interest and designated "depositors." The term is delusive. Under it are hidden all the "secret reserves" of the corporation, masquerading as "liabilities" and as bona fide obligations to the public. And under it are hidden the corruptive powers and practices of the gentlemen controlling the Fiduciary Institutions.*

And to these private manufacturers of paper credits, the owners of meat and wheat, of farms, and homes, and workshops, the owners of actual property and actual forms of capital are compelled to pay interest for a circulating representative of their own capital. . Only those escape it who are themselves within the ring. By their monopoly privilege the banking corporations make their dividends, pile up their reserves, control all industries, and levy perpetual toll upon the energies of the people. The "Australasian Manufacturer," published In Sydney, which claims to have "the largest paid-up circulation of any periodical in Australasia," said in its issue of February 2nd, 1918, that it "advocated the establishment of a form of banking more in harmony with the needs of modern industry," and it quoted with approval the following statement from an editorial in the London "Daily News":—

> *"The question for us all to ask is whether this private monopoly of the national credit can be permitted to continue? Can we start the future with a "corner" in money? Or must we not see that money, like political power, must be democratised? If money is only a symbol representing the whole credit of the community, why should that symbol not be at the command of the whole community, whose credit it represents?"*

The banking directors have not only power to create and inflate credits. They have the much more deadly power to withhold credits from men whose security is beyond question. Thus they can destroy values which their inflated currencies have created, and their outside partners can be financed to purchase the systematically depreciated stocks. Thus the press of October 7th, 1920, could report:—

> *"Bankers are frankly opposed to the creation of fresh credits…pressure, exercised by banks for reduction of overdrafts makes unloading of stocks imperative. As might be expected, it is the smaller houses that are likely to be the first to feel the pinch most acutely."*

And to these alternating inflations and squeezings, the people of all countries under the rule of plutocratic banks are periodic victims.

Money lending contains the root idea of capitalism.

In money lending there is no thought of production.

In money lending economic activity has no meaning.

All undertakings in the field of industry are dependent upon the consent of the banker.

The Stock Exchange activities of the banks are becoming more and more the controlling force in every department of economic life.

—Werner Sombart in "The Jews and Modern Capitalism."

AUSTRALIAN NOTE ISSUES.

The Melbourne "Age" (Aug. 10th, 1910), said:

> *"Times have been known in this State when private bank notes were being sold at 12/6 in the pound. One member said that he had seen them sold at a shilling apiece."*

Commonwealth Government notes are not redeemable at any bank, private or public; nor are they, since the war, even redeemable at the Commonwealth Treasury. The notes now in existence are in excess of the total gold supply of the country, and, relative to population, are three times in excess of the greenback issues of the American Civil War.

WAR VALUES.

In times of war private property that is liable to be destroyed by the enemy, and public securities resting for redemption on the existence of a Government liable to be swept away, will both diminish in value in proportion to the proximity of the danger, and will recover value in proportion as the danger retreats.

As the enemy takes on the role of invader, so all fixed irremovable forms of wealth, public or private, begin to depreciate, while gold, jewellery and other easily removable forms of wealth rise in value. When England feared the Napoleonic invasion, gold rose to £ 5/15/- per ounce. On the day of Waterloo it was £ 4/13/6. After the victory it receded to the Mint price of £3/17/10½.

In war time gold is a deserter. It is the first to get out of the war zone. It is the first to seek neutral territory or a dug-out. It can only be kept in the firing line by the strong arm. of the Government, and then seeks devious ways of escape. European statisticians estimate that when war broke out in 1914, over 100 millions of gold went into hiding. All countries in times of national stress are driven to resort to paper currency. The crime is in the fact that banking corporations are permitted to turn national issues into instruments of public robbery and bondage.

THE CAPITALIST ARSENAL.

In the principal countries of the world the great financiers have established central depositories for gold. In many countries the great central bank is named after the Country of its location— "Bank of France," "Bank of England," "Bank of Belgium," etc. In the United States the central is named "Federal Reserve."

In some countries the "Central" is a private corporation controlled by the directors of associated banks; in others it is a private corporation controlled by the Government; in others it is a public-owned institution controlled by private bankers; in others it is an institution both owned and controlled by the Government.

But no matter the name, no matter who owns or controls, in every country the "Central" Bank exists as a buttress to the private banking system. Behind the system behind the "Central" stands the capitalist-dominated State, ever ready at the word of command to furnish State aid, pledge the "credit of the nation," and issue additional currency manipulated by the capitalist controllers of the system.

Under this system gold disappears as an internal currency. It is no longer money. It is a stored product, not for internal use, but for international traffic and in several countries this transformation took place prior to the war.

Baron Brencard told the American Monetary Commission that the Bank of France is the Bank of Gold Reserve for all companies and corporations throughout the Republic, and "the gold of France is mobilised, ever ready for international economic service."

Lord Swaytheling told the Commission that the difference between the Bank of France and the Bank of England was that the former could pay out silver instead of gold, could refuse gold for export, or export heavily, and extend the note issue for internal purposes, and by these means "directly control international financial and economic relations."

The Bank of England differed in its methods, but Sir Walter Cunliffe, when Governor of the Bank, told the U.S. Monetary Commission that:— "Private banks holding drafts on the Bank of England must present such drafts direct to the Bank of England to be paid to the credit of their account in the Bank of England."

Every private bank can settle its adverse balance with other banks by a transfer of its credit in the Bank of England, but in the Bank of England the credit remains.

It is, therefore, impossible for a private bank to draw off gold supplies without the consent of the Bank of England, and consent, even when granted, is often made fictional by increasing the price at which gold is supplied.

On the other hand, the liability of the Bank of England to other banks is diminished by its holdings of cheques and drafts on other banks. With these instrumentalities the B. of E., whenever it wishes, can draw off gold from other banks. Thus

gold control by the Central B. of E. is absolute.

The German Imperial Banking Act of 1909 brought the Reichsbank—the "Central" of Germany—into line with those of France and Belgium.

The U.S. Monetary Commission reported that in consequence of the new powers conferred upon, the Reichsbank Bank—

> *It holds the gold reserves of Germany out of which all foreign obligations can be settled and places those gold reserves wherever they will be of the greatest economic service. The desire to supplant Britain in the markets of the world led to the adoption of methods that would have made the average Labor Government shiver with timidity. Under the German "Junkers" the Reichsbank continued to act as "Central" for private banking companies, but those private banks were prohibited from establishing new branches. The Reichsbank established 500 branches of its own, and in several provinces of the German Empire it was the sole giver of credit in important spheres of economic life—retail trade and agriculture. It advanced notes on houses and other forms of immovable property, and if the credit was wanted for the development of exportable products the charge for credit was nominal—no more than sufficient to cover bank expenses. The Reichsbank also advanced currency to the Government on a deposit of bonds, a security representing the Government's power to tax the entire wealth of Germany. The Reichsbank issued currency for bills on London and elsewhere. This made the Reichsbank the almost exclusive holder of credit in foreign States, and gave it a dominant power over the character and quantity of its imports.*

By those means Germany built up credits in the countries of its principal operations. By those means it enabled the importer of the raw material of German industries to purchase on the favorable terms that those credits abroad permitted, and by those means it gave without cost a substantial subsidy to the great manufacturing interests of Germany.

Japanese financiers in their banking system followed upon German lines.

The American Monetary Commission reported that:—

The chief medium of exchange in civilised countries is the cheque.

For counter change and wages either gold or notes must go into circulation.

Gold in circulation renders effective mobilisation impossible.

Gold mobilisation is imperative if America is to hold her own in the international trade struggle.

Therefore gold must come out of circulation and be replaced by a note currency.

Upon that report the American Money Trust acted, and in 1913 organised its "Reserve Banks." In 1915 the total note issues of all descriptions were 2,752,000,000 dollars, against a total gold reserve in the Washington Treasury of 200 million dollars. The gold stocks in the private "Reserve" banks amounted to 700 million dollars, but the liability for ultimate redemption was on the Washington Treasury. On the 30th September, 1920, America's gold stocks had gone up to 3,000,000,000 dollars, but commodity prices were as high as in the countries whose gold stocks had been depleted. None of this gold was in circulation. It was in "reserve" and of these "reserves" the private corporations controlled four-fifths and their circulating currency for their citizens consisted entirely of paper. In addition to silver certificates, gold certificates, United States notes, National Bank notes, the "Federal Reserve" notes in actual circulation on 30th Sept., 1919, amounted to 2,655,000,000 dollars.

Thus in the United States, as in Europe, gold was withdrawn from internal circulation and mobilised as one of the instruments of the international trade struggle.

In all those countries gold passed to the Central Reserve Bank—whatever its name—and credits were created in the books of the Central, and to the extent of those credits the Central settled the foreign obligations of subsidiary banks or the obligations of one subsidiary bank to another. If the individual bank desired Notes, it deposited with the Central, bonds, deeds, commercial bills or other paper securities.

In America the New York Reserve Bank is the Chief Central of the twelve regional centres. Within its grasp is mobilised the main gold supplies of the United States, and these are mobilised not to liquidate the note currency of the country—that responsibility is upon the Government. They are mobilised under Capitalist control for the international economic conflict.

The less gold used for internal purposes, the more is available for establishing a gold fortress for international operations or for building up credits, or liquidating obligations in foreign markets. A gold-producing country is therefore in the most favored position for the task of mobilisation, and an internal paper currency permits gold to be put to its best economic use. These things are not theories; they are facts, recognised and applied by the High Financiers in their predatory operations.

The bankers of the world no longer believe that a paper currency need be convertible into gold, or that it can be so converted. They only want the public to believe it. They only want Governments to function in their interests on the general superstition. They know full well that a currency convertible into all the commodities that gold will buy, is good currency and sound money, but they keep that fact in the background.

The bankers know that an adequate gold currency is impossible, yet they levy toll upon paper that represents nothing more than the borrower's security. They know that the solid assets of the borrowing public are adequate backing for any medium of exchange that may be issued, but they keep that fact in the background. They have adopted a paper currency in the form of cheques, and these to-day are redeemable, not in gold, but in the paper notes of the nation.

This system, which the nation by its note system has made possible, should be administered for national advantage—not private gain—and what the Capitalist "High Financiers" do for their own profit should be done for the profit and progress of the nation.

> Trade and Industry are wholly at the mercy of the world's money controllers. By means of the monopoly privileges accorded to the banking profession, these men exercise a greater influence over economic conditions than any potentate, ruler or government. They are the world's real autocrats.
>
> KITSON in "The Money Problem."

RECONSTRUCTION

The Basic Policy of a reconstructed Australia must be the transformation of all interest-bearing obligations into non-interest-bearing obligations.

No change in the mere machinery of Government, no change in Industrial Ownership, no change in methods of Industrial Control can be of permanent value while every year a £40,000,000 indemnity to the Bondholders is extracted from industry, and the more the price of products fall the more must be extracted from industry to pay an indemnity increasing with every renewal. So long as Capitalist Britain exists, so long must Australia's obligations to British financiers be met, irrespective of the character of Australian Governments or the constitution of her industries. Yet the removal of the Annual Suckage from production is vital to all schemes of reconstruction—Socialistic or otherwise.

The British Government appointed a Committee of Inquiry on Taxation. That Committee put to Mr. Blackett the British Controller of Finance, this question:—

> *"Is the reduction of the National Debt vital, or can the country bear the present burden of interest, trusting to its industries and businesses to avoid danger?"*

The Controller replied:—

> *"Some scheme of quick redemption is imperative. The burden of interest must be reduced or industry will break beneath the strain."*

Further questioned the Controller said: *"I do not know how it can be done, unless it be by a heavy impost on wealth."*

Yet in so far as wealth consists of industries where capitalist combination permits the fixation of prices, the tax is merely passed on to the general public—taxation is augmented, not diminished, In so far as the wealth tax falls upon an industry where for any reason the tax can not be passed on the strain on industry is increased and collapse hastened.

Therefore, capitalism is incapable of furnishing a solution to its own problems. It knows no way of doing that which its own experts regard vital to the safety of the State without destroying itself as a System.

Neither can Laborism, or any other ism, find a way by policies which simply make additional increments to the Nation's indebtedness. Not even by nationalised banking if that be used as a buttress to the Capitalist System. Everything will depend upon the elimination of the Capitalist mentality in control, and the systematic utilisation of the institutes and instruments of exchange for a definite national objective—the elimination of the vampire suckage of interest from the products of industrial effort.

A pile of evidence, apart from that of revolutionary writers, can be gathered in defence of nationalised banking.

The Japanese Minister for Finance (Marquis Katsura) said to the American Money Commission:—

> *"Without a National Bank authorised to emit currency, to control the gold resources and collect foreign bills, national finance and the economic system cannot be consistently developed."*

When the Financiers and their political agents speak of a National Bank, the most they mean is a great "Central" to function in the exclusive interests of the Financiers. When they speak of an "economic system consistently developed" they mean the development of a system in which the financial magnates are the Unseen Caesars and Czars; but there is no reason why radicalised Labor should mean the same thing. Maurice Patron, in his report on the Bank of France to the American Commission, said:—

> *"It is difficult to understand how an undertaking of such universal interest should be left to private enterprise."*

And document 494 of the same Commission states:—

> *"A National Bank, if it is to be a truly "'national' institution, must control credit or fail in its duty."*

The German Monetary Commission of 1909 reported :—

> *"The banking system should not be treated from the standpoint of private economics. It is growing further and further out of the sphere of legal regulations. A Bank to-day is not merely a business, it is a public office."*

On the same Commission Von Wangenheim, President of the Bund der Landwirte, said:—

> *"The battles of the nations (sometimes followed by the battles of the national armies) are to-day fought on the financial field of the great credit banks. Such vital processes, which may be decisive of the existence or non-existence of the State, and of the distinctive civilisation of its people, ought not to be committed to the dividend interest of private banks."*

The Swiss Minister for Finance (M. R. Comtesse) in his report to the American Commission, said:—

> *"A National Bank, supreme over, and ultimately absorbing, all private institutions, represents the most powerful bulwark for our credit, the security of our people, and the resources of our country."*

The nationalised banking system utilised for national purposes and not for the sordid ends of stock jobbers and speculators is "the most powerful agent a civilised country can possess, both for the stability of its internal affairs, and for the equitable and guarded conduct of its international affairs," and the principles which it is necessary for the nation to courageously apply are those used every day by Capitalist bankers for private gain.

BANK OF ISSUE.

The Bank of the Nation, if it is to properly perform its national and economic functions, must be a "Bank of Issue." "Issue" will consist of book credits, transferable by cheque, or drawable in "notes." "A Bank is the holder of security pledged for the return of a credit medium," drawn and used.

The Government, like the individual, must deposit securities for credit furnished and currency supplied.

Bills that represent products, deeds that represent property, bonds that represent the taxable wealth of a country, constitute a sound base for a sound currency.

The Bank of the Nation must advance a currency to Nation, States, and subordinate Governments upon deposited bonds—to the commercial community on its trading bills—and to the industrials on homes, farms and factories.

So far as the securities consist of State or Commonwealth securities the "National" Bank has not only the remedy against depreciation, but a profit at its disposal. When money is "cheap" and plentiful, securities can be sold and the currency contracted. When money is short and securities are being offered for currency, the bank can buy, expand the currency, incidentally make a profit, and automatically regulate the market. Notes issued from the Treasury have no such method of automatic redemption.

It is not possible to make notes or gold circulate in excess of public requirements. Whatever of gold or notes be not required for circulation will be left on credit with the bank. Therefore, excess coinage of either gold or notes is a waste.

BANK OF RESERVE.

The Labor Platform declares that the Commonwealth Bank shall be the "Bank of Reserve"—the storeroom of the Nation's gold.

The traffic in gold and the exportationof gold should not be left in private hands—the days of private traffickers should end.

There should be an immediate abandonment of free trade in gold.

The mobilisation of gold for international purposes is an economic necessity.

Mobilisation should be the exclusive privilege of the Bank of the Nation. It should be the only buyer, the only exporter.

Mobilised for action, the gold stocks of Australia would be placed wherever they were of greatest economic service.

That which the financial magnates of America, Japan and other countries have established for their own protection, should be established in Australia for the service of industry and the progress of the Nation.

An internal paper currency permits gold to go where it will be of the most economic service. Instead of being useless in expensive local storage, it can be used to pay off foreign debt, and save interest or be an instrument of credit overseas. Locally it has no economic utility. It only serves as a blind to a fraudulent system of finance.

FOREIGN DEBTS.

A nationalised banking system and nationalised "instruments of exchange" are essential to the proper handling of foreign obligations. Banking is a public function—it should be a public property. The Bank of the Nation should be the sole operator in foreign bills, and all international financial operations should be its exclusive province. It must take to itself the power of collecting on all bills payable in foreign States, and by those means build up Australian national credit in the country of its principal indebtedness.

Against general exports it must issue internal credits. The private banks, with the aid of Commonwealth notes, "the instruments of credit created by the nation," financed wheat, meat, and metal pools with profit to themselves. The Bank of the Nation can facilitate a policy of reconstruction and increased production by the same processes, and make a profit for the nation.

The Franco-Prussian War of 1870-71 loaded France with a £200,000,000 indemnity to the German conqueror. Defeated and disgusted, France swept out the Third Napoleon and established the Third Republic. On a higher plane she re-enacted the financial and economic principles of the Revolution of '89.

From the Bank of France there was issued a paper currency, during the first year after the war, of £65,000,000—the next year another £65,000,000. Money was lent to the peasants to rebuild their homes, retill the soil, re-stock their farms—to manufacturers to rebuild and restart the destroyed factories—to returned soldiers to start new enterprises or re-establish the old. The disbanded army of destruction became an army of production. .Wealth poured forth from field and factory and mine—prosperity returned.

Against the exportable surplus products of her people, France issued an internal currency, and took the right of collection in foreign States. Direct exports to Germany totalled £147,000,000. The Bank of France collected and paid off the indemnity to that extent. Exports to England £27,000,000, invested in bills on Germany (or short dated German loans raised in London), remitted to Germany for collection and reduction of indemnity. The balance was £26,000,000 of French gold shipped across the border, replaced by paper currency for internal use.

By September, 1873, the indemnity to Germany had been paid to the last penny. By that means the annual interest of many millions was saved, and the debt was transformed from a foreign to a local one. Thereafter that which otherwise would have gone abroad in interest was used in redemption of obligations to her own people.

But in the intervening fifty years the financial oligarchy in France has enormously increased its secret authority and refuses to sanction the enactment of the old methods or of any method that does not carry interest to the Money Trust. Thus the people of France, as of all countries, must smash the system or bend more and more beneath the yoke.

In 1914 the Government of Egypt authorised the Bank of Egypt to finance the local cotton crop by an issue of £6,000,000 notes decreed by the Government to be legal tender. Those notes were issued upon the security of public bonds deposited in the Treasury, and while this was being done by a Capitalist Government for a Capitalist Bank, a Labor Government and a Labor Party in Australia rejected a similar proposal (currency based on bonds) as an absurdity, as one incapable of application for the benefit of a Nation.

With the Egyptian notes and the superstructure of credits based thereon, the Egyptian Bank paid Egyptian producers for their cotton. When the crops were sold in

London, the Bank collected English currency and with such currency paid the interest bill of the Egyptian Government. That which Egypt did, and that which France did in '71 to meet the German indemnity, can be done to meet the war debts of to-day, and the instrumentalities with which they were financed can be used for the liquidation.

It is true that a nation engaged in the task of freeing itself from the foreign financial yoke and from the annual suckage of interest will not have large funds available abroad for heavy importation of foreign goods. It must produce more and more of its own requirements within its own borders, but such necessity is not a national disadvantage. On the contrary the nationalisation of the "instruments of exchange" and their utilisation to free the country from the foreign bondholder, in so far as they put an embargo upon imports and compel additional internal production and self-maintenance better fit the country to cope with its difficulties. Whenever the private banks, as in the latter part of 1920, wish to build up their own credits in London, they have no hesitation in refusing to finance imports.

By the authorisation of the Bank of the Nation to be the sole collector of foreign bills in foreign capitals, it will not only hold in its hands the means for the liquidation of foreign obligations, but the settlement of the foreign obligations of all subordinate Governments in Australia will necessarily fall into its hands, and the consolidation of debts will of necessity be a fact by reason of its exclusive position.

The private banks of the majority of the great Capitalist States are organised in one way or another to control foreign credits. Speaking of the Bank of France, Lord Swaytheling told the U.S. Monetary Commission that it "directly controls international financial and economic relations." That is done by Capitalist Governments and Capitalist Banks to uphold their Capitalist Nationals in the international struggle for markets and it can be done by a nationalised banking system for the rehabilitation of the nation, and for the freedom of that nation from the foreign financial yoke of usury.

INTERNAL DEBTS AND INTERNAL CREDITS.

The indebtedness to persons and corporations within Australia must be met, not merely as a matter or right, not merely because Australia should render to those within her own borders that which she is compelled to render to the foreigner, but because such obligations could not be ignored without an internal economic crisis, reacting disastrously upon the mass of citizens.

Yet the removal of the load of indebtedness and of the annual burden of interest is fundamental to the task of reconstruction.

The internal indebtedness of Australia to persons and corporations within its own borders is round about £400,000,000. The Australian press represent that as so much fluid capital drawn from Australian industries. Assuming that to be so, it no longer fructifies by investment in the development of economic resources. It is tied up in bonds, hangs as a millstone around existing industry, drives up the rate of interest, and makes recovery more difficult. It is therefore the business of a nationalised banking system to furnish means for the rapid transformation of those bonds into fluid forms of capital, so that it can flow once more into the channels of industry, fertilise the productive forces of the country, and reduce the percental burden upon the annual output.

The liquidation of internal bonds can be secured by the same methods as those adopted by the private banks to provide subscriptions to those bonds. The "Argus"

(March 18, 1918—"Banking Record," September, 1919) said that the private banks "made liquid" private property by writing deposits and creating credits in their books against property "to enable the owners to take up war bonds." The term "private property" included private holdings of previously issued war bonds. Those bonds were deposited in the banks and the banks made them "liquid" by writing "deposits," manufacturing credits, and issuing cheques for the new loan. In short, the banks did for themselves and their "approved customers" what a Labor Government had said could not be done by that Government for itself by the instrumentality of its own bank. It is, therefore, evident that a nationalised banking system can write "deposits," create "credits," and issue cheques against bonds lodged for redemption. Thus as bonds come in, cheques go out, interest ceases, and credits flow once more into the channels of productive enterprise.

By these instrumentalities of "Issue" and "Reserve"; by control of foreign bills utilised for the liquidation of foreign debts; by the creation of internal credits against deposited bonds, the internal debts and the annual burden of interest upon production can be lifted, and the stream of credit now bottled up in bonds can be made to flow along the channels of new production. Only upon these lines can any system of economic reconstruction be consistently and successfully developed.

INDUSTRIAL MONOPOLIES.

The existing banking system is the nerve centre of predatory capitalism. With banking made a socially owned and controlled function, the capitalist nerve centre is cut, the situation is changed, the control of the institutes and instruments of exchange by the inner ring of capitalist "financiers"—the source of their power—is gone.

With those instrumentalities in the hands of the nation, every industrial monopoly becomes inocuous against democracy, only capable of existence by the processes of legitimate trade and by compliance with the dictates of the Common Good.

Every joint stock combination within the Commonwealth must be a licensed combination.

The right to trade must be subject to the terms of the license.

The license must carry the right of public supervision, prohibition of inflated capital, of hidden reserves, of excessive profits, or of discrimination between purchasers. The law under which the license is issued should prohibit the use of any Commonwealth instrumentality—telegraphic, telephonic, postal or bank—by any company or combine attempting to trade without a license or in contravention of the terms of the said license.

No Government can be credited with sincerity if it condemns the trusts, rings, and combines with words only, and yet permits them to use the instrumentalities of the Governments in the carrying out of their nefarious plans.

The Commonwealth exercises power against lotteries and against proscribed persons or firms alleged to be engaged in selling or trading in material or information alleged to be inimical to the moral or physical welfare of the citizens of the Commonwealth.

What the Commonwealth cannot do by direct legislation it does by the use of its instrumentalities.

The Commonwealth not only exercises this power against lotteries and gamblers, and traders in noxious matter, but it extends the refusal of its services to all persons and firms declared to be acting as agents, or aiders and abettors to the: firms or persons alleged to be acting in a manner detrimental to the public interests.

The Commonwealth refuses to pass through its Customs the products of any firm upon which it lays its ban. It can interdict all goods which the Government, or its appointed authority, declares to be manufactured, transmitted or sold under conditions injurious to the public. The Nation exercises its right to grant the use of its services to those who comply with its conditions.

The Commonwealth can exercise its powers and use its instrumentalities as much against monopolies and combines as it can against lotteries and traffickers in noxious matter.

Commonwealth Governments have consistently declined to use banking powers against Capitalist combinations, even when Royal Commissions and the decisions of the Courts have proclaimed that the combines acted in restraint of trade, to the public detriment, for their own aggrandisement.

But a Capitalist controlled Government of the Commonwealth is prepared to exercise that power against the Governments of the States and against the decisions of the elected representatives of the people of those States even when those decisions are within the powers permitted by the Constitution.

Thus the States have power to establish State banking and to issue State instruments of credit receivable in all debts, dues, and obligations of those Governments at all the public offices of the States—civil or economic—and the Commonwealth Government has no constitutional power to directly prohibit such instruments or activities of the States.

But what the Commonwealth Government cannot do by direct legal injunction from the Courts it does indirectly by the use of its banking power. Thus under the amended Commonwealth Bank Act of 1920, the Commonwealth Government clothes the private banks with legal authority to refuse acceptance, to deny circulation to the credit instruments of the States. Thus, that which no Commonwealth Government would compel the private banks to do against trusts, rings and combines, it authorised them to do in 1920 against the Governments of the States.

Thus the Bank Act of 1920 is an admission of the tremendous power which the Commonwealth Government can exercise, but so far has refused to exercise, to protect the pockets of the people from the piratical onslaught of distributive combines and industrial monopolies. With a complete nationalised banking system supplanting all private traffickers in credit instruments, the public control of all monopolies and combines becomes absolute. By its control of banking and banking facilities the Commonwealth can compel every monopoly (while permitted to exist) to seek the law, secure its license, and conform to its decisions.

The Private Banking Monopoly is the greatest monopoly on this continent. It is the fortress and buttress and financial arsenal of every industrial and commercial ring, trust, combine and price-raising conspiracy on this continent.

It should not be permitted to exist.

It possesses the power to give or withhold credit. It can withhold or withdraw credit from men whose securities are beyond question. It exercises autocratic control over the products and properties of the people. It is the “Unseen Power.” It should be dethroned. Its powers, prerogatives and perquisites should be the exclusive privilege of the organised Nation, acting through the agency of its own instrumentality—the Bank of the Nation.

Whatever else may follow—in land or industry or augmented local powers—the "instruments of exchange" are essential to their effective functioning. Their control, so essential to the pre-eminence of Capitalist "High Finance," is equally essential to all processes of industrial and social reconstruction.

AS WE ARE

Speaking in the House of Commons on May 12, 1915, Lloyd George said:—

> *"Distress, misery and wretchedness always follow a great war."*

He knew that history repeats itself. He knew the aftermath of the Napoleonic Wars, of the Crimean War, of the Indian Mutiny. He knew that in Trafalgar Square, on the monument of Havelock, there be inscribed the words: "Soldiers, your grateful country will never forget your sufferings, your privations and your valour." He knew that the rulers of Empire had permitted the veterans of a hundred battles to perish of hunger on the streets of the Empire they had defended. He knew they would do it again, and so he said:—

"Distress, misery and wretchedness always follow a great war."

But the unseen rulers do not permit their political administrators to speak the truth too often, so the tune was changed to "Never again the old miseries. After this war fond love and the New Jerusalem." And the great crowd swallowed the dope.

Then in 1916 came my Lord Inchcape, chief of great nigger-manned fleets, chief of great banking corporations, London director of Burns Philp and Co. Speaking in cold, blunt, brutal language to associate sharks, he told them that after the war "the purchasing power of the workers must be reduced and their standard of life lowered." It was the Nigger King talking of the future of his herds and hordes. He was reminded that his language was unwise. Thereafter my Lord Inchcape joined in the song, "Paradise after the War."

In "The Kingdom of Shylock" I pinned attention to the dictum of Inchcape, and I said:—

"The arms of Britain, France and Russia may be as triumphant as those of Rome in the days of its greatest glory—yet the workmen of the combatant nations will emerge from this war such abject slaves of Mammon that they will wish they were dead.

"Out of this war will emerge two classes, bondholders and slaves to the bondholders.

"All who come alive out of the war must be bled dry that interest mongering vampires within the nation may extract from the products of toil hundreds of millions per annum."

"That is what they mean when they say 'the standard of life must be reduced.'

"Working men! You shall eat less, have poorer food, shabbier clothes, scantier furniture, fewer pleasures, and know more hardships than ever you knew in all your days and generation.

"Is it not plain? If every year Shylock is to draw hundreds of millions more in interest from investments in wasted lives and bloody slaughter you who remain alive must slave for it and pay for it. All your days shall be made bitter with hard bondage.

That is your future; that is what they mean, when they say 'the standard of life must be reduced.'

This comment on Lord Inchcape was designated "disloyal," "unpatriotic," "retarding recruiting." It must be suppressed. It was.

Now comes the veil torn aside from all the delusions, illusions and doperies of war. Now, Christmas Day, 1920, can the "Age," of Melbourne, write:—

> *"From every side come sickening accounts of Europe's plight. The Nemesis of an outraged civilisation is upon her. In every country, once hostile or friendly, men, women and children are dispirited and dying…Europe has the ghastly scenes of battle, the sight of ruined homes, fields and factories, the hopelessness of recovery.*
>
> *There is only one thing in which Europe is rich, and that is fear—fear of starvation…Desolation is now being placed on innocent children, whose starved condition is making them easy victims of tuberculosis. Hunger is causing abnormal, precocious crime."*

These be your guides, O people. They know how to fatten you for slaughter but they know not how to feed you in times of peace.

> *"The conditions in England are becoming sinister. Unemployment is great and increasing. Life is hard and becoming harder. It is all part of the war price. The instalments are relentlessly falling due—no nation can escape the consequences of the great catastrophe."*

Thus when their purposes are served do the liars reveal themselves. Thus do they admit their promised freedom from militarism, oligarchy and slavery; their promises of "better times," "New Jerusalem," "Paradise," "new world" and "perpetual peace" were so much bird-lime for the trapping of human gun fodder. Now do we read in our daily press "day by day "the European situation grows more tragic. "Day by day the contrast between the starving "poor and the feasting rich grows more intolerable."

Of the conditions in France, Vaillant Couturier wrote:—

> *"Men feel a hand settle on their necks which shoves them down to the mud where they have left their weapons. Terrible times are in store for us."*

Of conditions in England the London "Star" said:—

> *"Myriads of our people are living on the verge of destitution. We are going forward to national bankruptcy."*

This drift to bankruptcy, starvation and chaos is admitted in the memorial of the directors of the Bank of England, signed also by the chairmen of four of the great Joint Stock Banks of England. The memorial describes general conditions, and then adds:—

> *"The effect of European bankruptcy would be felt all over the world."*

In America the unemployed multiply and wages fall 25, 30 and, 40 per cent. The director of the American Bureau of Foreign and Domestic Trade sums up the position thus:—

"Europe is short of food.

"America is the main source of supply.

"Europe cannot pay.

"America cannot go on supplying for nothing in return.

"Since Europe cannot pay and America cannot continue further credit, European starvation is accentuated and American production slows down. Thus America is drawn into the European vortex and the fallacy of the belief in isolated prosperity is exposed."

The economic situation now commences to effect Australia. The prices of products, by which we pay our obligations to oversea bondholders, are falling. The metal market collapses. Mines close down, purchasing power diminishes, unemployment increases; all the phenomena of Europe begins to reflect itself locally. Thus Australia, in its turn, like America, is drawn into the European vortex and the fallacy of isolated prosperity is again exposed.

Thus, in spasms of truth, the public can read in the capitalist newspapers that "we in Australia have now to face an appalling reckoning," that "there is no preparation for the lean days in front of us"—that "the Budget is the latest expression of spurious patriotism"—that "the Government drains the life from industry and confiscates the means by which industry expands," and finally, that "a dead weight of debt is weighing down the country into a slough of depression." Such are the prospects which in 1921 confront Australia, in common with the rest of the so-called civilised world. And such are the conditions to which capitalist Governments have reduced, or are in process of reducing, the workers of all lands.

To-day we see that to push Labor back into the pit—to diminish its purchasing power, to reduce its standard of existence, to maintain the Bondholding Oligarchy upon the degraded status of Labor—is everywhere the unspoken programme of the great capitalists. On both sides of the Atlantic—in Europe and America—millions are unemployed, millions starve in patience, millions more, broken in spirit, toil for a steadily diminishing return. The "Masters of Industry," the "Brains of the World," the men who could organise so ably for Death and Destruction, have no other conception of "Reconstruction" than that which is based upon the destitution and degradation of the mass.

And the most astounding fact is that everywhere in Western Europe and the United Stages there is a limpness, a tame submission, that arouses the astonishment even of those who flourish on this resurrected slavery; millions of men who fought on battlefields are tolerating in silence and inaction the starvation of their families. John A. Hobson once wrote that "the most important lesson of modern warfare is the fact that a knot of financiers and profiteers, per medium of their politicians and their pressmen, can capture the mind of a nation, and in the name of patriotism impose a policy of slavery." This fact we see to-day exhibited in England, Germany, Austria, France, America; and the question is, "Where next?"

But no matter how submissive the multitude, the Master Class policy defeats itself. It overloads the camel. It cannot reduce the standard of existence without reducing purchasing power, reducing the consumption of goods, choking production, reducing producers, destroying values, and rendering its slaves more and more incapable of earning the tax payable to the Bondholding Oligarchy. Thus a writer in the "English Review," reviewing the situation, can say, "Europe is on its deathbed. European civilisation as we know it is passing away." Thus no less a man than Lloyd George, Prime Minister of Great Britain, speaking on September 15, 1920, was driven to say:—

> *"No effort can shore this system up much longer. If there be any who feel inclined to maintain it, let them*

beware lest it fall upon them and overwhelm them." Unhappily this warning is not merely for the Master Class. It is for others. It is for the great mob of reactionary workers who have no ideals, no spiritual outlook, no conception of a higher life, no sense of social duty; who are satisfied to be "Bosses' Men" so long as they are well fed—and often, when they are not. These are the sustainers of the existing system, until, to repeat the words of George, "it falls upon them and overwhelms them." They are the ripe fruit of the ceaseless daily press propaganda. They will not stand for any change. Thus there can be no orderly "passing away," no intelligent demolition, no plan of peaceful reconstruction. It must "fall upon them."

And the warning is for the "great press." It speaks of "appalling reckonings." It says, "No nation can escape the catastrophe." It bemoans the fact that there is "no preparation for the days in front of us." Yet it furnishes no guidance. One would imagine that such a press, claiming so much loftiness of public purpose, would at least have some national ideal, some method of reaching it, some preparedness with which to meet the coming gale. But it is blank it is barren, and it will struggle to submerge any section proposing anything touching the sacred citadel of the existing system. It speaks of "the hopelessness of recovery." But rather than give its aid to any method, policy, or principle of reconstruction, it prefers to see the existing system collapse in disorder and chaos. It exemplifies the fact that "dying orders rather than pass peacefully away are impelled towards catastrophies into which they drag as many men as possible."

FRANK ANSTEY.
Member of Parliament
March, 1921