

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**THURSDAY, 12 SEPTEMBER 1940**

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land, this department has been experimenting with a considerable number of species of legumes at the Bureau of Tropical Agriculture at South Johnstone, and of these six have given definite promise of being satisfactory under the conditions prevailing in the far North. These are:—*Stylosanthes guianensis*, *Stylosanthes guianensis* var. *subviscosus*, *Centrosema pubescens*, *Pueraria phaseoloides*, *Calopogonium mucunoides*, and *Cajanus indicus*. Seed of the first-mentioned legume, which can perhaps, from now on, be best colloquially referred to as stylo, was imported from Brazil by the Department of Agriculture and Stock in 1933, and recent intensive experiments with this species indicate that it is quite the most promising of all the legumes under test.

“2. Experiments with stylo are at present under way in the spear grass country in the vicinity of Rockhampton.

“3. So far as certain coastal country is concerned, there are strong indications that stylo may be successfully established. The position is not yet quite so clear on the Atherton Tableland, but the Department of Agriculture and Stock has established thereon an experimental area in which some 400 species, varieties, and strains of legumes are under test. Included in these tests is stylo, which was in a flourishing condition when the last progress report was received in Brisbane.”

COTTON BOUNTIES.

**Mr. EDWARDS** (Nanango), for **Mr. WALKER** (Cooroora), asked the Secretary for Agriculture and Stock—

“1. What are the details of the new cotton bounties?”

“2. When do they commence?”

**The SECRETARY FOR AGRICULTURE AND STOCK** (Hon. F. W. Bulcock, Barcoo) replied—

“1. The new bounties on raw cotton provide for the following payments per lb. of lint cotton, or raw cotton, as it is known by the cotton trade:—

Season.	Pence per lb. of raw cotton.
1940-41	4.75
1941-42	4.50
1942-43	4.25
1943-44	4.00
1944-45	3.50

These payments are to be made when the previous Friday's closing price of spot cotton, American Middling type, is 6d. sterling in Liverpool. For each 1/100th of 1d. that the basic price rises above 6d., the bounty shall be reduced accordingly. Likewise, for each 1/100th of 1d. that the basic price falls below 6d., a corresponding increase in bounty will be granted, but in no case shall a total of more than 5½d. of bounty per lb. of raw cotton be paid. For the two lowest grades of raw

**THURSDAY, 12 SEPTEMBER, 1940.**

Mr. SPEAKER (Hon. E. J. Hanson, Buranda) took the chair at 10.30 a.m.

QUESTIONS.

LEGUMES IN PASTURE IMPROVEMENT.

**Mr. CLAYTON** (Wide Bay) asked the Secretary for Agriculture and Stock—

“1. What legumes, recently the subject of departmental experimental work, give promise of success in North Queensland?”

“2. Is it proposed to extend this work to spear grass country of the North Coast?”

“3. Does pasture improvement work, so far as it has gone, suggest that ultimately legumes may be successfully established in areas which to-day are apparently unable to balance pastures by growing legumes?”

**The SECRETARY FOR AGRICULTURE AND STOCK** (Hon. F. W. Bulcock, Barcoo) replied—

“1. Because it has recognised the necessity for the addition of a satisfactory legume to the pastures of North Queens-

cotton, the rate of bounty shall be reduced one-half of the determined rate. If no Liverpool price is quoted on any Friday, the Minister for Trade and Customs shall, having regard to—(a) the official spot price of raw cotton at New York, in the United States of America, on that Friday; (b) the rates of freight and insurance on cotton shipped from the United States of America to England; (c) the rate of exchange between England and the United States of America; and (d) such other matters (if any) as he thinks fit, determine a price which shall be substituted for the Liverpool price for the purpose of calculating the rate of bounty under this section. Provision is also made for adjustments of rates of bounty according to alterations in telegraphic rates of exchange, Australia on London, and impositions of duty on raw cotton. The total amount of bounty paid under this Act in respect of raw cotton produced during any one calendar year shall not exceed the sum of £150,000. Provided that, where the maximum amount of bounty which may be paid in respect of raw cotton produced during any calendar year has not been paid in that year, the unpaid balance, or any portion thereof, may be paid in respect of raw cotton produced during any subsequent calendar year, in addition to the maximum amount authorised to be paid in respect of raw cotton produced during that subsequent calendar year.

“2. 1 January, 1941.”

#### COTTON PRODUCTION.

**Mr. T. L. WILLIAMS** (Port Curtis) asked the Secretary for Labour and Industry—

“1. Is there any evidence of increased production of cotton in the 1940-41 season?”

“2. What were the amounts of advances from the Cotton Production Relief Fund last season to—(a) cotton farmers; (b) share farmers?”

“3. What amount is estimated to be required for the same purpose this season?”

“4. What was the aggregate amount advanced to cotton-growers since the inception of the scheme in the 1932-33 season to 30 June, 1940?”

“5. (a) What is the estimated number of persons, other than borrowers from the fund, who receive employment each season in the cultivation and picking of the crop as a result of the advances made from the fund; (b) what is the estimated annual aggregate amount paid to such workers as wages; (c) what increases in (a) and (b) are anticipated for the 1940-41 season?”

“6. What is the potential value to the State of the work, such as scrubfalling, clearing, &c., carried out with loans granted from the fund?”

**The SECRETARY FOR LABOUR AND INDUSTRY** (Hon. T. A. Foley, Normanby) replied—

“1. Yes; there is ample evidence of increased production of cotton in the

1940-41 season. The Government, in an effort to increase production, and thus very materially assist in Australia's war effort, has undertaken a campaign to increase acreage under crop, and is concentrating on instructing growers in improved cultural methods and pest control. That the growers appreciate the necessity for an increased crop is evidenced by the fact that 80,000 acres will be planted, as compared with 40,000 acres in the previous season. Last season, advances from the Cotton Production Relief Fund were made to 725 growers, comprising 132 landholders and 583 sharefarmers. So far this season, advances have been approved for 1,020 applicants, representing 208 landholders and 812 sharefarmers. These figures will be considerably increased, as applications are still coming to hand. If seasonal conditions are favourable, there is every prospect of a record crop in the 1940-41 season.

“2. (a) £7,020 10s. 1d.; (b) £29,330 5s. 2d.

“3. £60,000.

“4. £172,165 16s. 8d.

“5. (a) 1,200; (b) £40,000; (c) Should seasonal conditions be favourable, it is estimated that at least 2,000 workers will receive employment in connection with the cotton crop grown by borrowers from the fund, and that £67,000 will be paid in wages to such workers.

“6. In the seven seasons of operations of the cotton production relief scheme, it is estimated that 86,000 acres of scrub land and 64,000 acres of forest land have been cleared and converted into fertile dairying and productive farming land. The potential value to the State of this work is approximately £300,000.”

#### AMERICAN LOANS AND EXCHANGE.

**Mr. MOORE** (Aubigny) asked the Treasurer—

“1. At 1 July, 1939, what were the outstanding balances of the first and second American loans respectively—(a) in dollars; (b) in pounds Australian?”

“2. What was the number of dollars to £1 Australian—(a) on 1 July, 1939; (b) on 30 June, 1940; and (c) average for 1939-40?”

**The TREASURER** (Hon. F. A. Cooper, Bremer) replied—

“1. (a) 7 per cent. loan, 8,783,500 dollars; 6 per cent. loan, 10,000,000 dollars (including 747,000 dollars purchased and held by the National Debt Commission). (b) 7 per cent. loan (at par rate), £1,804,890 14s. 4d.; 6 per cent. loan (at par rate), £2,054,865 (including £153,498 8s. 2d. purchased and held by the National Debt Commission).

“2. The following information has been obtained from the Commonwealth Bank of Australia:—(a) 3.7230; (b) 3.1982; (c) Dollars are not purchased at an average rate.”

FEDERAL ELECTION FUNDS.

**Mr. NIMMO** (Oxley), without notice, asked the Premier—

“1. How much money have the Government voted to the Queensland Central Executive for fighting the Federal election?”

“2. If a sum of money has been granted, will this amount be shown in the accounts of the Chief Secretary's Department as advertising expenses?”

**The PREMIER** (Hon. W. Forgan Smith, Mackay): Mr. Speaker, no more insulting question could be submitted to the Chief Secretary of the State.

**Government Members:** Hear, hear!

**The PREMIER:** No funds of any kind whatsoever have ever been voted by the Government to any political party. I regard the question as being of the most insulting character imaginable. I suggest that the hon. member for Oxley should withdraw and apologise for putting forward such a suggestion.

**Government Members:** Hear, hear!

**The PREMIER:** It is tantamount to a charge of the misuse of public funds.

**Mr. SPEAKER:** I ask the hon. member for Oxley to do the decent thing and comply with the request of the Premier by apologising for his question.

(After a pause.)

**Mr. SPEAKER:** I ask the hon. member for Oxley to comply with the Premier's request.

**Mr. NIMMO:** Seeing that the Premier has taken the question that way, I will withdraw the question.

**Mr. SPEAKER:** Order! I also ask the hon. member for Oxley to apologise.

**Mr. NIMMO:** I have no other course, Mr. Speaker, than to apologise. I apologise.

PERSONAL EXPLANATION.

**Mr. TAYLOR** (Enoggera) (10.42 a.m.), by leave: I wish to make a personal explanation. During his speech on the Address in Reply the hon. member for Gregory accused me of being un-British, and implied that I was a disloyalist. The leader of the United Australia Party, the hon. member for Hamilton, also made the same charge in his speech on the Address in Reply, and added that I, on the Address in Reply, made a disloyal speech, and a speech that was tainted with Communism. I want to say that is a direct insult to my mother and also to my family; it does not matter much to me personally. My father, who died recently, was on active service with the Australian Imperial Force. As a result of his death, my mother now receives a military pension of £2 2s. a week. My youngest brother, Thomas Harrison Taylor, 4th Light Horse Brigade, was killed in action in Palestine on 2 May, 1918. My second youngest brother, Robert John Taylor,

was killed at Pozieres on 8 August, 1916, while fighting with the 14th Battalion. I have here in my hand my own discharge from the Australian Imperial Force, which can be perused by any hon. member in this House.

I contend I have a perfect right as a member elected to this House by the people to state a case for what I believe to be a system under which the people can have peace, prosperity, and happiness. I also contend that the leader of the United Australia Party in this House and the hon. member for Gregory have no monopoly of patriotism, under which to hold themselves out as the only defenders of the Australian people.

I wish, Mr. Speaker, to say that I think the party to which I belong stands for the only system in politics and economics that will give the people peace, contentment, and happiness.

**Government Members:** Hear, hear!

FUNCTIONS OF COMMONWEALTH BANK.

**Mr. BEDFORD** (Warrego) (10.46 a.m.): I move—

“That this Parliament resolves that, in view of the Commonwealth's necessary commitments for the defence of Australia and the urgent need of money for all States' developments, the Commonwealth Government should reinstate the Commonwealth Bank in its original constitution as established by the Labour Government under Andrew Fisher, to administer the national credit to the national purpose.”

The advertised opposition to any proposal for financial reform comes from the people who allege that the Government would thereby immediately take the savings of the thrifty. On examination we find that is the statement mostly made by shareholders of banks or the exploiters of the people, who contend that things as they are should continue to be as they are. Anybody knows that under those circumstances, no extension of the Commonwealth Bank's constitution would represent anything but greater safety for the savings of the thrifty, and that all the money they put into war savings certificates is as safe as Australia is, and that under no circumstances would any attempt be made to chop down the living wage of such savers, for that money might be the only means of livelihood in old age for the people who made the savings.

The real intention of this motion is to prevent the shocking thing from happening that has happened in wartime all over the earth, and is still permitted to happen—that is, the exploitation by private banking systems of the credit of the community, so that millions of money goes to pay interest on money that never had any real existence, thus keeping the people under conditions of bondage generation after generation. The real statement to that effect was made in the prospectus of the Bank of England issued in 1694. Usury had been well established before Christ threw

the money-changers out of the temple, and it continued to be even better established in later years, although usury was a crime. About 1694, apparently, the public conscience and public apathy were such that it was possible for the people who were responsible for that prospectus to blandly state in it thus, "The bank shall have benefit of interest on moneys which it shall invent out of nothing." But it must be clear to most men who are not quite satisfied to wage a war without even half an eye on the future, that the war is fought, in the general confusion of war, on the principle that it does not matter what you spend in a time of exigency—apart altogether from the general wastefulness of war—that nobody cares how the money is got, and it is the people who have not got it that provide it. That paradox is quite true. The general crime of war is not only that it ravages every atom of decency in a man and a world that has attained a few steps towards democracy—and which is threatened with this descent to the abyss by this ruffian who comes out of the Middle Ages—but that after the war is over no attempt is made to alter the conditions that produced the war.

This war started in a successful rebellion in Spain. There, only a few years ago, men had to work a 14-hour day to till the fields, and of the 30,000,000 Spaniards comprising the population of Spain, 50,000 had 95 per cent. of the land and 29,950,000 had the rest. The Republican Government came into existence for the purpose of altering those shocking conditions. They immediately started to liberalise the land laws. They brought in an 8-hour day, and then General Franco, financed by private banks, was enabled to start his rebellion. The result is that the 14-hour day again operates, and the 50,000 people still own 95 per cent. of the land of Spain.

In all wars there is careless expenditure, and we find that even in a country such as Australia, no attempt is made by the Government to provide for all the necessities of soldiers. There is still the old habit of thought that believes that a soldier is an object of charity, and that charity should provide him with ordinary comforts. At the end of nearly every war—it was not so bad at the end of the last war because in this country, particularly, something like a social conscience was growing—the real end of the wounded soldier was that he finished minus a leg or an arm, begging for a living at the street corners for the pennies of the poor.

I am prompted to move this motion by the urgent need of Australia to prepare for an all-in struggle and to avert post-war misery that will be as bad as the war itself. This war is not like old wars. Mechanised wars cost from five to seven times as much per man as the old ones did, and it can already be seen, from the tremendous amount of debt piling up in the world and the general failure of the half-civilisation we have enjoyed, that the old economic order is doomed. Everybody predicates a new economic order. Hitler and Mussolini predicate their new order, which is to be an order in which tyrants are to be

prosperous no matter how much their people are enslaved. The economic order in most of the democracies has been big business, and their aim is that big business shall continue to rule, and take a little line—not a leaf—out of the book of the Fascists by doing to the trade unions 5 to 10 per cent. of what has been done to trade unions by Mussolini and by Hitler. Mr. Menzies, for instance, has publicly stated that he regrets the fact that there is less efficiency under democracy than there is under Fascism and Nazi-ism. Mr. Menzies apparently forgets that for Nazi alleged efficiency the worker is kept under the whip.

Generally, anti-Labour in Australia sees some little good in the works of totalitarian countries, as expressed in its opinions before this war but not much since it started, because it is too close to an election. That opinion is that there is a great deal in what Hitler did, that Hitler, at least, as a man said to me the other day, had put the trade unions in their place. I asked that man who but a fool could believe that Communism was not kept out of Australia by three forces—the Australian Labour Party, its creation the Arbitration Courts, and the Australian Workers' Union. But the mere fact that the statement was made is enough to show that after this war, when the country is wounded almost to death—if not in blood then in taxation—the popular thing among the big business classes of the community and the anti-Labour classes will be to insist upon a lower wage and to introduce that much of Fascism, anyhow.

While Australians should not attempt to influence other peoples' Governments, they should not permit their own Government to be influenced by anybody outside Australia. Australia should not permit within her own borders the great crime of private control of public credit, which makes the big business that leads to war and which, having financed the war with public credit to its own private profit, then finances peace to its own private profit also.

The fact that the colossal task of properly developing Australia and of defending our great continent could not possibly be performed under the old form of exploitation of national credit by private banks induced the Labour Government to establish the Commonwealth Bank, a bank without visible capital, as almost all banking is established, because, in almost every case, the reserves of the bank, accumulated largely by its overcharges for service, are equal to the capital or more, and, on top of that, capital is watered.

The Commonwealth Bank's success has been great, even though the Bruce-Page Government years ago altered its constitution to help the private banks it was beating in open competition, and even though its latter-year policy has been not to go after new accounts. At 30 June, 1939, 11 Australian private banks had total deposits of £329,000,000. The Commonwealth Bank, hampered as it was, had deposits of £62,000,000, and its profits are paid to the

Public Debt Sinking Fund and to reserves. So that there were £400,000,000 of deposits, with only £16,000,000 of hard money and £50,000,000 in notes.

Such a stabilising influence has the Commonwealth Bank been that even the people who suffered in the 1893 smash in private banking, and who were, therefore, afraid of any such major upheaval as war, decided there was no such danger with this bank, with the result that, in the last war, there was no panic, nor was there any in this war. But that did not happen in England. The Bank of England closed for four days and reopened with its note issue replacing the gold. It was a real note issue—it had to be—with the guarantee of the British Government behind it.

We know that the Commonwealth Bank, under its original constitution, found £257,000,000 of the war cost, but Sir Denison Miller said that he could do better than that in times of peace, and that it advanced £450,000,000 for production pools, and so saved the producer. Such was its success that at the instance of private banks the Bruce-Page Government altered its constitution, and hamstrung its natural activities. Afterwards a pretentious nonentity in Mr. Bruce brought Australia as close to ruin as it has ever been, so that it was necessary for more capable men to get Australia out of the mess. The Scullin Government proposed a fiduciary note issue of £18,000,000 to alleviate depression. That Government was defeated, and we once again returned to the old muddle, which was made worse by the war and our necessity to arm.

It is still believed that the war will pass, and peace will lose its old habit of only providing a breathing space until the next war starts. Thinking men must realise that Australia can never slacken in her defences again. When the present war ends, we must remain armed and pay the cost, as an insurance premium against disaster. How can it be done now under the old banking system, which makes demands in a time of peace as oppressive as in a time of war?

The last war cost Australia £1,000,000,000, and the total interest bill demands nearly £1,000,000 a week; £30,000,000 of the £50,000,000 of interest is payable overseas in sterling. The present war commitments are £600,000,000 to £800,000,000 for the next four years, and the estimates, apparently, have been on the basis of the costs of the late war. Mechanised war to-day is from five to seven times as costly as the old kind of wars, and these demands mean that the amount must be increased. That does not take into consideration necessary developmental moneys for the States. By 1942 Australia will have to redeem £188,000,000 of internal debt and £110,000,000 of debt due in London.

It will be remembered that the Scullin Government proposed to issue £18,000,000 of fiduciary notes, but was defeated. Our note issue to-day is £50,000,000, as against £16,000,000 of gold held. And we need not bother whether the gold is there at all, because

the real guarantee of the bank is the productivity of the country, and, as soon as it becomes necessary to strengthen credit abroad, the gold will go out as fast as it is mined. Whilst the Scullin Government was defeated on the £18,000,000 proposed fiduciary note issue, the Bank of England was permitted a fiduciary issue of £264,000,000 without a grain of gold behind it. It was further permitted to increase that issue up to nearly £600,000,000, after allowing for certain withdrawals. Proportionately, Australia's fiduciary issue, without gold backing, should be £100,000,000, instead of only £50,000,000. If Mussolini, Hitler, and Franco had not been financed by private banking, there would be no war to-day.

It is necessary to give chapter and verse to the people who do not believe. It is easy to speak in the negative as Mr. Fletcher incorrectly announced this morning in the "Courier-Mail"; it is easy to say "No good." But everyone will remember the objections raised to every reform that has ever been introduced. It was said, "You must not give women a vote, because they do not understand politics." Plenty of them understand the subject better than the same number of men. It was said, "Do not show paternalism in helping the children of widowed mothers." Everything was wrong that meant any further attack on privilege. There are better authorities than Mr. Fletcher. For instance, there is the Right Hon. Thomas Johnson, British ex-Cabinet Minister, who exposed the racketeering by which the financiers bled Britain white while soldiers were dying on the battlefields of Europe. On the outbreak of war in 1914 the Bank of England possessed only £9,000,000 gold, and, as it was the bankers' bank, this sum represented the gold reserves of all British banks. Johnson's exposure can be put thus—

"In the stress of war and the collapse of international trade, the bankers became alarmed, fearing a 'run' by depositors, under which the whole banking system would collapse, bringing ruin to millions of the British people."

Also putting the British bankers out of business. The report continues—

"Lloyd George, then Chancellor of the Exchequer, intervened. He declared a moratorium, authorising the banks not to pay out; he extended the August bank holiday; and in the meantime arranged for the Government to come to the banks' aid.

"When the banks re-opened, the public found that, instead of getting their money back in gold, they were paid in a new legal tender of Treasury notes. This new currency, issued by the State and backed by the credit of the State, had been issued to save the banks from 'going smash'; and the public cheerfully accepted the new notes. The amount of the issue was at the discretion of the Treasury; thus this advance to the banks was essentially a war loan free of interest.

"But no sooner had Lloyd George relieved the bankers than they were again

interviewing him. The State, they said, must not issue any more interest-free money. The war must be run with interest-bearing money; and they (the banks) would see to the financing of a war loan at 3½ per cent. The Treasury assented. The first war loan (November, 1914) was for £350,000,000 at 3½ per cent. The second (£901,000,000, June, 1915) was at 4½ per cent. The third war loan (£2,075,750,000, January, 1917) was at 5 per cent.; and the joy loan (£409,000,000 June, 1919) was at 5 per cent.’’

The same thing is beginning to happen here. A little while ago we were being congratulated upon the fact that money was cheap in Australia and that the first war loan had gone out at 3½ per cent. Already there is a movement in Sydney to lift the interest rate supported by the “Sydney Morning Herald,” in which bankers, quite anonymously—blushing violets, timid people who do not want to give their names, or maybe they are invented by the paper itself—are saying that the price of money is too low and that future war loans would have to go higher. So that we see that the same process is being prepared for us here as has occurred in England.

The following report amplifies what I say—

“The London ‘Times’ in 1921, when national war bonds were being ‘converted’ into an additional burden to the nation, declared that: ‘There is being enacted before our eyes at this moment a most extraordinary performance in finance; and yet the spectacle seems visible only to a few: The Government offering holders of £632,000,000 of 5 per cent. war bonds the opportunity of exchanging each £100 into amounts of 3½ per cent. stock, varying from £160 to £163. In other words, they are being asked to receive from the taxpayers £4,000,000 more in interest and between £300,000,000 and £400,000,000 of additional capital when the loan is redeemed.’

“But the money-mongers were not yet done. Wall Street and London City agreed to begin a policy of price deflation. They called in loans and overdrafts, compelling manufacturers to throw their stocks on the market to raise money for repayment of bank loans. At the same time the Governments threw on the markets their surplus war stores, and as the price of goods fell wages were smashed. Bonar Law said in the House of Commons: ‘We had borrowed £8,000,000,000; we shall require to pay £16,000,000,000.’

“Johnson, in his conclusion, says: ‘The men who inflated rates of interest, the men who, as the price of providing credits to free us from the threat of German slavery, enmeshed us in an interest burden of £1,000,000 a day; it is they whose wartime plunderings I have sought to record.’”

Sir Hal Colebatch relates how the trick was worked and the pyramid of credit established when he says—

“England borrowed £8,000,000,000 from her own people. The common practice (adopted also in Australia) was for a person to subscribe to a loan all the money he had, and then to subscribe to a second loan by pledging the bond he had received for the first. In this way a man who had only £1,000 eventually lent £5,000.’”

In other words, people with only £1,000 in credit had war bonds to the extent of £5,000, all bearing interest, not only on the bond itself, but also on the advance made to get the bond. This is the Fifth Column that never dies—the international usurer.

The position of this country is that from 1826 to 1939 we exported £700,000,000 worth more than we imported. We dug up £650,000,000 of gold and sent it away. Now we owe £1,300,000,000, with an interest bill of nearly £1,000,000 a week.

There is the classical illustration on the other hand of the £16,000,000 borrowed by the New South Wales Government for railway purposes in 1888. Up to its conversion in 1924 New South Wales had paid £25,908,000 in interest and when the converted loan matures in 1955 New South Wales will have paid £49,826,000 in interest and still owe the original £16,000,000. Against that where will you find interest still being paid on the £6,000,000 cost of the Port Augusta-Kalgoorlie railway? It was built with interest-free money.

America’s first experience of interest-free money was during the Civil War, when the money-lenders asked 25 per cent. interest for money to prosecute a war that was to make their usury safer. Abraham Lincoln issued interest-free money and so financed the war. And now even the London “Economist” talks hopefully of limiting interest for Government purposes to the actual cost—less than 10s. per cent. per annum—although it could issue the notes it now guarantees for the Bank of England at the actual cost of printing.

Australia since the 1914-18 war has so far progressed that its banking business promises more than ever richer rewards for the mostly overseas money power. This is what it has done:—Its population has risen from under 5,000,000 to over 7,000,000, oversea trade has risen from £125,000,000 to £250,000,000, agricultural production has increased two and a-half times, 3,000,000 more cattle, it has 28,000,000 more sheep, manufacturing values have risen from £59,000,000 to £206,000,000, all industrial production has been lifted from £215,500,000 to £487,000,000, and the cost of factories increased from £15,000,000 to £27,000,000, employing 230,000 new workers.

The public interest-bearing debt of the world—and much of it never existed—except as a peg to hang interest on—is £40,000,000,000. There is no reason why Australia should add a penny to that debt—

especially to that sort of debt held outside our borders.

And it again being necessary to give chapter and verse—for I still find people dull enough to be unable to appreciate this fact—I will give an academic authority, the *Encyclopædia Britannica*, 14th edition, volume 3, under the heading of "Banking and Credit," which says—

"Banks create credit. It is a mistake to suppose that bank credit is created to any important extent by the payment of money into the banks. A loan made by a bank is a clear addition to the amount of money in the community."

Mr. H. D. McLeod, in his text-book, "The Theory and Practice of Banking," states—

"The essential and distinctive feature of a bank and a banker is to create and issue credit payable on demand, and this credit it intended to be put into circulation and serve all the purposes of money. A bank therefore is not an office for the borrowing and lending of money, but is a manufactory of credit."

Now, with a proper reform, the restoring of the Commonwealth Bank to its original constitution, and the provision of a friendly Government to extend its power, what could the Commonwealth Bank not do with the credit of £3,000,000,000 of Australian wealth behind it? It could finance the war; indeed the post-war period, easily. This is what the bank actually did before it was hamstrung—

"(a) Within five years of its establishment it raised 10 internal loans aggregating £257,000,000 for war purposes, the flotation costs of which were 5/7 per cent. as against 3 per cent. flotation costs on all loans raised in London—"

saving Australia £7,000,000 in this matter alone. And on one occasion Sir Denison Miller stated that, if a further £257,000,000 had been required, he would have found it.

"(b) It financed the wheat and wool pools and later the sugar and fruit pools.

"(c) It found £3,000,000 for the purchase of the Commonwealth Shipping Line . . . ."

which these geniuses sold and we did not get the money for it—

"£10,000,000 for advances to local authorities during the war and approximately £5,000,000 for war service homes."

Everyone knows the half-starvation that local-authority works are threatened with when the aim of the international exploiter is to make hundreds of millions of unearned profit, and the confusion of war is more favourable to the theft than are the calmly conducted developments of the country.

"(d) It made a profit of over £21,000,000 from the note issue in a period of 24 years.

"(e) Per medium of the Commonwealth controlled note issue it created national credits to the extent of some £50,000,000

to £60,000,000 at one stage, and from the credits so created it made pre-war and wartime loans to the States amounting to £20,000,000, and spent over £8,000,000 in Commonwealth works, including over £6,000,000 in the construction of the east-west railway. For years prior to wartime loans from the note issue to the States all Commonwealth works usually paid out of loans were paid out of credits transferred, or, in other words, money borrowed from the notes fund free of interest."

There cannot be anything more academic than the following abstract of Lincoln's monetary policy certified as correct by the Legislative Reference Service of the Library of Congress—

"Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of national government.

"Money possesses no value to the State other than given to it by circulation.

"Capital has its proper place and is entitled to every protection. The wages of men should be recognised in the structure of and in the social order as more important than the wages of money.

"No duty is more imperative on the Government than the duty it owes to the people to furnish them with a sound and uniform currency, and of regulating the circulation of the medium of exchange so that labour will be protected from a vicious currency and commerce will be facilitated by cheap and safe exchange.

"Government possessing the power to create and issue currency and credit as money, and enjoying the power to withdraw both currency and credit from circulation by taxation and otherwise, need not and should not borrow capital at interest as the means of financing Government work and public enterprise. The Government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of the consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but is the Government's greatest creative opportunity."

The reaction of the London "Times" to this was as might be expected. This is what it said—

"The Government will furnish its own money without cost. It will pay off its debt and be without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilised government of the world. That government must be destroyed."

There is no change in this impudent monopoly of a public utility. As I pointed out, in 1694 the prospectus for the Bank of England said—"The bank shall have benefit of interest on all moneys which it shall invent



out of nothing." That is still the attitude, because in the "United States Bankers' Magazine," 230 years later, published August 26, 1924, the following appeared in a leader:—

"Capital must protect itself in every possible manner by combination and legislation. Debts must be collected, bonds and mortgages must be foreclosed as rapidly as possible. When, through a process of law, the common people lose their homes, they will become more docile and more easily governed through the influence of the strong arm of government, applied by a central power of wealth under control of leading financiers. This truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world."

In a letter to the New York agents for arranging to introduce modern banking credits to America the Rothschilds wrote this—

"The few who can understand the system will either be so interested in its profits, or so dependent on its favours, that there will be no opposition from that class, while, on the other hand, that great body of people, mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burden without complaining, and perhaps without even suspecting that the system is inimical to their interests."

Local authorities all over Queensland and Australia and even in England, where they are much less progressive than in this country, object to this thing, which is slowly aggregating all the property of the country into a few hands.

The Southampton Chamber of Commerce reported—

"Money power. A power nothing less than the control of the entire economic activity of the nation is vested in a private monopoly."

Mr. McKenna, a former Chancellor of the British Exchequer and chairman of the Midland Bank, in 1934, said—

"I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money."

And later in the same address, he said—

"And they who control the credit of the nation direct the policy of Governments, and hold in the hollow of their hands the destiny of the people."

Later on, referring to his low friend, the Bank of England, he said—

"The Bank of England, and no other power in Heaven above or earth beneath, is the ultimate arbiter of what our supply of money shall be. The regular expansion of money supplies which must be undertaken if trade is to be active and the price level stable, has not been permitted."

Large-scale credit will be required for war and post-war purposes. Is it to be handled by the Government for the benefit of the people, or to be exploited by the private banks for the benefit of their shareholders? As to what it will be, we have the last war to tell us, as described in an English financial newspaper, the "British Economist," when it said—

"At a time when the nation struggled almost at death's door for its very existence, and while masses of our manhood were daily being blown into bundles of bloody rags, British banking fraternities continued to create for themselves a great volume of new credit and to lend that credit to us at interest, indeed, at progressively increased interest; no reference to the fact that this manufacture of bankers' credit some portion, variously estimated in amount, of what now stands as the public debt, was simply fabricated for private ends, and was not a bona-fide loan of real wealth to the nation. Professor Soddy has estimated that the bankers actually created £2,000,000,000, no less, of this bank credit, and lent it out to us at 5 per cent. That means £100,000,000 a year on nothing."

The "Economist," according to one newspaper, has been—

"Staggered by the thought that if the war is financed in the orthodox way by bank loans, its end will find the country loaded with a burden of debt quite beyond its capacity to carry.

"The war of 1914-18 cost Britain £14,000,000,000, or an average of £9,000,000 a day. Lord Stamp estimates the total national wealth of Great Britain at £20,000,000,000. Assuming that the present war costs Britain £10,000,000,000 this sum, added to the present national liabilities, will make the British national debt equal to Lord Stamp's estimate of Britain's total wealth.

"The great bulk of this debt is taken up by the banks, who pay for it with created credit (book entries in bank ledgers), so that at the war's end almost all the nation's wealth will be pawned to the banks merely for the service of creating financial credit on the basis of the real credit of the community.

"This prospect has alarmed the 'Economist,' which, in its issue of 27 January, says, after recommending 3 per cent. as a fair offer for loan of genuine savings to the Government—

"There would be no justification whatever for the payment of so high a rate on created credit. Normally, when a bank creates a good security by making an advance on good security, it is performing the necessary and valuable function of turning illiquid wealth into liquid credit, and is entitled to the going rate of remuneration for that service.

"But, in the circumstances here envisaged, it would be the community's

credit that would be liquified, and the community represented by Exchequer would be entitled to require that the rate of interest should be no more than the cost of handling the funds—say, 10s. per cent. per annum.’”

That is the Fifth Column that makes wars, and still does. The American Revolution was not brought about by any tax on tea or a stamp tax, but because the British bankers attempted to force British currency on the American colonies to the detriment of their own currency. The British currency had only half the value of their own currency, and that was the real cause of the war. The banks caused that war, as they have caused them all.

(Time, on motion of Mr. Power, extended.)

There was never a money depression not caused by private banking's control of the volume and velocity of money.

Take the classical case of the Bank of England. It started in 1694. The British Government required £1,200,000 for war purposes. Paterson's Bank of England proposed to supply it and issued £2,000,000 in currency notes against the credit invented. These currency notes promptly came to a discount of 20 per cent. and gold guineas to a premium of 80 per cent. There was only one way to pay creditors, and that was in credit, and so cheques and cheque accounts came into general use. The bank even had Customs duties earmarked for itself and the Government guaranteed the notes. The Government then received £1,200,000 in its own guaranteed notes and paid 8 per cent. interest on the alleged money, and also £4,000 a year to the bank to keep the account. Either the Government were more than usually stupid or somebody in the Government was a participant in graft. It is not strange that, being allowed to batten on the public credit, the bank's capital had increased by 1746 to £10,780,000, almost all of it out of profits.

Let us now leave the Bank of England and come to the present time, to Western Australia, and deal with the wheat surplus of Australia and the arrangements made by the Commonwealth Government—who are alleged to be so tremendously good to the producer, but who are not—for the payment of the wheatgrowers. The following is an extract from "The Wheatgrower" of Western Australia, dealing with the wheatgrower's conference that was held a week or so ago:—

"Conference last week unanimously resolved as follows:—'That the Prime Minister be advised that in the opinion of this conference all further moneys needed for the prosecution of the war, or for the purpose of enabling the primary and secondary industries to put forward a full war effort, should be issued free of interest by the Commonwealth Bank, and that his attention be drawn to a statement by Mr. H. J. Kelliher, a director of the Bank of New Zealand "that the sums of private money being borrowed are becoming so

fantastic in their magnitude that everyone recognises the impossibility of ever repaying them.'" That the ever-growing interest burdens will eventually enslave the masses of the people by depriving them of purchasing power, and creating large scale unemployment, and that privately created money should be replaced by money issued by the State free of interest.'

"The sound common sense and logic of the resolution needs no comment, but for emphasis we feel we cannot refrain from stating a striking illustration of the iniquity of the present system. For this we do not need to delve into the dim and distant past. We need go no further than the present method by which the Commonwealth Government is, through the Commonwealth Bank, bleeding an industry which borders on collapse.

"Upon the outbreak of war the whole of the 1939-40 crop was requisitioned by the Government. Growers were given no choice, the wheat was compulsorily acquired. The Government thus had in its possession a valuable tangible asset. The Government thereupon arranged that growers should be paid in advance against anticipated realisations—those in authority not being prepared to pay for the wheat outright.

"Thus we have all the requirements for the Government to use those powers possessed by the Commonwealth Bank to issue interest-free money. This power was stressed in paragraph 504 of the report of the Royal Commission on Banking. What do we find? The Government takes our wheat, which thus becomes the property of the Government. It then gives us an advance, tells us we have a tremendous overdraft, on which we shall be charged 3½ per cent. per annum until the overdraft is liquidated by receipt, from time to time, of proceeds of sales of wheat.

"Boiled down, one finds that the Federal Government, through the Commonwealth Bank, is using its powers of acquisition to tax the wheatgrower an enormous sum of money. Exactly how great that sum will eventually be we cannot accurately state, but when it is realised that half of the 56,000,000 bushels of wheat sold to the Imperial Government months ago will not be paid for until January, 1941, and that the anticipated carry-over of wheat may be 50,000,000 bushels we can visualise the magnitude of the sin committed by the Federal Government. We anticipate that for the privilege of having our wheat acquired we shall pay at least £600,000 in interest to the Government.

"It cannot be said that the issuance of interest-free money in a case such as this would in any manner be inflationary. It is merely putting into immediate circulation money which will be cancelled out as the proceeds of sale are received from time to time. We are thus forced to the conclusion that the Government has made use of a backdoor method of taxation which it

dare not do openly to an industry so hard pressed as our own."

There is a Fifth Column just as there was in France and other countries—a Fifth Column that I hope and believe is now under something like control in Great Britain. It is big business, big banking, and big money. It is big business that is the Fifth Column. It helped to destroy the German Republic—allegedly in fear of Communism. It caused the present success of Mussolini and his 40,000 Blackshirts. Big business congratulates itself that the first work of both Fascism and Nazi-ism was the destruction of trade unions and the confiscation of union funds. Later, the middle class in Germany found that its turn for confiscation came round rapidly. The fact remains that Big Business outside of Germany did not quit believing until Norway, Denmark, Holland, and France had disappeared as free Governments. And up to the murder of Poland the banks of Big Business were giving to the mass murderers the loans that bought more munitions, and airplanes for the machine-gunning of women and children in flight from horror, and tanks to pulp the fallen bodies of refugees.

War cannot be made without armaments. Armaments mean money. Germany financed herself by defaulting on everybody who would lend her money. She stole funds of the trade unions, half-starved and overworked her people, all to provide munitions. When Hitler had scarcely enough wherewith to buy a frankfurt sausage, Nazi-ism was financed by Deterding of the Dutch Shell Oil Company, who believed that thereby Nazi-ism could beat Russia and recover the Baku oil wells for the Shell Oil Company. The Shell Oil Company was once the British Imperial Oil Company, of which Mr. W. M. Hughes said than the only thing British about it was its name. The ethics that permitted Deterding to finance the tyranny that has devastated Europe had their Australian expression in the Shell Oil Company's thefts from the Commonwealth Customs Houses. The amount of evasions of Customs duties and income tax amounted to £7,000,000. Despite Deterding's financing of Hitler, the Baku oil field is still in Russian hands, and the only effect of Deterding's help was to set loose a monster on Europe.

France was destroyed by its Fascists in high places—its industrialists and its bankers. The Fifth Column in England was working in the same way, and it is to be hoped that the internment of high-placed Conservatives, including a British Admiral and a member of the House of Commons and Mosley, have sufficiently cleaned out these nests of traitors—the Friends of Peace in Europe, the Anglo-German Fellowship, the Link, and other associations of that kind. They could not claim ignorance of German intentions in the face of Goebbels's statement on 30 October, 1938—

"Germany is marching with *Mein Kampf* in one hand, and in the other a sword for her advance as the new World Power."

At that time there was a rush of highly-placed people to get on the band wagon. The Anglo-German Fellowship Association entertained in England the future attempters of invasion, including Von Ribbentrop, Von Blomberg, Ernst Woermann, and Von Hedlein, Adjutant to Himmler, of the German Secret Police.

The "Anglo-German Review," published in London, was allowed to say—

"Talks of democracy are meaningless, and the whole conception of the League of Nations was the product of the intellectuals who are the curse of the United States and Britain."

Members of the Anglo-German Fellowship Association included 28 members of the British House of Commons and 28 members of the British House of Lords. The members of the Anglo-German Fellowship Association included W. W. Astor, two air commanders, a rear-admiral, four lieutenant-colonels and a major of the British Army, the Marquess of Londonderry, the Marquess of Lothian, the Earl of Malmesbury, Lord Mount Temple, Viscount Nuffield, Lords Redesdale, Sanderson, Sempill, and Stamp, and the Duke of Wellington. Finance knows no country.

The chairman of the United Christian Front was Captain Ramsay, now interned, and 11 Conservative members of the British Parliament were on its committees.

In the membership of the Anglo-German Fellowship were three directors of the Bank of England, three directors of the Midland Bank, Sir Walter Runciman (director of Lloyds Bank), a director of Barclays Bank, two directors of the National Bank of Scotland, including Lord Lothian, three directors of Schroder and Company (Anglo-German bank), two directors of the British Linen Bank, two directors of Ralli Brothers (Anglo-Italian bank), the Earl of Harrowby, director of Coutts and Company, Sir Sydney Peel (director of the National Bank of Scotland), and Lord Hutchinson of Montrose (director of the London Board of the National Bank of Australia). There were also directors of the Commercial Union Assurance, Eagle, Star, Phoenix Assurance, London Assurance, London and Lancashire, Guardian Assurance, National Employers' General Assurance, Lever Brothers Imperial Chemical Industries, Shell Transport and Trading Company, the Anglo-Iranian Oil Company, Distilleries Company, Pacific and Oriental Navigation Company, Imperial Airways, Birmingham Small Arms Company, and others.

The rape of Spain began the rape of Europe, and Germany and Italy succeeded in Spain with the aid of British Right Wing Conservatives. It shortly preceded the destruction of Slovakia, Danzig, Poland, Norway, Denmark, Holland, and France.

As to armament firms—we know much about their effect in war-making. Vickers Armstrong has large interests in armament companies in Spain and in two armament companies in Japan. Perhaps there is a

reason in that for Australia's continued exports of scrap iron to Japan.

All these matters are related as evidence of Australia's need to see that the new order that is coming shall be provided for in advance by the national control of the whole credit of the nation. It is not possible, for instance, to visualise the Commonwealth Bank, restored to its original constitution and strengthened in it, as issuing its money to make loans to a probable enemy nation; but the Bank of England, a privately-owned bank, which has been helped by Government stupidity to its tremendous control of British credit and its large share of international finance, sponsored a loan of 50 millions to Hitler's Germany early in 1939. Montagu Norman's comment on this loan to Germany was—

“We will have to give Germany a loan of 50 millions. We may never be paid back, but it will be a less loss than the fall of Nazi-ism.”

And the banks of Spain financed Franco. Similarly, the establishing of the Japanese yen expresses the defence by Viscount Esher of what he calls the justifiable aggression on China. Money has no country—the money-mongers and the international bankers know no Motherland.

Since the Jews of Lombardy discovered the art of profiting by using and pyramiding other people's money, the evidence against this Fifth Column has accumulated to saturation point. Safely entrenched in monopoly, the banks have no reason to study public interest except when by so doing they serve their own. The Niemeyers and the Guggenheims and the Montagu Normans, who lent 50 millions to Germany so that Nazi-ism would not be defeated, will continue to object, but Australians, I think, are too well-informed to heed them, as the people of all free countries are too well-informed to heed them.

Depressions are necessary to the usurer, otherwise industry would get itself out of debt. To flourish, usury must control price levels. The masters of money cash their promises and when they recall them in sufficient volume markets collapse. The aim of the money power is to lower world prices to the level of the country with the lowest wages and the lowest living conditions, thus forcing nations to competitions in poverty. Exempt from the laws of supply and demand they fix their rate of profit at the highest point that will permit the borrower to survive for a time.

The war makes urgent not only means of defence but ships to transport our oversea exports to their markets and money for the development of the States, without which the Commonwealth cannot be adequately defended. Our care in Australia must be to ensure that in our own country, at least, there will not appear again the spectacle of farmers raising food for a market that cannot buy while consumers are so poor that they cannot buy food even at the price that keeps the farmer in poverty. We must escape from

the bad old ways that conduce to losing the war while our manhood struggles and bleeds to win it.

It is now Australia's duty to arm to the limit and to remain armed. The inferiority complex of the Australian has permitted him to listen patiently to the advice of the Niemeyers and the Guggenheims and the Normans—to anything that comes from afar and lies boldly.

Australia has almost learned to believe that Australia cannot protect itself, because of the lies uttered by the very people who tell him what a great soldier he, the Australian, is in France, or Turkey, or Palestine—anywhere but in Australia. We have seen the great work the Australian artificer and engineer are doing in munitions and steels; we know that man for man, as a soldier, the Australian has no superior. We know that we must rely on ourselves—and we hope that we are not learning self-reliance too late. We have listened too much to blither from gentlemen, often too well dined, that we should not have our own navy—and what we have of our own navy may not be here when the disturbance begins. Yet, I believe, that with a few thousand bombers and fighters, and a few hundred submarines to patrol our 11,000 miles of coastline, Australia is impregnable.

To realise that belief we must have faith in Australia—faith growing to a passion. Up to now our history has been one of protection by distance. We were too far out of the track to be the cockpit of international struggle—too remote to be the concern of the international piracy that naturally fought for the most convenient prize. Since then we have grown into a people of 7,000,000, the holders of a continent a little larger than the United States of America, and larger than all Europe, except Russia. Distance is still a factor in the protection of our 11,000 miles of coastline, but now distance is reinforced by established key industries, and by 7,000,000 Australians determined to live in freedom and not caring to live if freedom departs. We must put to work every employable man—emulate the spirit of the American engineer, and his courage in facing great questions, courage in making our railway system one, courage in extending them, courage in developing the water supplies that now waste themselves in the sea.

If there is one land on earth where the ideal form of government can be practised it is Australia. The necessities for it are intelligent effort in development and endless vigilance to keep our liberties intact—even against the petty bureaucratic despotisms that can grow to tyranny if they are not killed before they can walk. Ours is not a destiny of luck, but a destiny predicated by our great country itself—if, but the efforts of our people are intelligently used. If our people will live single-heartedly, their first thought for their immediate families and all their other thoughts for Australia the nation. We have all the raw materials of defence and development, all the metals, and

a continent almost virgin in resources; we have artificers and soldiers who have no superior in all the world.

But to win a war well—to hold well this continent in peace—Australia must never be pawned again. Anything that weakens our people and their effort in war—anything that brings them misery in a time of alleged peace—this is the Fifth Column we must fight. And to give our country its best fighting chance we must determine that the bank of the nation must return to its original use and constitution; and that the complete control of the credit of the nation shall be placed in the nation's hands.

**Government Members:** Hear, hear!

**Mr. COLLINS** (Cook) (11.43 a.m.): I desire to second the motion so ably moved and well developed by the hon. member for Warrego. He has outlined a wonderful case for banking reform and adduced figures showing the tremendous ramifications of money interests, showing how they use credits they have no right to use, and exposing the ramp that exists in finance, particularly during war time.

A tremendous literature has been written on money. Much has been said about money. A great deal of it is true, but a great deal untrue. In the main, it has left the people concerned more or less in a quandary as to what actually is the real meaning of money. Most people believe that money as we know it to-day has always existed in the same form, and that it would be very undesirable to get away from any orthodox method of banking and the use of that money. That view for the most part is wrong, because while money as we know it has largely developed the great commercial systems as we know them to-day, it has not always been in existence.

It is important also to realise that very great civilisations have existed without any money, as we know it to-day. The first known existence of money probably goes back to somewhere about 700 years B.C. It was first produced in China, as a token of exchange. The first coined money goes back to the Grecian era. The Lidium Electron coin was first known and existed in 687-652 B.C. In Britain the first known coins existed as far back as 100 B.C.

It will be seen that before the Christian era the people did, in some way, know money as we know it to-day. Prior to those times civilisations did exist without money. Take the civilisation of the Egyptians, the Pharaohs, who built such monumental works as the pyramids and the Sphinx. Those people had no knowledge of money, nevertheless they did develop a great civilisation that at least served the people and served their economy as they knew it in that time. They did remarkable work, and even to-day we wonder how these monumental structures were raised.

China is another country that developed a wonderful civilisation before there was any

known use of money, and its civilisation still stands as a good example of domestic government. Its civilisation was good, inasmuch as it provided for the people in at least a reasonable way. Apparently, at any rate, it was adapted to their requirements.

At a much later period in Britain, and also in Europe, we had a civilisation—a very good civilisation, too—that existed without the use of money, as we know it to-day, that is, the token money. That was the old manor or feudal system, in which the baron was more or less the responsible man in the community. He owned the land, and the people who lived on that land by defined rights cultivated it and obtained their livelihood from it. It was more or less a family system. Those people lived reasonably well. At least, they were assured of the three main necessities of life, food, clothing, and shelter. At a time of invasion their men were used as soldiers to defend the estate. The baron himself, or the lord of the manor, organised them and set them to their different tasks, and saw that they did their work. Having done their work, they were entitled to certain rights. That form of civilisation succeeded, inasmuch as it secured to them the main essentials of life.

Many other forms of civilisation have existed. Even to-day our South Sea Islanders, the Fijians, and the Samoans, for instance, have an apparently very easy form of life, although not as cultured as ours, yet exist without money. They are, at any rate, free from many of the menaces that confront the great civilisation in which we live. Coming closer home, the Australian aboriginals lived very successfully in this country without money, although I am not suggesting that anyone nowadays wants to revert to that state.

Rum was once currency in Australia. It occurred in the early days of New South Wales, when there was no money. But I am not attempting to describe the different forms of currency; they are almost innumerable. It is interesting to note, however, that in Canada, for nearly 100 years, playing cards, signed by the Governor of Canada, were used as currency. It was a very effective method and became very popular. The system was almost as free from the danger of forgery as our present bank-note system.

I cannot do better than quote from "The Story of Money," by Norman Angell, a well-known writer—

"Any account of paper money devices on the North American continent should include some account of, surely, the strangest form of paper money that the history of responsible States records. It is a story which historians have not, as far as this present writer is aware, deigned to note; and the facts here given are taken from the documents collected by the Canadian Government, and so admirably edited and interpreted by Mr. Adam Shortt, of the Department of Canadian Archives. Yet it is a piquant history, not

without its lessons for the student of monetary experiment.

"The money referred to is that made from playing cards, a money which, for generations, formed, at times, the chief currency of Canada. It lasted in one form or another from 1685, the date of the first issue, until well past the middle of the 18th century; and, though again and again efforts were made to suppress this form of currency, we find, as late as 1749, ordinances increasing the issue to a million livres.

"It would take a large volume even to summarise the documents which accumulated during the best part of a century relating to this monnaie de carte. Kings came and went in France, but the card money went on, despite reproofs of the home Government. Photographs of some specimens of this card money are here reproduced.

"The story, in brief, is this: In 1685 the intendant of Canada was awaiting funds. Meantime, the colony, and particularly the troops, were in dire need of money. An issue of paper currency seemed to be called for. But the colony was not, at that date, equipped with paper and printing machinery for the production of notes. The intendant must have been an ingenious proconsul (his letter, produced on page 248, with its reference to 'not knowing to what saint to pay my vows,' would seem to hint that he might be a witty and rather cynical one). He requisitioned all the packs of playing cards possessed by the troops, and, having the amount each represented written on its face and signed by himself, he produced a form of paper money difficult to forge, resistant, well adapted to the needs of the occasion. It became exceedingly popular, and remained current during the whole of the remainder of that century and the first half of the next."

There is an illustration of the use as currency what many people would regard as being impossible to use in that way. After all, there is very little difference in principle between it and the banknote that we use to-day.

Many people, even in this country during the depression and even before that, lived with little money. To-day, these and other classes in our community carry on to a great extent with very little money. They have a form of barter. The storekeeper acts as banker, inasmuch as the people supply to him the whole of their products, such as wheat and maize. Mercantile firms deal in wool, meat, and other produce, and they, in turn, supply the people who produce these commodities with their requirements. These people pay interest on money they have borrowed in the shape of goods, by supplying these firms with sheep, cattle, and wool.

It will be seen that the money system, as it is known to-day, has not always existed in that form. Many people believe they could not exist without it in the form we know it to-day,

but we have to approach the subject in a broadminded way and in the spirit that we are going to endeavour to develop a better future. We should approach the question, therefore, with an open mind. This motion is not one of a party nature, so that all men on both sides of this House can discuss it frankly. They can explain their views openly, and let us hope that, as a result of the discussion that I hope will follow, a better understanding of the money system we possess, and a better way of using it in the future, will be arrived at. Unless something is done to make it possible to redeem the debts that are piling up during this war on top of the debts we already had, or an effort is made to create money without having interest increasing the debt, it is possible that the people who are trying to develop this country may have to go back to a state almost approaching that of the aboriginals.

The moneyless civilisation, to which I have referred, was subject to great abuses, because, while it gave certain security to the individual, it gave him no liberties. That period was one of slavery or serfdom—there is very little difference between the two. Probably a man did not need to work, but, if he did not, he certainly was not allowed to live on the estate or in the community. He had to shift for himself as best he could.

It is noteworthy, in passing, that during the early Egyptian period wars were fought not in order to obtain greater property, but for the purpose of winning slaves, who were then compelled to work for nothing except food, clothing, and shelter, the idea being that those who were successful in war were able to live a life of greater ease and luxury.

With the development of trade and commerce within countries and between nations, it became essential that some standardised form of currency be introduced. That is responsible for the currency that we know to-day—gold in coin, notes in the form of banknotes, cheques, Treasury bills, bills of exchange, and the banking system. The banking system has its abuses, certainly, but, on the other hand, it is certainly not all bad. Our banking system, which has helped so largely with the development of the country, must have some good in it, or it would not have existed as long as it has.

The object of banking, as we know it to-day, is to make profits. Nobody can complain against the banks for that. Their object in conducting the business is similar to that of the person who runs a drapery establishment—the making of profits. A bank is no different from the man who makes a profit by buying, selling—exchanging—drapery, boots, shoes, and other articles of clothing. Banks make their profits by trading in money. The banks, of course, make their profit in buying and selling money, and lending money on interest. We must congratulate them as business men, because they have been usually successful. Although, in periods such as the 90's, some banking institutions carried on, others had to default, just as others defaulted in 1930 and 1931. The Government

had to come to their rescue in the earlier days, as they did later in 1930 and 1931. In the main, however, banks are very profitable institutions.

The competition between the banking companies has been largely the cause of the booms that we have seen. By the same token they have been responsible for the depressions that have followed. The object of money is to try to stabilise value as far as possible. We do not want a given sum of money to be able to buy two bags of wheat this year and only one the following year. The customary way of describing these changes is to say that wheat, or butter—or whatever the commodity may be—is either high in value or low in value. Unfortunately, it is not the correct way, because actually there is no difference in the value of the wheat; there is no difference in the value of the butter or the wool. All these commodities have a food value—a nutritive value, by the use of which we aim to keep ourselves in health. One pound of wool gives the same amount of warmth to a man whether the price is 2s. a lb. or 1s. a lb. Similarly, the food value of a lb. of butter to the consumer is constant. The proper way of describing the change is to say that the value of money alters between one year and another, but no article sold for money alters in value.

These rises in prices and consequent falls have dire and disastrous effects. When wheat went up in price—as it did during the last war and for many years afterwards—to 5s. a bushel, the land upon which the wheat was grown also increased in value. When wheat land was worth £5 an acre wheat was at 2s. 6d. a bushel, but when the land was at £10 an acre, wheat was fetching 5s. a bushel. Whilst wheat remained at that price the land was easily worth £10 an acre, just as it was worth £5 an acre with wheat at 2s. 6d. a bushel. In turn, local authorities in whose areas the wheat farmers lived contracted obligations to make roads through their shires and to build other public facilities. Those obligations were contracted on the basis of wheat selling at 5s. a bushel, in which circumstances a certain number of bushels of the wheat would redeem all their commitments. Governments, more or less, did very much the same thing. They borrowed money, realising that there was money in the products of the land—wheat, wool, cattle, butter, or sugar-cane—with the result that the investments were sound, so long as prices remained on a high level. It does not matter whether the values were based on the 2s. 6d. or the 5s.; it does not matter whether land is priced at £10 an acre or £5 an acre, so long as its value is stable. That is the point.

When the price of wheat and other primary products dropped suddenly overnight it was impossible for the people who had borrowed from banks, insurance houses, and finance companies for investment in their land to meet their commitments. The man who had sold out at the top of the boom, when wheat prices were highest, was all right. He reaped the benefit of something that he had not helped to create, and he was at liberty to live on the interest of the

money that he had received. The unfortunate people who remained to carry on the necessary primary industries of the country were in a bankrupt state, and so were unable to meet their obligations to the local authorities. The Government, in turn, were unable to collect the taxes that they had imposed during the boom period. And so the poor unfortunate primary producer found himself called upon to find the equivalent of two bags of wheat or two head of cattle or two bales of wool or two pounds of butter instead of one of each, as he had previously done, to meet the same commitment to both Governments and other creditors.

There we see all the elements that brought about the catastrophe following the land boom in the early 90's and again in our generation not more than eight or nine years ago. Therein lies our main reason for trying to stabilise the value of money. The financial institutions are in business only for the purpose of profit, and when economic conditions become unstable we cannot blame them for trying to protect their security by insisting that their debtors fulfil their obligations to them. They are acting within the law in doing so, regardless of what hardship and suffering may be imposed upon their debtors. Many pastoralists are a splendid type of people who have done much to develop this country and it must have been heart-breaking indeed that these people who had lived well during the so-called years of prosperity had to submit to the directions of their financial institutions as to how they were to live. Let it be remembered that these fine pastoralists had done much to help city people to live in a reasonable degree of comfort, but when the depression overtook them they were virtually placed on rations, in that they could not buy the barest necessities by placing an order with the storekeeper without first handing the order to their banks for scrutiny and giving the banks the right to score out any items that in their opinion these pastoralists should forgo.

All these things disclose the inherent evils in our present banking and monetary system. We must alter it in the interests of the people as a whole. We do not want inflation any more than we want deflation, but we do want stability, and the motion aims at the stabilisation of the value of the pound or the value of our commodities. After all, the real wealth of a nation is not its volume of gold in coin or the amount of banknotes in circulation, but the ability of the country to produce goods for the benefit of the people. The wealth of the country is determined by the productivity of the soil, by its flocks, its herds, its agricultural land, its butter production, and the suitability of its climate, for climate plays a very important part in wealth production. The soil may be capable of producing large quantities of produce under proper climatic conditions, but without those conditions may be useless for production. For instance, it may not produce very much

under arctic conditions. There are, of course, very many other important factors in prolific production. Minerals are one of them. They include coal, iron, tin, copper, and all rare metals. Intelligence and industry of the people have a great deal to do with the ability of the country to produce wealth. So, too, have our factories and our artisans.

These things, Mr. Speaker, form the basis of real wealth. No-one dares to say that this country of ours does not produce a great abundance of all those things I have enumerated.

**Mr. Muller:** You have not told us yet what you propose to do.

**Mr. COLLINS:** I am coming to that.

**Mr. Muller:** I have been waiting for the last two hours to hear it.

**Mr. COLLINS:** That is a good illustration of how the hon. member exaggerates. He states he has been waiting for the last two hours to hear what I propose to do, yet I have been speaking for only half an hour.

The system of national banking is not incompatible with the system of private banking. There is room for private banks and the Commonwealth Bank, but a reformed national bank will cover a very much wider field than the Commonwealth Bank occupies at the present time. The private banking system is just the same as the Commonwealth Bank system. It uses the savings of the people. In doing so it encourages thrift. If it were not for our system of money-lending we could not have life assurance companies. Many people make use of these companies to ensure for themselves independence in their old age. That is one of the beneficial effects of the use of the people's credits. That is something that must be encouraged, for it is a very necessary trait for the nation to inculcate in the individual.

To my way of thinking, private and national banking are a necessary adjunct to each other. The private banking system uses to the fullest extent the savings of the people, but it is willing to do so only if it earns a profit in so doing. That is where the difference comes in, for a national bank uses those credits for the development of the nation without profit. The aim of this motion is to enable the national bank to use private money in a more economical way than is now done by private banking institutions and make it cheaper for the people.

As an illustration of how private and national banking institutions can work together we have only to take our own State Government Insurance Office. That institution has been carried on very successfully and is still making good profits. It has been and is still working in competition with private insurance companies. Its operations have effected a reduction in insurance premiums of 25 per cent. and in

some classes of risks of 50 per cent. That represents a substantial saving to the people. A reformed national banking system would work similarly in the interests of the people. It would standardise rates of interest. Private banking institutions could operate as at present and lend money at the standardised rate of interest. They would have the same scope in competition with the national bank as is enjoyed by the commercial insurance companies who now operate in competition with the State Government Insurance Office.

In support of an alteration in the present charter of the Commonwealth Bank, Mr. J. B. Chifley, a member of the Banking Commission appointed by the Prime Minister, the late Mr. Lyons, presented a very full and comprehensive report.

Unfortunately, the present Federal Government have done nothing whatever to make the best use of that report. They have not taken notice of any of its recommendations, some of which are very well worth favourable consideration. I think Mr. Chifley's report is worth bringing before the notice of hon. members. At page 264 of the Report of the Royal Commission on Monetary and Banking Systems, Mr. Chifley says—

“The opinions expressed by the majority of the Commission that a central bank should be responsible for the supply of credit and currency, which should be distributed through the trading banks, seem to mean that the central bank should operate not only in the interests of the community, but so that the private banks may continue to make profits. As I have already stated, I think that banking should be conducted without profit-making considerations.

“In my opinion, the objectives of a monetary and banking system for Australia, as outlined in the report, can only be achieved with the Commonwealth Bank functioning in the following way:—

(a) As a central bank controlling the volume of credit and currency.

(b) The central bank to have a trading bank department, through which this volume is distributed direct to industry.

(c) The savings bank department of the bank to continue as an adjunct to its central bank activities.

(d) There should be a mortgage bank department for the provision of fixed and long-term lending.

(e) There should be an industrial bank department to assist in providing capital for developing industry.

“Even under the system of a Government-owned central bank with private trading banks, which has been adopted by the majority of the Commission, I am of the opinion that the trading section of the Commonwealth Bank should be extended, with the ultimate aim of providing the whole of the services now rendered by private trading banks.”



I am not in full agreement with the last paragraph, because I believe that if the Commonwealth Bank was there to lend the money to credit-worthy operators who had established themselves as such, and who were using money in the interests of national development, the private banks should be allowed to retain the business, but if the private banks did not care to take the business the Commonwealth Bank would come along and do it in the same way as the State Government Insurance Office does the whole of a client's insurance in Queensland if the private insurance companies decline the business. I think that if the bank operates in that way we shall provide money for industry and development, and those are the two things that will create work and wages and keep our people in full employment.

That this can be done is recorded in the report of the Banking Commission I have referred to at page 196, in sections 502, 503, and 504, which read as follows:—

“Trading banks need cash in order to pay their customers in legal tender money as required. The banks, as a whole, can increase their cash (notes and coin) by drawing on their deposits with the Commonwealth Bank, by receiving notes for their Treasury bills, or by selling London funds to the Commonwealth Bank. Another possible, but less important way, is to induce the public to hold less cash. Apart from central bank action an increase in the cash reserves of the banks as a whole can come about only because the public holds less cash, or because cash reserves have come into the system from outside, as when London funds increase.

“The central bank in the Australian system is the Commonwealth Bank of Australia. This bank is a public institution, engaged in the discharge of a public trust. As the central bank, its special function is to regulate the volume of credit in the national interest, and its distinctive attribute is its control of the note issue. Within the limits prescribed by law, it has the power to print and issue notes as legal tender money, and every obligation undertaken by the Commonwealth Bank is backed by this power of creating the money with which to discharge it.

“Because of this power, the Commonwealth Bank is able to increase the cash of the trading banks in the ways we have pointed out above. Because of this power, too, the Commonwealth Bank can increase the cash reserves of the trading banks; for example, it can buy securities or other property, it can lend to the Governments, or to others, in a variety of ways, and it can even make money available to Governments, or to others, free of any charge.”

That was the finding of a valuable commission into the banking system. It states that the Commonwealth Bank could, if so desired, make money available without any charge to the Governments or the people.

To develop my argument, I should just like to read from “The Australasian Insurance and Banking Record,” in the issue of 21 August, 1940, as to what New Zealand has done in the same way—

“Reserve Bank.—After making provision for unmatured Treasury bills and for depreciation on other assets, the net profit for the year ended 31 March, 1940, was £361,363. This result compares very favourably with the profit of £250,286 for the previous year. Expenses showed a heavy increase of approximately 43 per cent., mainly the result of the higher cost of the note issue and of increases in salary and office accommodation costs. On the other hand, there was a considerable rise in revenue, which was primarily the result of a higher level of advances to the State throughout the year. The marketing department advances declined by over £3,708,000, but advances for other purposes increased by £6,735,000. Of the total amount outstanding at the end of the year, £10,400,000 represented advances for housing purposes. The rates ruling on 31 March for this accommodation were 1 per cent. for the first £5,000,000, 2 per cent. for the next £5,000,000, and 3 per cent. for the balance. As only 1 per cent. was charged on advances to the marketing department up to a total of £5,000,000, the Government was enabled to borrow up to £25,000,000 at an average cost of 2 per cent. The yield of sterling funds was also greater than in the previous year, and the bank's holding of sterling exchange increased by nearly £3,800,000.”

(Time, on motion of Mr. Copley, extended.)

I thank the House for its courtesy.

That is an illustration of what it is possible for a national bank to do. The mover of this motion has given an illustration of what the Commonwealth Bank has done and what private banks have done. I carry it a step forward. Our sister dominion, working under exactly the same conditions as we are, has used the credit of the nation for the nation's wellbeing and development. The fact that the Bank of New Zealand raised no less than £25,000,000 for internal development at the low interest rate of 2 per cent. amply illustrates the point I have been making. What is the purpose of appointing a Co-ordinator-General of Public Works and having a Loan Council? The Co-ordinator-General's work is just as important as that of the Loan Council, because he tackles national problems in a determined way, seeking out the essential work to do, and ascertaining how we can do it best.

We have the spectacle to-day of the Loan Council—a body comprising a representative from each of the six States, sitting in council with the Prime Minister and a second Commonwealth representative—determining what loans may be raised during the next 12 months, yet having no power to create the money necessary for the carrying out of the programme decided upon. Of what use is it to have a programme if you have not the capacity to give effect to it? The Royal

Commission on Banking and Monetary Systems told us that a national bank could create this money, yet we still will not face up to the problem of creating such a bank as will make it possible to carry out the programmes decided upon.

The State Government and the Co-ordinator-General of Public Works are endeavouring to solve the serious problem of unemployment. In the whole of Australia to-day more than 100,000 people are unemployed, despite the fact that there is ample work of a useful character to which they could be put. Because of the war, it has become necessary to ration the supply of many things, jute being one of them. Jute has to be obtained from other countries, and is a very scarce commodity. That product could be grown quite easily in this country. We have the labour and the capital available to do all these things.

**Mr. Edwards:** Yet there are thousands of farmers who want labour, and cannot get it.

**Mr. COLLINS:** There are thousands of men looking for work, but they cannot get it.

**Mr. Edwards:** Why do they not go out and look for it?

**Mr. COLLINS:** And work for £1 a week? I would not ask any man to work for £1 a week, and that is why many primary producers who want labour cannot get it. On the other hand, I know of thousands of farmers who can get all the labour they want, and do get it, and it is good labour, too. Irrespective of what the hon. member for Nanango may say, we have the land and the capital necessary to put these men to useful work in the production of things that we need urgently, but, as a nation, we have not the means to put these necessary works into operation.

To-day we are faced with a difficult problem in that available shipping is limited. At one time the Commonwealth Bank made available to the Commonwealth Government the money to buy ships. Those ships were bought, and were rendering great service, but, unfortunately, because they were cutting into the profits of the private shipowners the Government of the day sold the Commonwealth line. Now, when we need shipping urgently, when all our warehouses are full of wheat, wool, and other commodities awaiting shipment overseas, the Government are talking about building ships because they cannot be bought. Why did not the Commonwealth Government use a little foresight and retain that line of ships? It is as essential that we have adequate shipping service as growing products beyond our own needs. What is the good of growing surplus crops if they cannot be delivered to the countries that need them?

Neither this State, nor the Commonwealth, would be developed to the extent it is if the Governments of earlier days had not the courage to construct railways to all parts of the various States. The provision of

internal transport has been a splendid thing for the development of Australia. The provision of facilities for transporting our commodities overseas is just as essential. We should have ships of our own, and the Commonwealth Government should never have sold their line of steamships. Unfortunately, we had a Government in power who did not desire to injure private shipowners, and even though they sold the Commonwealth ships, they have not yet received payment for them.

**Mr. Jesson:** A Tory Government?

**Mr. COLLINS:** A Tory Government sold the ships, and we have never received payment for them, and we never shall. What a wonderful thing it would be for the Mother Country if we, at this time, had all the shipping we needed to ship our products overseas!

It is also necessary at times for the nation to develop and carry on industry that might not, in the ordinary course of events, be looked upon as profit-earning. Just as it is necessary to have ships to ship our produce abroad, so it is necessary to have such institutions—and I use this as an illustration only—as the Chillagoe Smelters. Those works have been carried on at a loss for many years; there has been much criticism both inside and outside this House to the effect that they should be closed down. The Government have no intention of closing them down, because they are doing a worthy job. By keeping the Smelters going for years when they did not return a profit we have now an institution capable of turning out copper, tin, silver lead, and gold, things essential to the prosecution of this war. I quote the Chillagoe Smelters just as an illustration, to show the need for having a Commonwealth Bank to carry on those institutions that offer really no profit to private institutions. It is essential for the nation's welfare that we should have those things.

I believe that the principle of the motion I am speaking to is sound. I believe that the Commonwealth Bank is capable of giving greater service in the future than it has rendered in the past, but I am not belittling in any way the great service it has given. I think every man in Australia to-day should always remember the name of Sir Denison Miller, the man who successfully established the bank and placed it on a sound footing—the man who was responsible in the early stages of its existence for financing Australia's war effort, as well as financing all the commodity boards during the period of the last war. It is more than ever necessary to-day to have the Commonwealth Bank again working under the broadest possible franchise along with soundness and stability. We do not want inflation, nor do we want deflation: we want stability. We need to use our intelligence so far as the financial system is concerned to develop this country, and do all those things that are necessary to keep our people in work and to increase the wealth of the country and her people. The Commonwealth Bank, correctly used, intelligently

directed, is capable of doing all those things if we, as the people, will only give it the power to do so.

**Mr. MOORE** (Aubigny) (12.34 p.m.): The hon. member for Warrego this morning was riding his favourite hobby horse. He has ridden it in this Chamber before. He is not by any means its discoverer. All through the ages, right back to the days of B.C., people have been imbued with the idea that there was an easy way out of difficulties by using the printing press and by finding money without interest-bearing conditions. The experience of every country that has done it, however, has been that it has suffered for it immeasurably more than—

**Mr. Bedford:** Christianity is 2,000 years old, and it has not been tried yet.

**Mr. MOORE:** What has never been tried?

**Mr. Bedford:** Christianity.

**Mr. MOORE:** The hon. member gets very hot under the collar. He likes to be able to say whatever he wishes in this House, but believes that no-one should make any comment on it, and when anyone does reply, he begins to get upset about it.

What I want to say is that the Commonwealth Bank has never been administered by the Commonwealth Government since it was established. The motion by the hon. member for Warrego reads—

“ . . . the Commonwealth Government should reinstate the Commonwealth Bank in its original constitution as established by the Labour Government under Andrew Fisher, and to administer the national credit to the national purpose.”

The Commonwealth Bank has always been free from political interference or control. There has been a change from a single governor to a board of directors consisting of a governor, the secretary to the Treasury, and six others, being persons “who are or have been actively engaged in agriculture, commerce, finance, or industry.” This change was made in 1924, mainly because of the enlarged scope of the operations of the bank, but it did not alter the relationship between the bank and the Government.

In a foreword to “The Commonwealth Bank of Australia,” by C. C. Faulkner, published in 1923 (prior to the change to a board of directors), the acting governor of the bank, Mr. James Kell, stated—

“For the information of readers outside Australia it might be explained that the bank, though State-owned, is in no sense a political institution. The governor, by statutory enactment, was placed beyond the influence of Ministers and parties, so that, though Governments have changed, the bank has been able to proceed uninterruptedly with its work on the widest national basis.

“It will be noted that the relations between the Commonwealth Bank and the

private banks have always been most friendly, and this opportunity is taken to express appreciation of the cordial co-operation of the latter during the severe crisis through which the world has passed in recent years.”

Mr. Andrew Fisher was the Prime Minister who established the bank just prior to the last war. Let us contrast what happened then with what the hon. member for Warrego says is happening to-day. Borrowing for war purposes in the last war was on entirely orthodox lines. Mr. Faulkner, in his book, gives these details in chapter 9—

“First War Loan.—In the House of Representatives on 1 July, 1915, the Prime Minister and Treasurer (Mr. Fisher) made the following statement:—

“We intend to see the matter through to the last man and the last shilling. . . . It is intended to raise an amount of £20,000,000 for war purposes only, at 4½ per cent., issued at par. The first instalment will be £5,000,000. The subscription lists will close on 31 August, 1915.”

The amount subscribed was £13,389,440.

There were other loans as well. The process of borrowing from the public for war purposes went on until, in regard to the 10th loan, Mr. Faulkner states—

“The year 1921 found the Commonwealth Government’s actual war commitments speedily diminishing, and it was with a feeling of relief that the public read the announcement of the Federal Treasurer, Sir Joseph Cook, that the Diggers’ loan of £10,000,000 would be the last war loan to be called for. This was in June, 1921. . . . The rate of interest offered was 6 per cent., free of State income tax, and the price of issue was fixed at £96 per £100, which was equivalent to an average interest rate of £6 11s. 6d. per cent.”

So much for the management and the achievements of the Commonwealth Bank at that time. Contrast that with the position to-day. As against the steady rise in interest rates in the last war, the rate on Commonwealth bonds since the outbreak of the present war has been reduced from approximately 4 per cent. to 3½ per cent. and 3¼ per cent.

**Mr. Bedford** interjected.

**Mr. MOORE:** I am only stating facts and the hon. member said that he wanted to put the facts before the people. The hon. member’s suggestion is that we should go back to the position when the bank was governed by a single governor. I quoted what happened at that time.

At this time we see, instead of rising costs and interest rates, a decrease in costs and interest rates, owing to the control that has been exercised by the bank and Government combined. In the first year of the last war the cost-of-living index rose from 1,140 to 1,278, an increase of 12 per cent. In the first 10 months of the present war the

increase was from 898 to 935, or only 4 per cent.

The hon. member for Warrego has always been enamoured of this policy of currency inflation. In this House, in 1931, as reported on page 69 of "Hansard," the hon. member for Warrego, in speaking on the Debt Conversion Agreement Amendment Bill, said—

"There was no necessity to do without money when it can be manufactured here."

That was the burden of his line here to-day—the manufacture of the amount of money required.

Later on, the hon. member, in his speech on that occasion, also said—

"There are some strange wild schemes in the minds of many of these alleged financiers that it is better to spend £12,000,000 a year on doles—the most shocking form of expenditure—than it is to increase the note issue by £12,000,000."

And, on page 70—

"In Australia the work of development is not half completed; and, if ever there was a safe investment for large quantities of money, it is by immediately making £200,000,000 of Australian currency available for the purpose of carrying out great national works such as I have enumerated."

That proposal has been continually put forward and continually tried in different countries in the world. It has always ended in failure and misery, and the people who suffered the most have been the workers in those countries.

We have had the same suggestion made in Australia before. Mr. Theodore, an ex-Premier of Queensland, in a Press statement on 12 November, 1923, on the subject of the intention of Britain to return to the gold standard, stated, as reported in the Brisbane "Courier" of 13 November, 1923—

"Australia should make every effort to maintain a sound money basis. The world has had many salutary lessons in recent years of the confusion caused by unstable money. Trade is paralysed, commodity prices soar sky high, wage standards are lost, and national bankruptcy ensues.

"It is a misconception to think that, by adding paper to the currency, any additional wealth is created. To merely pay higher wages in paper achieves only disappointment, as the purchasing power of the paper money will be less than the purchasing power of gold by an amount which corresponds to the extent of the inflation.

"By inflating the currency we get into a vicious circle. Once the issue of paper exceeds the currency requirements of the community, the value of the money is depreciated, and commodity prices commence to soar. None suffers more than the workers, because their wages are paid on the assumption that commodity prices are in gold, and not inflated paper prices. Wages are always

less than they should be in countries that practise inflation."

Then Mr. Theodore, speaking in the Federal Parliament on 13 June, 1930, as Federal Treasurer, said—

"I had difficulty in following the reasoning of the hon. member for Adelaide (Mr. Yates). It seems to me that what can be accomplished by the note issue is apparent, and what will happen if too much dependence is placed upon it is also apparent. By an over-issue of notes there can be caused an inflation, which is reflected by depreciated value in currency, corresponding almost in exact measure to the over-issue of notes."

The Premier, in speaking in this House the other day, pointed out, quite correctly, that the national credit is being used to-day by the national bank, and that, where there is adequate security behind them, advances money to producers on primary commodities, and other goods. That is perfectly sound.

**The Premier:** Three methods are being used, bank credits, consolidated revenue, and loan.

**Mr. MOORE:** Yes, those are the three methods.

The hon. member for Cook said that the New Zealand Government was providing money at an average rate of 2 per cent. The Commonwealth Bank has been providing the Commonwealth of Australia with money at 2 per cent. for some years.

**The Premier:** That is only on short-dated bills. They are not comparable with long-dated loans.

**Mr. MOORE:** That is so, but, as the Premier knows, those bills are from time to time renewed and renewed.

**The Premier:** You know that in every market the short-dated bill carries a lower rate of interest than a long-term loan.

**Mr. MOORE:** The short-dated bill of that class is generally a marketable commodity and is put on the market for sale to the public.

**The Premier:** That can be done.

**Mr. MOORE:** It could be done. It was tried, but not very successfully. I do not know what the reason for non-success was. These Treasury bills are not on a similar basis to the British Treasury bills sold in the market in London. They go to the extent of financing Governments over difficult periods with money at a low rate of interest, which is under 2 per cent. That is no different from what is done by the Bank of New Zealand. For the first two years of Labour Government in that dominion, the reserves of the bank were used up to an enormous degree, and all sorts of restrictions had to be placed on people who wished to send money out of New Zealand, in order to preserve the

solvency of the people. Difficulties arose and the fact that they are increasing their overseas funds is not because the Bank of New Zealand is a national bank, but because the prices rose for the commodities that New Zealand had to sell, such as wool, meat, lamb, and pig meats, in the same way as the increase in Australia's overseas funds has taken place.

The hon. member for Cook advanced a most extraordinary theory. He put forward a suggestion that the price of wheat, butter, and meat varied because the price of money varied. He said the value of wheat was the same from year to year; that, of course, is confusing two sets of values. We recognise mutual values. It is not a difference in value of money, it is a difference in the quantities produced. If you allow the people to produce 10,000,000 bushels of wheat more than is required year after year, it is not the value of money, but it is the value of the unit of the product you have reduced, because the greater amount brings down the price. The same applies to butter. It is not a question of the value of money; it is a question of the quantity of the commodity you produce.

**The Premier:** Are you not confusing real wealth and money?

**Mr. MOORE:** No, not at all. I am answering what the hon. member said about the value of wheat.

I also wish to go a little further on the consequences of inflation. The following remarks were made by Mr. McCormack when he was Secretary for Public Lands in 1924, and appear at page 216 of "Hansard" for that year:—

"It has been suggested that new money can be created by printing notes. We have any number of men who have told us that we could solve this question by an inflation of the currency. They are not all on this side of the House. There is a case of a banker in Melbourne who advocates an increase of £30,000,000 in the note issue. He says that it is a fine thing for the trader; but who is the man who will suffer first as a result of this inflation? An increase such as is suggested by this gentleman would mean a depreciation of 3s. in our £1 note, because there is no real wealth behind the printing press.

"If we inflate the credit of the country, who suffers most? The man who works for wages or a salary. I see no hope in solving our difficulties by an inflation of the note issue. It is all right for the trader and the man who can increase his turnover. Although in the final analysis he gets more money, it is of less value than before. The man who works for a daily wage would be the man who would suffer first and last from note inflation."

**Mr. Bedford:** Did you always agree with McCormack?

**Mr. MOORE:** No, and I do not suppose the hon. member always agreed with him. He has had the experience, and I suppose he has read of what happened in other countries, just the same as the hon. member for Warrego may have done.

I wish to quote from a book entitled "Fiat Money Inflation in France." During his speech the hon. member for Warrego, talked about the inflation of deposits in America. He called it, "using the nation's credit for carrying on the war."

**Mr. Bedford:** Instead of paying 25 per cent.

**Mr. MOORE:** Let us see what happened to that.

"In June, 1775, the first issue was made to the amount of 2,000,000 of dollars."

**Mr. Bedford:** 1865.

**Mr. MOORE:** No, I am talking of the American Revolution.

"This paper sustained itself very nearly at par during the first months; but, at the end of 1776, it had lost in value nearly 50 per cent. The issues of it increased from year to year, so that in 1779 there were in circulation about 140,000,000 of dollars, but all this, according to Jefferson, was not worth more than about 7,000,000 in specie. At the beginning of that year one dollar in specie was worth eight dollars in paper; at the end of November it was worth 38½ dollars. As in France, so in America, this depreciation caused speculation, popular complaints, and violent measures against those who did not receive this money at par."

**Mr. Bedford:** What book are you quoting from?

**Mr. MOORE:** "Fiat Money Inflation in France," by Andrew Dickson White, LL.D. (Yale, St. Andrew's and John Hopkins), Ph.D. (Jena), D.C.L. (Oxford). It continues—

"The American Congress had decided that the issues of it should not exceed 200,000,000; nevertheless, it appears that there had been issued 240,000,000 of dollars. The various States had also put in circulation paper money of at least 209,000,000, and, of this, 128,000,000 was issued by the State of Virginia alone. On 12 March, 1780, Congress legalised exchange at the rate of 40 dollars in paper, against 1 dollar in silver. All the old notes, according to law, were to be destroyed and replaced by the new paper certificates in order to represent specie which the Treasury did not possess.

"The new issue of paper could be legally issued only in the proportion of one-twelfth of the old paper destroyed; this new paper bore interest, and was to be redeemed in specie six years after its issue. Six-tenths of the certificates were to be appropriated to the States, and four-tenths to the Federal Treasury. This new paper speedily

became discredited, as the old paper had been, and soon lost 86 per cent. of its value, and 320 dollars of the primitive paper became worth only 1 dollar in specie. On this account very few possessors of 'Continental Currency' exchanged their paper for the certificates. In spite of this discredit the new imposts brought in 88,000,000 of dollars."

The result has been the same in other places where it has been tried. Exactly the same arguments were advanced in France as have been advanced in this House this morning.

The book goes on—

"But the current toward paper money had become irresistible. It was constantly urged, and with a great show of force, that if any nation could safely issue it, France was now that nation; that she was fully warned by her severe experience under John Law; that she was now a constitutional government, controlled by an enlightened, patriotic people—not, as in the days of the former issues of paper money, an absolute monarchy controlled by politicians and adventurers; that she was able to secure every livre of her paper money by a virtual mortgage on a landed domain vastly greater in value than the entire issue; that, with men like Bailly, Mirabeau, and Necker at her head, she could not commit the financial mistakes and crimes from which France had suffered under John Law, the Regent Duke of Orleans, and Cardinal Dubois.

"Oratory prevailed over science and experience. In April, 1790, came the final decree to issue 400,000,000 of livres in paper money, based upon confiscated property of the church for its security."

That was the beginning. The whole position grew worse and worse after the first issue, and they continued to issue more.

"Before the end of the year 1795 the paper money was almost exclusively in the hands of the working classes, employees, and men of small means, whose property was not large enough to invest in stores of goods or national lands. Financiers and men of large means were shrewd enough to put as much of their property as possible into objects of permanent value. The working classes had no such foresight or skill or means. On them finally came the great crushing weight of the loss."

Things progressed rapidly. It was comparatively easy for them to refrain from the first issue, but it was exceedingly difficult to refrain from a second and third.

"It brought, as we have seen, commerce and manufactures, the mercantile interest, the agricultural interest, to ruin. It brought on these the same destruction which would come to a Hollander opening the dykes of the sea to irrigate his garden in a dry summer.

"It ended in the complete financial, moral, and political prostration of France

—a prostration from which only a Napoleon could raise it . . . .

"We clearly see the advantage of meeting a financial crisis in an honest and straightforward way, and by methods sanctioned by the world's most costly experience, rather than by yielding to dreamers, theorists, phrasemongers, declaimers, schemers, speculators, or to that sort of 'Reform' which is 'the last refuge of the scoundrel.'"

At the beginning of all this we have—

"They knew too well, from that ruinous experience, 70 years before, in John Law's time, the difficulties and dangers of a currency not well based and controlled. They had then learned how easy it is to issue it, how difficult it is to check its over-issue; how seductively it leads to the absorption of the means of the working men and men of small fortunes; how heavily it falls on all those living on fixed incomes, salaries, or wages; how securely it creates on the ruins of the prosperity of all men of meagre means a class of debauched speculators, the most injurious class that a nation can harbour—more injurious, indeed, than professional criminals whom the law recognises and can throttle; how it stimulates over-production at first and leaves every industry flaccid afterwards; how it breaks down thrift and develops political and social immorality."

What happened, not only in France, but in Germany, in France a second time, and in many other places throughout the world, proves the fallacy of the idea of being able to provide money without interest to carry on works.

The hon. member for Cook quoted section 503 of the Report of the Royal Commission on Banking, but he did not say anything about section 513, which reads—

"More important than the effects on prices, are the effects of expansion and contraction of money on the volume of production, and on the distribution of production between different classes of industry. For example, an increase of bank loans is likely to cause an increase in the production of capital goods rather than consumers' goods, and later to cause some disequilibrium. Moreover, if money is easy to obtain, the growth of speculative concerns is likely to be encouraged, though their failure may be inevitable. The probability of results such as these is the chief reason against any undue expansion of money, for it produces changes in the structure of production which later will necessarily destroy the equilibrium of the economy."

The Commonwealth Bank has power to expand and contract credit. Both are necessary and desirable, under certain circumstances and subject to certain limitations. The bank expands credit by buying Government securities, thus increasing the volume

of money; it contracts credit, when desirable, by selling Government securities, thus withdrawing money and lessening its volume. If Government securities were free, that is, if they did not carry a reasonable rate of interest, they would be unsalable, the bank would not be able to sell them either to the trading banks or to the public, and therefore would not be able to contract credit.

The hon. member for Warrego made a statement that we often hear—that the Port Augusta-Kalgoorlie railway line was constructed on credit without interest. Let us see what they did pay.

**Mr. Bedford:** What did they pay?

**Mr. MOORE:** The amounts paid for the construction of that railway were—

£1,344,000 from ordinary loans.  
 £1,872,000 from note issue capital.  
 £1,670,000 from ordinary revenue.  
 £3,428,000 from note-issue revenue.

That £3,428,000 from note-issue revenue was from accumulated profits, because at that time the profits of the note issue were not put into ordinary revenue, but into a reserve fund. To-day those profits are put into ordinary revenue.

At 2.15 p.m.,

*In accordance with Sessional Order, the House proceeded with Government business.*

#### MOTION OF CENSURE.

**The PREMIER** (Hon. W. Forgan Smith, Mackay (2.15 p.m.)), by leave, without notice: I move—

"1. That this House condemns the conduct of the hon. member for Oxley (Mr. Nimmo) in abusing the privileges of Parliament by making, in the course of asking a question, without notice, at this day's sitting, false allegations in regard to the voting of money by the Government to the Queensland Central Executive for fighting the Federal elections, and falsely insinuating that this money is rigged in the Chief Secretary's Department accounts as advertising expenses.

"2. That this House deems it to be a duty to record its severe censure of such conduct, inasmuch as it is subversive of the public interests, and calculated to lower the standard which should be set by the elected representatives of the people and generally to damage the reputation of this honourable House."

Mr. Speaker, the event of this morning did not occur in the heat of debate. It was not done under provocation. The statements of the hon. member were made coldly and deliberately for the purpose of slandering the Premier and the Leader of this State.

Questions may, by usage of the House, be asked without notice, it being within the province of the hon. member questioned to

decide whether he will answer those questions or not. Where those questions are asked without notice of the Premier or other Ministers, it is usually, almost invariably, the custom to hand a copy of the question to the Minister concerned before you, Mr. Speaker, take the chair. The Leader of the Opposition, the hon. member for West Moreton, does that invariably. The Leader of the United Australia Party, the hon. member for Hamilton, has also followed that practice on the few occasions he has exercised this right. On this occasion, that practice was not followed and this fact adds force to the point I have just made, that the question was conceived with malice aforethought, and asked for the purpose of inflicting injury in the public mind on the Premier of this State and the Labour leader in this country.

When the question was asked I objected to it in the following terms—and I am quoting from the "Hansard" report:—

"The Premier (Hon. W. Forgan Smith, Mackay): Mr. Speaker, no more insulting question could be submitted to the Chief Secretary of this State.

"Government Members: Hear, hear!

"The Premier: No funds of any kind whatsoever have ever been voted by the Government to any political party. I regard the question as being of the most insulting character imaginable. I suggest that the hon. member for Oxley withdraw and apologise for putting forward such a suggestion."

"Government Members: Hear, hear!

"The Premier: It is tantamount to a charge of the misuse of public funds."

You, Mr. Speaker, then said—

"I ask the hon. member for Oxley to do the decent thing, and comply with the request of the Premier by apologising for this question."

Then, after a pause—

"Mr. Speaker: I ask the hon. member for Oxley to comply with the Premier's request.

"Mr. Nimmo: Seeing that the Premier has taken the question in that way I will withdraw the question.

"Mr. Speaker: Order! I also ask the hon. member for Oxley to apologise.

"Mr. Nimmo: I have no other course, Mr. Speaker, than to apologise. I apologise."

It will be seen, from what I have quoted, that the insulting suggestion complained of was deliberately conceived with a purpose to injure. There are no extenuating circumstances surrounding the incident. No evidence of any kind was offered in support of the insinuation. The desire was to make slanderous reference to a man holding high office in this State, in the hope that it might be

circulated throughout the length and breadth of Australia and injure the reputation of the man concerned and the party of which he is one of the leaders. Many years ago, John Hervey, in "Paraphrase of Juvenal," wrote—

"Slander, that worst of poisons, ever finds  
An easy entrance to ignoble minds."

That defines with great clarity the attitude of the hon. member for Oxley. Personally, I cannot understand the mind of anyone guilty of such malevolence. It can be fittingly described only by an alienist, one who has been trained in dealing with perversions of various kinds.

Since the incident occurred, I have felt that the hon. member for Oxley made his apology only because he was ordered to do so by the House, and because the House can impose penalties on any hon. member's refusing to obey your ruling, Mr. Speaker. Of course, the House can impose many penalties for offences of this kind, and I regard the apology offered by the hon. member for Oxley as being of no value. He is satisfied with having said the thing, and caused it to go out, and, no doubt, suitable arrangements have been made to circulate the canard. I do not require to make any denial. My reputation is sufficient in this country to cause all decent people to regard the statement of the hon. member for Oxley with the abhorrence it deserves.

**Government Members:** Hear, hear!

**The PREMIER:** But I think that this tendency should be definitely checked, and that this Parliament should express its condemnation of such conduct by censuring the hon. member responsible for it. I, therefore, move the motion.

**Mr. NIMMO (Oxley) (2.26 p.m.):** The Premier stated that questions asked without notice were always submitted to the Premier or the Minister to whom the questions were directed. That is not quite correct, because I have asked questions in this House previously, without notice, and received very courteous answers to those questions.

The motion is, I believe, entirely without precedent. I asked the question, as I was informed that public funds were being used for party political purposes.

**Government Members:** By whom?

**Mr. NIMMO:** I wish I were at liberty to disclose the source of my information. Unfortunately, I am not. However, I felt when I asked the question, and I feel now, that it was my duty to ask it. I asked it as much in the Premier's interests—(Government dissent)—as in the public interests, because, when such information is being circulated it is highly desirable from all points of view that it should be publicly denied if it is untrue. Instead of passing a vote of thanks, however, it is now proposed that the House shall pass a vote of censure. If that vote is passed—it will be, because the Government have a large majority—it will not disgrace me in any way. Many a public man has

been censured for doing his duty, and a censure under the circumstances is a compliment.

**Mr. RUSSELL (Hamilton) (2.28 p.m.):** I want to say, at the outset, that so far as I am personally concerned, I have been a strong advocate of upholding the dignity of this House, and I should be the last man to indulge in any attack on our privileges, or on the integrity of hon. members. We know at times some very hot words are spoken in this Chamber, but hon. members possess undoubted privileges of debate, and if any one offends the order of debate, then it is within your power, Mr. Speaker, to pull him up and make him do the right thing.

I regret that the Premier is taking this extreme step, because, after all, his motion is not correct. It does not express what actually occurred this morning. I say here, without hesitation, that the question was asked by the hon. member for Oxley and directed to the Chief Secretary to ascertain if public funds had been passed over to the Queensland Central Executive for electioneering purposes, and if so, what amount? That was the question. It is idle for the Premier to say that that question contained any allegation whatsoever against the probity of himself or any hon. member of his Government.

**Mr. Nimmo:** Hear, hear!

**Mr. RUSSELL:** If the hon. member for Oxley had made the statement in a speech that such things were going on, then he certainly would be deserving of the highest censure. I say he is quite entitled to ask any question he likes.

**The Premier:** What do you think of the question? These are the exact words—

"How much money has the Government voted to the Queensland Central Executive to fight the Federal election?"

That is not a question. It contains a charge, and says, firstly, that we have done so, and then "I want to know the amount."

**Mr. RUSSELL:** It is only a question, it is not a statement made in a speech. I contend there is no allegation in that question of the mishandling of public funds.

The Premier rightly took exception to the wording of the question, which he considered an insult to him and his Government, and he demanded the withdrawal of the question and an apology. The question was withdrawn, so practically it has been expunged from the records, and no longer exists as a question, and the hon. member for Oxley made the apology required of him. I think the matter should rest at that. I think it is totally unnecessary that the Premier should endeavour to pass this vote of censure on the hon. member for Oxley, because it evidently has offended him very deeply. I can quite understand that, but, as the hon. member has made amends for his question—which probably was wrongly worded—I think the matter should be left at that, and we should not have been brought back here this afternoon to listen to the



Premier in his attempt to castigate the hon. member for Oxley.

**The Premier:** In his what?

**Mr. RUSSELL:** In his attempt to castigate the hon. member for Oxley. I hope we will not proceed with the motion. The matter has been finalised so far as the House is concerned, and should drop.

**The PREMIER** (Hon. W. Forgan Smith, Mackay) (2.32 p.m.), in reply: Under certain circumstances, as suggested by the hon. member for Hamilton, one would be justified in withdrawing the motion. If the hon. member for Oxley had expressed any contrition for his conduct, and had given any evidence of a consciousness of wrongdoing, then there might be a case for not going on with this motion. But what does the hon. member for Oxley say? He says that he has been informed by somebody, and he would like to have the authority of that person or persons to disclose his source of information. That is one of the most cowardly defences, Mr. Speaker, that anyone could make, because he suggests, firstly, that a public servant has told him, or someone connected with the public service, and he repeats the gist of the allegation, and, secondly, if he was given authority by that person or persons he could produce evidence. So he repeats the offence, Mr. Speaker, in an aggravated form. What could be more cowardly than sheltering in the dug-out of anonymity? Someone told him that! Of course, I know, there are all kinds of whispers in the world, and, if the hon. member were genuine, he could easily have asked me about the matter himself, or he could have raised the point differently.

Now, how was the question framed? The very first question, No. 1, is in itself an allegation. It is not a request for information. It does not ask, "Is this true?" but it says, "How much money have the Government voted to the Queensland Central Executive for fighting the Federal elections?" In other words, he accused the Government of having spent that money, and all he is curious about is the amount. It is an allegation in the first instance, and it is a query in the second. The allegation is that money has been paid and the questioner only wants to know how much.

**Mr. Nimmo:** You could have told me "nothing."

**The PREMIER:** Anyone who knows anything about the handling of public finance knows quite well that no Government can handle public moneys in that way. There is a continuous audit in every department. The auditors report to the Auditor-General, and through him to Parliament. Any suggestion that members of the Government can do things such as this, and it cannot be known at an early date, is simply absurd. The thing could not be done, and has never been done by any Government. I do not know, nor have I heard, of any Government's subsidising a political party, whether a Tory Government, a Country Party Government, or any other. I have never heard of any allegation of that kind.

The suggestion of the hon. member for Hamilton is that there is no precedent for the motion. There is precedent for it—precedent in this Chamber and precedent in other Parliaments—but this is the worst case that has occurred in this Parliament, because, in the previous case, the hon. member censured had furnished what purported to be evidence in support of his case. A royal commission was appointed. A judge made the investigation, and the evidence was found to be valueless—not only valueless, but to have been concocted and untrue. Following the royal commission's report, this House censured the hon. member concerned. In this case, there is not a scintilla of evidence. There cannot be any evidence.

The question, I repeat, contains an assertion to the effect that money is being voted by the Government for an illegal purpose. It is not a function of the Government to finance the Queensland Central Executive, the United Australia Party, the Country Party, or any other party. That is not a function of government. It would be a misappropriation of public funds, and any Minister who was guilty of it could be impeached at the Bar of the House, prosecuted in the Supreme Court, or dismissed by the Governor himself.

There are no mitigating circumstances. The hon. member for Oxley has aggravated his offence by hiding behind some anonymous person, and has, in effect, not even withdrawn the allegation. I see no other course than to proceed with the motion.

Question—That the motion (Mr. Smith) be agreed to—put; and the House divided—

AYES, 26.

Mr. Bedford	Mr. King
" Brown, J. I.	" Mann
" Bulcock	" Marriott
" Clark	" McLean
" Collins	" Power
" Cooper	" Slessar
" Copley	" Smith
" Duggan	" Taylor
" Dunstan	" Williams, H.
" Foley	" Williams, T. L.
" Gair	
" Gledson	Tellers :
" Hanlon	" Conroy
" Hilton	" Hayes

NOES, 9.

Mr. Clayton	Mr. Russell
" Edwards	
" Massey	Tellers :
" Muller	Dr. Watson Brown
" Nimmo	Mr. Dart
" Plunkett	

Resolved in the affirmative.

#### SPECIAL ADJOURNMENT.

**The PREMIER** (Hon. W. Forgan Smith, Mackay): I move—

"That the House, at its rising, do adjourn until Tuesday, 24 September."

Motion agreed to.

The House adjourned at 2.45 p.m.