

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### The "New Republic" and Social Credit.

The *New Republic* (U.S.A.) has been running a feature called "Panaceas for the Depression," by Mr. John Chamberlain. In its issue dated May 31, Mr. Chamberlain describes and discusses the "Douglas Social Credit Plan." He runs to over five columns, and refers to the origin and activities of the Social Credit Movement, mentioning that Social Credit is gaining ground in Australia and New Zealand, and also stating that President de Valera is reputed to have a thorough understanding of the principles of Social Credit. We learn incidentally that "the American followers of Douglas meet weekly, read the Douglas books (or such of them as are obtainable in the United States), take A. R. Orage's *New English Weekly*, a Social Credit organ, and occasionally place an 'introduction to Douglas' in a magazine." The writer states that "Douglas' ideas have percolated somewhat, and it is even rumoured that a member of the Roosevelt 'brain trust' regards them favourably."

He follows this with a brief biographical reference to Major Douglas, of whom he says, among other things, that "he is an engineer, whose inventions have yielded him independent means in royalty payments."

He denies Douglas's originality in his statement that capitalism is failing because of lack of markets. The Marxists, he says, foresaw this long ago. Also, Foster, Catchings, Filene, Stuart Chase, Henry Ford, the Technocrats, and J. A. Hobson in England, have all "circled round" the problem.

But he then points out that Douglas rejects the Marxist explanation, and that he insists that it is impossible ever to sell all the commodities that are produced, or that can be produced, simply because the income to buy them does not exist. He proceeds to describe the A plus B Theorem, and then to discuss proposals arising out of the Theorem. He finds two objections: the first, that the Government would have to obtain the necessary "police power" to get people to work the system; and the second, that its working would involve inflation. On the first point he declares that the Douglasites cannot procure a peaceful surrender of pri-

viliges by bankers and industrialists, adding that it is likely that the Douglas Proposals would involve more difficulties than anything suggested so far by the Social Planners, or by the Fascists or the Marxists. One of his remarks is: "Socialism, to me, seems much less complicated; and the proposals of those advocating National Planning much less calculated to ruffle existing psychologies." He winds up this section of his article with the statement: "If Major Douglas can solve this problem of power, of getting his scheme enforced by law, he will be doing something which La Follette, Tom Johnson, Henry George, and hundreds of other humane and capable men have failed to accomplish."

Coming to the A plus B Theorem, he cites the name of J. A. Hobson as having effectually answered the conclusions based on it. He makes Mr. Hobson responsible for the opinion that only the interest on bank loans, and not the principal, goes into costs, the reason for this being that the repayment of any loan enables a bank to make another advance to the same amount either to the same manufacturer or to some other. In the course of elaborating this objection Mr. Chamberlain says: "If the flow of credit is kept up, Douglas has no place to get a hand-hold on the system by which to lift his A plus B formula into any deserved prominence."

He winds up the article with the admission that there are often "major dislocations in the flow of credit," and "periodic insufficiency of buying power in the system to take goods off the market," but suggests that the answer is to be found in "too zealous saving by all people whether they make their money out of wages, salaries, or dividends grouped by Douglas under 'A', or whether they get their income from bank charges, or sale of raw materials, or from the Government, all of which Douglas lists under 'B,' (!) His following and concluding sentence is: "Douglas, it would seem, has not learned his A-B-C's."

Early in the last war an enterprising man was running a small office-equipment business (card-index, invoicing and other systems together with books, furniture and so forth). His "factory" was a small makeshift building, and his printing plant negligible in quantity. When the trade-boom set in he got together a band of smart canvassers whom he sent on a tour

round all the large manufacturers whose names were best known to the public. As his systems were highly efficient labour-savers, and could "release" clerks for the front at a satisfactory rate, he secured a large batch of forward orders (or firm guarantees of orders) for his goods. With these he went to his bank, and on their security alone raised a six-figure loan with which he erected and equipped a factory, and founded an organisation whose name became a "household word" in business circles.

Presumably (for we have long since lost touch with our informant who was in the Company) the bank got its loan back. The only way in which that could happen without the Company's having recovered the money in prices (ultimately paid by consumers) would be by its floating its property in Ordinary Stock and, having repaid the bank with the stockholders' subscriptions, accounting costs as if no capital liability existed—behaving, that is to say, as if the stockholders had bought the property and made a present of it to the Company to be used free of charge on behalf of its customers. Students of Social Credit will willingly concede to Mr. John Chamberlain that in practice only too often have investors discovered that their money has been thus confiscated. It is true that Directors have not deliberately confiscated it, but the how and why of the loss of the money does not alter the fact that the money has been lost. In such cases investors have subsidised consumers just as surely as if the Government had levied a tax on private investment-funds and distributed the proceeds to consumers in the form of a national dividend. When Mr. John Chamberlain ascribes "insufficiency of buying power" to the "too zealous saving by all people," he is saying that the investment habit in general is pushed too far. But if, as must be presumed, he agrees with those who maintain that bank-loans become buying power in the process of use in production, he must agree that this is also true of investment-funds when they are used to repay bank-loans, i.e., to stand in the place of bank-loans. (Of course, as banking experts know, funds used to repay bank-loans are destroyed in the process, and do not exist to "stand in the place" of them; but we are discussing here, not the facts of the case, but Mr. Chamberlain's picture of them.) So if invested sums become buying power it would be interesting to know how "zeal" in investment causes "insufficiency" of buying power.

Returning to the case of the company already referred to, it probably repaid the loan partly out of excess-profits, and otherwise out of the proceeds of Stock and Debenture issues. The repayment would probably have been completed within, say, a year. Upon repayment the bank, according to Mr. Chamberlain, would be enabled to "make another advance to the same manufacturer, or to some other customer." Obviously the company in this case would not require another loan of the same dimensions, for its factory plant and equipment would be new, and good to last many years. The banker, now "enabled" to issue another loan, would lend elsewhere, provided, of course, that he were willing as well as able to lend—a point which must not be ignored. Assuming he held no investment in the company now out of debt to him—let us call this company "A"—he would not be concerned at all about what would be the effect on the fortunes of "A" of his lending to another company "B." Nor is it far-fetched to suppose that at the time "A" repays, "B" comes along to the banker with a proposition for a factory and plant which are more efficient than "A's" and will drive him out of the market. The banker would lend the money. Thus the "flow of credit," as Mr. Chamberlain calls it, would be "kept up." And, assuming construction to take one year and the life of a factory twenty years, the banker could issue and recall his loan once a year (if he waited so long) each time financing some improved process which would render all preceding ones obsolete. Taking the token figure of the loan as £100 and assuming he repeated it five times, there would

now be five factories for which investors had subscribed £500, the first four of which would be qualitatively obsolescent, and any four of which would be quantitatively redundant—for each, at the time it was constructed, would have been planned to supply the total demand. Isolating this series of transactions, it will be seen that at the commencement of each new loan-cycle, the accumulated cost of the factories would be higher by £100, while the money out in circulation would at no time exceed £100. Thus the ratio of maximum potential buying power to the collective accounted cost awaiting recovery would progressively diminish at each stage. Finally, when the banker decided to cease lending (i.e., when deflation became the order of the day) the £100 would disappear from circulation and the security value of the properties would be written off at the expense of the shareholders in some rationalisation or reconstruction scheme such as the public are familiar with.

Keeping up the flow of credit is not enough. The cause of the trouble lies in the fact that bank accountancy makes no distinction between the outflow of credit and the inflow. Outflow credit wholly becomes cost, and its amount is rightly recorded as the measurement of cost. That measurement however applies to the whole of the production referable to the given amount of credit. The production will be of two kinds: capital and consumable. The rate of outflow of credit from the banks measures the total inflow of wealth (both kinds) into the industrial system. Logically the rate of inflow of credit to the banks should measure the total outflow of wealth from the industrial system to private consumers. But the bankers' method of accounting the inflow of credit makes no distinction between the wealth flowing out of the industrial system and the wealth remaining inside. Inflowing credit is wholly, indiscriminately and irrevocably cancelled. The only circumstance wherein this should happen would be that in which the rates of inflow and outflow of wealth through the industrial system were the same—in which industry, as it were, dredged wealth and emptied the whole lot into the homes of private consumers. If you consume (or destroy) everything you make during the term of a credit, the total cancellation of the credit at the end of the term is the correct corresponding financial procedure. But if you consume less than you make the total cancellation is not correct.

Suppose a community constructs machines costing, say, £10,000, and a stock of consumable goods costing, say, £5,000, by using a credit of £15,000, and suppose they receive the £15,000 as personal remuneration for their service. Next suppose they invest in the machines and buy the goods. When the £15,000 returns to the bank it is obvious that the principle on which the item of £10,000 is accounted must be different from—really it must be the reverse of—that on which the £5,000 is accounted. If it is correct to cancel the £5,000 which represents consumption, it cannot also be correct to cancel the £10,000 which represents abstinence from consumption. But that is what the banker does to-day.

#### Finance Impedes Barter.

We can appropriately make reference here to a theorem which students of the price-system might find it useful to work out. It can be put in the form of a proposition—thus: That whereas the existing price-system correctly measures the value of any given article in terms of others within the production-system, its figures do not collectively measure the effective demand for those products within industry are not an accurate record of the money-demand outside industry. The measure of what an article has cost is not a measure of what it will fetch.

But there is a universal illusion that the two measures must be the same. No doubt this arises from the fact that there was once a time when they were. Under a pure barter system when, let us say, one table was worth four chairs, this would imply that (assuming

labour-energy equal in every person) it required four time-energy units to make a table against one unit to make a chair. The cost of the table could be expressed as 4 and the cost of four chairs as 4. The figure 4 would be, at one and the same time, a record of the relative value of the table or of the chairs, and also a record of what the table, and what the chairs, would "fetch" when exchanged. This would be so because the purchasing-power necessary to exchange these things was embodied in the things themselves, and was measured by their energy-cost. The maker of a table would also make purchasing-power equivalent to the cost of the table. When counting up his expenditure of energy he would also be counting out an equivalent distribution (to himself) of "money." And so with the maker of the four chairs. Accordingly the two of them could add the 4's together and say that the total cost of their combined stock was 8. The two comparative values of 4 would also be one absolute value of 8—for if the makers chose to exchange their stocks, each would be spending 4 with the other, making a total expenditure of 8.

Now, when money was introduced, the purchasing-power formerly embodied in things for exchange was embodied in the medium for exchanging them. To-day that medium is paper. Let us designate it by the term "cost-cards." Now, it is the boast of the bankers that money came into the world to "perfect barter." But it has done the opposite. Consider what would have happened in regard to the table and chairs supposing the makers were to employ a card-costing system and to use the cards, instead of the articles, as purchasing-power. Supposing a rule was laid down that one card should represent one time-energy unit, and should therefore be purchasing-power for the product of one time-energy unit. The benefit theoretically achieved by this "perfecting of barter" would be that the maker of the table would be able to buy a chair, or chairs, before he had finished the table; whereas, beforehand, he had to complete the table before he could exchange it for chairs. But for this theoretical benefit to be translated into an actual benefit the card-dealer (as we will call the banker) would have to deal one card every time a time-energy unit was expended. If he did this, there would be 8 cards out by the time that the table and four chairs were made. Whereupon the table-maker and the chair-maker would claim 4 each, and could buy each other's stocks. These stocks, which, before exchange, were, so to speak, industrial property, would become private property after exchange. The 8 cards could now be handed back to the dealer and destroyed—or, if you like, replaced in the pack. For when once a piece of property is acquired by an individual for his personal use and enjoyment, he does not need money in order to use and enjoy what he has acquired. (Once you've bought your meal you don't have to pay money to your teeth and stomach to bite and digest it!)

It will be seen that the essential feature in this exchange of property which justified the replacement of the cards in the pack was not that the two sets of property changed hands as between the two producers, but that it was transferred from the possession of producers into the possession of consumers. The property not only changed hands but changed status. Thus, as we should say in general terms, the rate of retirement of money measured the rate of conversion of goods from commercial ownership to private ownership. That is the right principle. But in modern financial practice this principle is flouted. Bankers retire their loans at the same rate as that at which all goods change hands, including those that are transferred from one commercial owner-ship to another commercial ownership. Applying our illustration, if you suppose the table-maker and the chair-maker to buy each other's goods, not to take home for use, but to sell again (thus investing their cards in commercial property) and that upon the completion of the transaction the card-dealer picks up the 8 cards, and does not deal them out again except to finance a fresh programme of production, there would now be no cards

for the existing goods to "fetch," and therefore no means of converting them from commercial to private use unless the card-system was abandoned and the two producers reverted to the barter-system.

And this is what the card-dealers do to-day with exactly that effect. The bankers deal the cards out, and then the Stock Exchange, Insurance Companies, Building Societies and other financial "savings"-institutions gather them up and slide them back to the "dealers," thereby removing an enormous quantity of commercial property irrevocably beyond the reach of the community before they have been able to convert it to their private use and enjoyment. And if anybody complains, these card-sharps have the answer all pat—namely that their pack of cards is so small! The assertion that "zeal in saving" is a cause of "dislocation" is only a fragment of the truth: it is rather the zeal of those who inflict on the community the compulsion to save which does the mischief.

In view of the problems before the World Economic Conference it will be appropriate to point out that international trading consists (with negligible exceptions) of transfers of property from one commercial ownership to another. When Mr. Cordell Hull, on his arrival from the United States last week, stated that he was all for the removal of impediments to international commerce, he was virtually saying that he was all for obstructing the conversion of commercial property to private use. As we show in another section of these "Notes," international trading is more strictly controlled by bankers than is domestic trading. They can more directly control the nature of the things traded in and the directions of their flow throughout the world. They are thus able to pursue their policy of stimulating the traffic in machinery and materials for capital development, and of directing it to those areas where the least proportion of local production is converted to local private use. Past generations of workers in Lancashire have gone bare of shirts while making cotton-spinning plant for the Eastern markets. The present generation of workers in Lancashire are going bare of shirts because the exported plant has done them out of their jobs. The bankers encourage manufacture for export, and use the materials exported to lay down plant which in turn will manufacture for export, and so on until logically one can picture practically the whole output of every country sailing for ever to and fro on the seas like the Flying Dutchman. When every impediment to international commerce is removed, the result, in one of its forms, will be the establishment of a world-cost-of-living calculus based upon the minimum requirements of the meanest nigger. In the meantime, no doubt, preparations would be made to forestall critics who are at present pointing out the evidences of plenty existing side by side with destitution. They might take the form of a development of the idea visible in floating aircraft-carriers and floating-docks. Why not floating factories and floating shipyards? These could be manned by the few workers required, and could be sailed away out of the sight of the redundant populations. The only sign of plenty that these would then see would be the occasional arrival of vessels delivering them their rations of mangoes. While, out at sea, whenever any floating factories became redundant, they could be rationalised by the cheap and easy means of sinking them. No need to waste money on demolition and dismantling when Davy Jones would do the job for nothing.

#### Financial Competition and World Trade.

There are £20,000,000 worth of empty offices in the City of London, according to Sir William Burton, chairman of the City of London Real Property Co. One of the causes of this he mentioned in his speech to the shareholders on June 6 (see the *Star* of that date). It was "Tariffs." These are bad for City rentals because:

"The City does not manufacture or produce; it markets, finances, and insures." That is to say, the business of Finance, as a visible commercial proposition, depends for its success on there

being a large and easily-flowing volume of goods—and price-values—moving from one country to another. On a higher plane the policy of Finance, as a secret political proposition, depends for its success on (ultimately and ideally) there being a one-way traffic of exports from the areas where "production is cheapest" (i.e., where labour and personal services are sweated the most) to all other areas in the world irrespective of nationality. It will be seen that the commercial business of Finance is logically threatened with frustration to the extent to which the political policy of Finance approaches complete fulfilment. The reason becomes clear if the activities of banking interests in this country are analysed. You have one national banking-system controlled by the Bank of England and used in pursuance of a single political policy. At the same time you have five joint-stock banks, with their thousands of branches, competing with each other for the business of financing home industry. It is true that their scope for competition is restricted by their mutual agreement to charge and allow common rates of interest on loans and deposits, and things of that sort, but the competition takes place otherwise. Imagine then, as a basis of enquiry, that these five banks were to start each with a one-fifth share of the business of financing British industry, and that Mr. Montagu Norman called before him the five chairmen and said to them: "Now, it is up to you fellows to prove your efficiency as sound and prudent bankers by showing me at the end of a year which of you can get farthest ahead of the others in competition for deposits." These chairmen would be placed in a position somewhat similar to that of the managers of League football teams, who each has to rely on his capacity for selecting the right men, adopting the right system of training, and hitting upon the right combination of men for the regular team—the test of the three "rightnesses" being the positions of the teams in the League Table at the end of the season. The five bank-chairmen would, so to speak, select industries, adopt methods of financing them, and hit upon systems of interlocking or merging them, with the object of scoring the highest points in the Table of Deposits at the end of the financial season. You would have, so to speak, the Big Five Trainers running the big five industrial teams in competition on the field of commercial competition. The final victory of any one of them would show in its record of goals for and goals against; i.e., its profit and loss account. That would be the commercial assessment of its victory. Its record of points scored for games won and drawn could be considered as the financial assessment of the victory. Briefly the winning team scores the profits which the winning trainer holds as deposits. To change the image, you can say that industrial capitalists are the pieces which the bankers use in their chess-tournament.

Now it is conceivable that, let us say, the Midland Bank organised such a smart industrial team as to whack all the others—pushing them out of business or absorbing them, and therefore smashing up the other four banks behind them. Mr. McKenna could then go to Mr. Montagu Norman and say: "Here, I've got all the surviving industries in Britain on my books, and hold all their deposits." How would Mr. Norman react? This would depend upon whether the maintenance of a system of competition between the Big Five banks was a permanent factor in his political policy. As we all know, this competition is in practice a valuable piece of camouflage for keeping the public in ignorance of what the bankers are up to. But, leaving that aside, and confining our attention to the technical aspect of the situation, it is clear that Mr. McKenna's knock-out victory would not be an obstacle to Mr. Norman's political policy. The Governor could govern British industry just as easily through Mr. McKenna alone as through the Big Five chairmen. In fact, the relegation of four-fifths of the collective staffs of the Big Five to the dole-queue would help rather than hinder him. And especially would it help him in his rôle of Central Banker from an international point of view.

For, as readers of this journal will appreciate for themselves, Mr. McKenna's victory would mean that he had succeeded above all the other joint-stock bankers in finding out, by the process of trial and error, the full "sackable" capacity of industry, and had exploited it to the utmost compatibly with the avoidance of civil commotion, thereby clearing all the redundant personal labour out of industrial service and lowering the cost of British production to its irreducible practical level. He would have set the fastest pace of retrenchment and deflation within the area over which Mr. Norman had first given him the mandate, with the inevitable result that the other mandated areas had fallen under his sway.

Now, the situation here pictured affords in outline a picture of the world situation as it seems to be developing. If you substitute for the Bank of England the Bank for International Settlements, and for the joint-stock banks of England the central banks of the world, and for the assumed areas within Great Britain the actual national areas presided over by the central banks, you will get a clear picture of international financial policy and its methods, and you will realise, with very little reflection, how much more easily the game can be played on the field of world industry by the B.I.S. than Mr. Norman could play it on the field of British industry. For the snag in the game as Mr. Norman would play it would lie in the fact that the Midland Bank's monopoly in this country of joint-stock banking would open up questions of a political character. One of these would arise out of the fact that Mr. McKenna could no longer argue, as he has been wont to do, that when the Midland Bank makes a loan it stands to lose cash to the amount of the loan. The validity of that argument rests on the fact that at present, when the Midland Bank lends money, the borrower will spend it with people who have accounts with other banks, and that (other transactions excluded) the Midland Bank could be called on to transfer currency or bankers' cash to the other banks under the Clearing House arrangements. But, by assumption, no other banks now exist: Mr. McKenna would have extinguished them, and with them the Clearing House. There would now be no precautionary technical limit to the amount of credit which the Midland Bank could issue, because every penny it lent would come back as deposits. British politicians and the public are pretty slow in the uptake about financial subjects, but there are a sufficient number of both to-day who are capable of appreciating the significance of such a situation, and not a few politicians who would rather like the chance to exploit it, quite apart from the consideration that a considerable number of critics of the financial system would do so in any case. In such an event, the orthodox bankers' resistance to expansion, deprived of a technical basis, would have to be justified by political considerations, and this would create a dilemma for the bankers, for when once the pros and cons of credit-policy become political in nature it is impossible to hold that they lie outside the legitimate field of Parliamentary debate and decision. In the supposed situation, therefore, Mr. McKenna would logically be answerable to Parliament for his administrative policy, whatever it was; and if, in defence of it, he pleaded constraint on the part of the Bank of England, that would logically involve joining Mr. Norman as co-defendant. That, in brief, is the snag in the game, and the reason why the Big Five banks keep up a show of competition with negligible substance. So much for the game in this country.

But when you consider the game from the international standpoint this snag disappears. For whereas, in theory, and by legal sanction, it would be possible for Parliament to call Mr. Montagu Norman to account for his orders to Mr. McKenna in respect of domestic finance, there exists no power or legal sanction by which the British Parliament could call the Bank for International Settlements to account for its orders to Mr. Norman in respect of international finance. Only a World Parliament could claim that right. There is, of course,

sort of Parliament called the League of Nations, but its rights and powers are of the same humble nature as those attaching to private members in the British House of Commons. And just as the Commons talk and legislate to the orders of a Cabinet of Ministers nominated in the last analysis by the Bank of England, so does the League Council and Assembly at Geneva talk and legislate to the orders of a Cabinet of Central Bankers appointed by the Bank for International Settlements at Basle. In that centre international finance and international law are inspired and shaped to subserve a super-national policy.

Against this background of power on the world-stage the embarrassments which we have seen might arise in the supposed event of the Midland Bank's industrial team smashing up the others and enabling Mr. McKenna to rule alone would not arise in the supposed event of, let us say, the U.S. Federal Reserve Board's running United States industry as a national team and putting British industry out of business, and the Bank of England with it. It would matter nothing to the Basle Bank whether production took place in any particular country or was financed in terms of any particular currency. The failure of the Bank of England to prevent its own defeat and the suppression of the industries of which it was the nominal feeder and protector would not hinder but might help the Basle policy. The Basle Cabinet would not have to trouble even about civil commotion in any one country, because it could finance other countries to exploit the situation. All it has to take precautions against at the present time is the outbreak of war on a large scale; and we need hardly recite the evidences of its attempts to forestall that danger by the twin methods of scrapping most of the world's armaments and of vesting in banking authorities the sole use of the rest.

#### Gold Profits and Gold Taxes.

On April 6 we discussed the effect of South Africa's departure from the Gold Standard on the price of Gold-Mine stocks. We saw in the Press last week that £15 millions extra profit has accrued to the South African mines by reason of the fall in the S.A. exchange-rate; also that the South African Government proposes to levy taxes to the amount of £7 millions on the mines. This is just as we forecasted, and it rounds off our uncompleted story. We can summarise our reconstruction of the ramp as follows:

1. S.A. bankers privately decide to come off gold.
2. All the Central Bankers are privately advised.
3. The S.A. Ministers get advance knowledge of what is intended. So do Ministers in other countries.
4. During the period covered by 1, 2 and 3 the bankers first, and favoured Ministers put into the S.A. mining stock.
5. After they are all supplied, the news of the departure from Gold is released for the benefit of the public.
6. Computations of the high gold profits to be expected are slyly insinuated into the Henry-Dubb financial tipping-journals as soon as the new S.A. exchange-rate has been fixed by the bankers.
7. The Henry-Dubb investing classes commence to bite.
8. In a short time the Great Boom in South Africans takes place.
9. Bankers, and Ministers, with their uncles, aunts and what-not, sell out and take their profit.
10. Henry Dubb now being planted with South Africans at prices corresponding to the computed profits, the bankers carry out their project (which they Government contemplated from the first) of directing the S.A. Government to collar fifty per cent. of them.
11. The price of South Africans are now doubtless in course of adjustment to the new conditions.

In comment we had better add that the profit would not be the object of the big banking institutions as such, although individual bankers might seek it. Mr. Pierpont Morgan, for example, was so little concerned with

profit that he sacrificed large sums by selling stocks to his political friends and helpers at wide margins below their realisable value. Really, he was paying for services rendered or to be rendered—or, so to put it, re-investing financial profit in political power. And, as regards banking institutions in other countries, very high profits are an embarrassment; they only cause the bankers the bother of secreting them from such of their shareholders as have invested for the sake of dividends. Therefore it is quite possible that the banks did not buy South Africans, but simply tipped their friends to do so, acting in much the same way as the hen who grubs up the earth for the chicks to pick up a meal. Or they may have bought them and given their friends the option of taking them over at the same price as they had paid. Either method would suit both parties; just as when a mother is over-flush with milk her suckling of her child makes for the health of both.

The prime concern of the bankers, we suggest, in engineering this flutter in South Africans was to effect a reduction in the large amounts of money lying in current and deposit accounts. Most readers will call to mind numerous signs during the last year or so that the bankers viewed with disapproval the "lack of confidence" on the part of investors of which this hoarding of "idle money" was a concrete expression. It is almost a certainty that the South African boom stamped a large number of these investors into converting deposits into securities. Further, insofar as the banks were the sellers of the securities which the investors bought, they did a good stroke of deflation for themselves into the bargain. And thus the old lesson is once more emphasised, that all things work together for good to them that are in the banking game.

#### Right of Way for M.P.s.

According to the newspapers last week there is a project to form an automobile club for Members of Parliament only. Members are to be provided with a sign which, when displayed on the windscreen of a car, will be a notification to the police that an elected representative of the People sits inside, whereupon the police will remove all impediments to the rapid transit of the Hon. Member to and from the House. The rule is that the sign must not be used except when the Member is actually going to and from the House. This privilege to what is to-day probably the most useless, if not the most mischievous functionary of the State, is one more sign of the inverted perspective in which values are surveyed in these days. Apart from that, the privilege is unnecessary. The proceedings in the House commence late enough in the day to allow of Members attending punctually without undue hurry. Moreover, since they are paid for the job, they have no more right to priority over other travellers because they are in a hurry than has any clerk who is late for the office: in fact the clerk has much more reasonable excuse since his job might be at stake. Again, the concession is anti-public in character, for it condones and fosters the practice of Members of voting in divisions without attending debates. It is, we agree, a counsel of perfection to expect every Member to sit through all the debates. Nevertheless that is what he ought logically to do while the doctrine prevails that an elected member of Parliament is a representative responsible to his constituency and not a delegate answerable to a section of it. For any member to claim the right of judgment and yet to neglect the occasion when materials for that judgment are being discussed is reprehensible behaviour; and we are not surprised that, in view of the widespread indulgence in it, the left-wing Labour groups a year or two ago felt justified in trying to impose voting-instructions on Labour M.P.s. Thus we read sometimes that Lady Cockolourum, M.P., is able to do her duty to her family as well as to the House because of that excellent device by which the Division bell rings in her home. Then, watch out! She sticks baby in the cot, rushes down, tumbles into the car, toot-toots along a lane through arrested traffic, puffs into the Lobby (sometimes gets into the wrong one),

votes for the latest ramp from Threadneedle Street, and so home. The same device is installed in all the board-rooms and clubs in the vicinity of the House; and it is to clear a passage for the sudden rush of converging hordes of absentee legislators obeying the orders of the Whips that the police and the public are to have this extra trouble and inconvenience put upon them.

#### Hitler's Financial Policy.

The authentic organ of the Nazi Movement, and now the official medium for the announcement of Hitler's policy, is a newspaper called *Der Angriff* (in English, *The Attack*).

In its issue dated June 1 the following announcement is made on the question of financial policy:—

"The powers conferred upon the President of the Reichsbank, Dr. Schacht, constitute a guarantee that there will be a strict and uniform handling of credit; whereby, moreover, the influence of the big banks will be put under constraint."

For the interest of readers who know German we give the original passage in that language below.\* The last sentence in the original if translated literally would be to the effect that power-influences of the big banks would be put behind bolts and bars—or, as we might say in English, put under lock and key.

Readers will see, without much prompting on our part, what a grand disillusionment is in store for Herr Hitler and those who sincerely seek after the ideals outlined in his general policy. We suppose the German people are pretty familiar with the story of Hansel and Gretel. These two little children were invited into a magic cottage by an old witch to have some refreshment, and when they got inside they found that they themselves were going to be trussed up and cooked for the old witch's dinner. The story ends up happily because at the last moment the children, in desperation, give her a push which tumbles her into the fire over which she was going to grill them. It is clear that this little story is repeating itself in contemporary history so far as the first part of it is concerned. Herr Hitler and his ministerial colleagues have evidently made up their minds that in the magic cottage of the Reichsbank the old witch is going to cook them a good meal of German nationalism. It only requires time for them to discover that it is themselves who are to be turned into a meal.

#### The India White Paper.

Lt.-Col. Sir Arnold Wilson (Cons.) was returned for Hitchin on June 9 by 14,569 votes as against Mr. W. Bennett's (Lab.) 10,362. *The Times* of June 10 talks about the rise and fall respectively of the two parties' votes, but omits to state that only just over half the electorate went to the poll for both parties together. Calling it one-half, we can set out Sir Arnold's credentials as Hitchin's representative as follows:—

For Sir Arnold .....	14,569
Against Sir Arnold .....	10,362
Devil take both men .....	24,931
	49,862

Only two sevenths of the persons entitled to vote chose Sir Arnold. *The Evening News* of June 9 reported some amusing reasons advanced to explain abstentions.

- Conservative reliance on winning, seeing that the last majority was 17,000 odd.
- Holidays.
- Haymaking was in progress.
- Old register.

\* Die Ermächtigung des Reichsbankpräsidenten Dr. Schacht gibt die Gewähr für eine strasse und einheitliche Handhabung der Kredite; durch sie wird ferner den Machtinflüssen der Groszbanken ein Riegel vorgeschoben.

It proceeds to report Sir Arnold's view:

"I have been surprised and deeply impressed at the widespread disapproval—"

of the holding of an election? No. But:—

"—of the proposals with regard to India now before Parliament, and the universal approval of my attitude thereon."

We would wager that not more than the odd sixty-nine voters in Sir Arnold's poll would be able to give a description of the proposals in question, much less to give a reason for disapproving them. On the other hand we would wager that most of the 24,000 absentees would be able to give an intelligible reason why they boycotted the election. Its substance might not be convincing to a politician, and its expression might offend him, but it would be a commonsense reason.

It may be that the proposals might involve matters affecting the policy of the Anglo-Persian Oil Co. or the D'Arcy Exploration Co., with both of which Sir Arnold has been a Director; but what has this to do with the electors in Hitchin? On the broad question whether the India White Paper involves "surrender," the final answer (it was in the negative) was given in a letter to *The Times* signed by ten retired officials from the Indian Civil Service. It appeared on June 3, and was headed "Responsibility at the Centre." These administrative realists saw, and said in their own discreet language, that the reservation of arms and of finance from the nominal political Government of India constitute all the safeguards necessary. Very diplomatically they suggest that the time has come when we can afford to allow India such financial independence as is compatible with "the maintenance of solvency and of credit in the country." In plain English that means that the Indian Government shall be free to act on Schuster's advice without interference from English politicians. There's independence for you!

On June 8 *The Times* circumspectly followed this up in a leading article on Churchill and the Conservative Party, when it advised Conservatives who were dubious about the prudence of the concessions embodied in the White Paper, to "examine the safeguards," adding, darkly, that these safeguards were "watertight, and intended for use with resolution." To us this means that the new Indian Constitution has been given an unchallengeable legal form, and that challengers who adopt extra-legal methods of resistance will henceforth be punished by scorpions instead of whips.

If Mr. Churchill and other opponents of the White Paper could show that it made Schuster the effective Viceroy of India, and further that in the exercise of his powers he was as free to concert policy with Mr. Pierpont Morgan representing United States capitalism as with Mr. Montagu Norman representing (in appearance at any rate) British capitalism, then they would do good work in showing it and agitating against it. English administrators in India have been none too satisfied with Schuster's methods, and have not refrained from letting him know it. And we can see how well it would suit his game to supersede these refractory white administrators by the more docile native material that lies ready to his hand on the spot.

#### Tithes.

Auctioneers, lawyers and bailiffs are discovering that their participation in processes to recover tithes involve increasingly unpleasant bodily consequences. At Gillingthorpe, Essex, three weeks ago a Mr. Gibson (solicitor) and a Mr. James (auctioneer) upon arriving at a farm to take an inventory of stock, were surrounded by farmers who hurled at them abuse, threats and rotten eggs. "Do you countenance personal violence towards me?" asked Mr. Gibson of a ringleader (Mr. Krailing, a member of the Tithesayers' Association) and received the reply: "Those who do dirty work must expect dirty treatment." After being imprisoned for three hours in a barn they were rescued by a party of police officers and escorted to the Rectory. Proceedings for contempt were commenced in the King's Bench Division before Lord Hewart on May 31 (see *The*

*Evening Standard* of that date). Last week a similar sort of occurrence took place near Bodmin, in Cornwall, where the farmers attempted to tar-and-feather or duck a bidder at a distraint auction, who escaped by leaping on to the running-board of his car and being driven away holding on by the door-handle.

It was stated on behalf of the Rector in the Essex case that he was obliged to pay rates on the tithes due to him whether he received them or not, and that he was in fact in arrears with his rates, and under the threat of proceedings. It appears that the Sudbury County Court judge had made an order for sale by tender, owing to the "difficulty of executing distress."

Here is a picture of "dirty work" all round, some of it being defended by appeal to legal compulsion, and some to economic necessity. The judge has to administer the law as he finds it; and the solicitor and auctioneer probably do not pick up so many jobs nowadays that they can afford to discriminate between the clean and the dirty. All these parties have to shut their minds to considerations of the economic and social consequences of the duties they carry out. But there are other parties to whom these consequences are matters of life and death; and it is inevitable that they should adopt methods of violence as the last resort in their struggle for survival.

The prime cause of all this trouble dates back in history to when payment of tithes in kind was disallowed, and payment in money made compulsory. Neither the Church nor the laity foresaw at that time where this change would eventually land them; for they did not realise that the bankers could create abundance or scarcity of money at will irrespective of what Nature was doing with crops and livestock. (By the way, we read the statement of a farmer the other day who said that the tithes on his farm amounted to more than half as much as the rent.) For a long time, however, it was left to the discretion of the incumbent to vary the amount of the charge or to defer collection if the circumstances seemed to him to justify it. But latterly this local freedom to bargain as between individual creditor and debtor has been withdrawn and vested in a centralised corporation euphemistically called the Ecclesiastical Commissioners. The local tithe-owner is no longer a responsible creditor but an irresponsible collector. Even if he could afford to forgive tithes (and the money-monopoly who control the policy of the Ecclesiastical Commissioners have taken care that he cannot) he would not be allowed to, or, at any rate, the debtor would be proceeded against by the Commissioners.

If this background is studied by the Tithesayers' Associations and Church authorities—especially in the light of the Social Credit analysis of the credit system—they will realise that the "dirt" in the work proceeds from the banking monopoly, while the odium for it attaches to the Church. Each party has its reason for cleansing the work; tithepayers in defence of their existence and the Church in defence of her fair name. Local animosities naturally arise, but under wise leadership there can be a basis for general co-operation against a common evil. But an essential pre-requisite of the establishment of such a basis is that leaders on both sides shall see through the technical fallacies and political deceptions by which judges and magistrates are able to reconcile their narrow administration of the strict letter of the law with their consciences. We lay down three fundamental propositions which apply to the problem:—

- That, technically, the revenue now being raised in taxes from the population can be raised as to most, if not the whole, of it, from an alternative source.
- That the tax-legislation now being administered is based on the assumption that there is no alternative source.
- That the enactment of that legislation has been procured by banking authorities, who know of that alternative source, from legislators who did not know of it.

That is to say, the laws which judges and magistrates consider it their duty to administer have their origin in the deception of the Legislature, and what these legal authorities are administering is something extracted from Parliament by false pretences. If anyone doubts the antecedent possibility of Parliament's being deceived he will find his answer in Lord Hewart's book *The New Despotism*.

If our three propositions are accepted (and there are plenty of men and women in the Social Credit Movement who are competent and willing to explain and demonstrate them) it follows that the so-called "duties" of judges and magistrates must be widened and transvalued. To this end they will need educating both inside and outside the Courts. At the very least they should no longer be allowed to dismiss pleas of debtors for consideration with the hackneyed observation: "I can't go into that: I have my duty to perform." Even within the limits which they adduce as imposed on them they have a measure of discretion; and most of them would use it humanely were it not that they labour under the obsession that *getting the money in according to schedule* is an axiomatic and overriding constitutional principle. It is not. It is an unconstitutional ramp; and though they may not be got to see it, at least they should be made acquainted with the fact that a considerable body of responsible people hold that opinion.

We will not continue the discussion now except to suggest that readers might follow developments with the view of possibly organising a meeting when a judge or magistrate affords an occasion for it.

#### Big Swindles and Little Swindles.

Frank Smith, of Lode-street, Bolton, was sentenced for a series of thirty frauds aggregating the sum of £69 altogether, part of which had been repaid. One of his unsettled debts was for potato crisps! The magistrate, in reply to his plea that he was "absolutely hard up," remarked that his frauds were on "poor people and tradesmen." (*Empire News*, June 4.) It is impossible to do little men out of big sums, and virtually impossible to do big men out of little sums. A swindler is refused mercy in the first case because his victims are little; and in the second case because his gains are large. At either end Justice is "appalled."

#### Police Bombing.

Bankers use their power to engineer deadlocks which can only be unfastened by something which gives the bankers more power. Example: The British claim to use bombing aircraft for police work in outlying parts of the Empire is unanimously resisted by all other countries. Way out: to allow bombing for police work, but only under the "auspices of the League" (of Nations)—i.e., the Bank of International Settlements. (See *Times* leading article, May 30.)

"If I may take Chancellor Hitler's speech as a repudiation of that terrible speech of Von Papen, in which he said that warfare was to men what child-bearing was to women, then I welcome it wholeheartedly."—*Sir Austen Chamberlain*.

"George Henry Neal, aged sixty-seven, a Northampton county magistrate, was found not guilty at Northampton Assizes to-day on a charge of setting fire to stacks of produce at his farm."—*Evening News*, May 26, 1933.

Mr. Compton Mackenzie, in his editorial article in the *Gramophone*, May, 1933, seriously exhorts his readers to study Major Douglas's Theory of Social Credit. If they are not prepared to indulge in books, "at least they can expend 6d. on the *New English Weekly*, in which may be read every week a most brilliant exposition of what offers the only financial salvation for the world we live in."

A conference of the clergy of the Bradford Diocese recently devoted a good deal of their time to the money question. Several speeches were made, which show that there is less disposition than there was to regard the bankers' opinion as law on the subject of finance.

The Council of the Manchester Association of Importers and Exporters analyse the economic situation in a way which shows that they know where the trouble is. They do not commit themselves to a remedy, but one of their statements is that "the remedy is at hand awaiting application."

## The Films.

### Celluloid Propaganda.

The cinema is potentially the greatest engine of propaganda and education yet discovered. One says potentially because even the Russians, who alone have deliberately and consistently used the screen for this purpose, and have even gone so far as to differentiate between propaganda for home and foreign consumption, have not yet travelled outside a relatively restricted area. British studios have not even begun to explore the field; the brilliant exception of "Drifters" is a great contribution to the art of the film, but only a small contribution to the "Eat More Fish" campaign; and the correspondent of the *Daily Worker* who recently accused Elstree of turning out pictures with an anti-United States and pro-Empire tendency signally over-rated the intelligence and the inventiveness of the native celluloid industry, unless one can regard lingerie, night clubs, and the mother-in-law of the Victorian comic papers as incentive to "Buy British."

On the other hand, the Americans, as was recently pointed out by a correspondent of this journal who drew attention to the emergence of the banker as screen-play hero, have begun to realise the propagandistic possibilities of the motion picture. The depression has been put on the screen—while, according to Elstree, the population of Great Britain consists entirely of well-to-do people who are not under the painful necessity of earning a living, and Cockneys and North Country men and women who, if not wealthy, have certainly never known want, and are in the fortunate position of being able to buy unlimited quantities of beer for their personal consumption. Hollywood has also habituated movie patrons to the comfortable and comforting doctrine that the United States has emerged from every previous crisis and depression, and will therefore do the same on this occasion. How far this type of propaganda—which is undeniably deliberate, and represents something more than the capitalisation of a burning topicality—is dictated by Wall Street, which has Hollywood in its pocket, it is outside my province to estimate. But the doctrine is precisely that which the bankers, the great industrialists, the financiers, and the possessing and privileged classes in general are so frantically desirous of "putting across" the public in every civilised country—the creed that "Everything will be all right," to use one of the favourite expressions of the talkies.

For it is to be noted that this type of film unites with the other two great organs of propaganda—the Press and the pulpit—in disregarding the causes and nature of the world crisis, in concealing the fact that it differs qualitatively and not merely quantitatively from previous depressions, and in using every artifice in order to convince the masses that the way out is via the existing economic system. That is propaganda for the fool's paradise, whether it be conducted with deliberate insincerity or merely in ignorance.

### Gabriel Over the White House: Empire.

This picture, based on Col. Tweed's novel "Rinehard," and described as "the strangest story ever told—and the sanest," represents the high-water mark of American film propaganda to date. The critic is obliged to lay stress on this aspect, not merely because it is being presented in a fashion that clearly indicates an attempt at something more than entertainment, but because the implication is so patent. Whether it was conceived in insincerity or ignorance, or is the offspring of a mixed parentage, is a matter I am not for the moment concerned to discuss. But the now-familiar ingredients are present, if their mixture be on a rather more lavish scale than before. Here we have a President of the United States who loses his reason—or achieves it—as the result of concussion of the brain, and immediately succeeds in putting the unemployed on productive work, in abolishing the gangster and racketeer, and in laying the foundations of world peace by an

armed alliance between Great Britain and the United States. Everything is true up to a point, and everything is fundamentally false; the symptoms are correctly described, but the diagnosis camouflages the causes. There is not a hint at the real reasons of world crisis. There is not a suggestion of the real reasons why the nations of the world are arming on land and on the sea and in the air after the War to End War. The fundamental problem of how the products of the unemployed who have been placed in national work schemes can be sold when the cause of their unemployment is precisely inability to dispose of existing production, is completely disregarded. Instead, we have platitudes on the destructiveness of war, platitudes about the next war meaning the downfall of civilisation, platitudes about the wickedness and stupidity of a system under which millions of people who want work are starving in the midst of plenty. Incidentally, there is the gorgeous, unconscious satire of the President declaiming the need for a return to the "true democracy" of Washington and Lincoln, whose policy was to achieve "the good of the people."

It is unfortunate that all this claptrap—which resembles on a glorified scale the optimistic leading articles with which Lord Beaverbrook regales the readers of his weekday and Sunday organs—will probably deceive the majority. It will do more; it will make a great many people think that there is a great deal to be said for Fascism and Dictatorship, that the way out of our present troubles may come through uncontrolled autocracy.

Regarded as entertainment, "Gabriel Over the White House" is mediocre. It never comes to life, for which its making in a violent hurry is not entirely responsible; the dialogue is banal; none of the principal characters is real; and the theme is continually interrupted by tender passages that are not only irrelevant, but have long ceased to have any box-office value. Hollywood has learnt that the conventional happy ending is no longer necessary in order to rake in the public; indeed it has gone to the opposite extreme of artificially contriving unhappy endings. Yet American producers must still inject into every film a young man, a young woman, and a sentimental attachment.

Walter Huston is the president, and gives another of his stereotyped impersonation of Walter Huston. Karen Morley is the young woman; Miss Morley showed promise in her earlier films, but is now rapidly sliding down an abyss of mediocrity from which she seems unlikely to be rescued merely because her vocal inflections grow more and more like those of Greta Garbo in her huskiest moments. DAVID OCKHAM.

## Music.

### Szigeti, Wigmore Hall, May 30.

The methods of this artist are in complete contrast to those of Kreisler. His tone is inclined to be dry and brittle, and he exploits the percussive qualities of the violin rather than its cantabile; his phrasing, moreover, has little subtlety, though it is undeniably clean. Despite all this, however, he is a first class artist, possessing enormous rhythmical energy, dead sure intonation, and a magnificent aggressiveness of attack.

The Sonata of Ernest Bloch with which he opened the recital (in collaboration with a most admirable pianist, Nikita de Magaloff) is an interesting but unequal work, the best movement being the first. It does not appear to be at all violinistic, but it is beyond question the product of an independent and original mind, which is more than can be said of the violin works of Stravinsky-Hindemith and Co. Szigeti's unaccompanied Bach Sonata in A minor was quite astounding in its clarity, warmth, and unflagging rhythm. Having heard all, or nearly all, the great violinists in unaccompanied Bach, I should say that his is almost unsurpassable.

The Debussy Sonata was well played, but it is hardly Debussy at his most characteristic, though there were effective sections which very few others could have written. A Suite of Joseph Achron, "Stempenyu, the Fiddler," was attractive, but an extract from Stravinsky's "Firebird"

did not shine in its new medium, and the same composer's "Pastorale" was the merest commonplace. A curious and rather faded "Valse Scherzo" of Chabrier arr. Loeffler found its way into the programme, though in virtue of what one cannot surmise.

CLINTON GRAY-FISK.

## The Green Shirts.

### NOTES FROM THE GENERAL SECRETARY.

#### Green Shirt National Assembly, 1933.

More than 170 representatives of the Green Shirt Movement for Social Credit assembled at Winch Bottom Farm, near High Wycombe, Bucks, over the Whitsuntide holiday, June 3-5, and at one time during National Assembly there were 200 in the camp.

Representatives were present from London, Stockton, Coventry, Manchester, Rochdale, Keighley, Widnes, Leeds, Birmingham, Preston, Glossop, Littlehampton, Dovercourt, Chinnor, Blackburn, Beaconsfield, Chapel-en-le-Frith, Harbertonford, Parkstone.

The Agenda of the General Meeting held on June 4 included eighteen resolutions of great importance to the development of the movement throughout the country. Of these we consider six to be of special interest to all advocates of Social Credit. The full text of these six resolutions is as follows:—

**Resolution 1. Greetings.**  
That this National Assembly of the Green Shirt Movement sends Greetings to all Green Shirts in this country and abroad, and to all advocates of Douglas Social Credit, and pledges itself to fight with ceaseless energy and unflinching determination for the establishment of the Social Credit State. (Carried *nem con.*)

**Resolution 2. No Sitting-on-the-Fence.**  
That, as far as the Green Shirt Movement is concerned, any Monetary or Credit Reform Association, Movement or Society that does not officially and publicly proclaim Douglas Social Credit as its objective, shall be regarded and treated as though it were a Bankers' camouflage movement designed to confuse the public mind and fog the issue. (Carried: one dissentient.)

**Resolution 3. No Side-tracking.**  
That, since the Green Shirt Movement does not exist to fight Communists or Fascists, but to break the stranglehold of the Bankers' Combine and establish Social Credit, all attempts to side-track the movement into anti-Communist or anti-Fascist activities shall be either skillfully avoided or openly resisted. (Carried *nem con.*)

**Resolution 9. Banners.**  
That, in order to sharpen the conflict and to keep the issue clear, only slogans bearing upon the Social Credit objective shall appear on Green Shirt Banners. (Carried *nem con.*)

**Resolution 10. Literature.**  
That only those books, booklets, leaflets, handbills, posters, or other literature stocked by the Literature Stall at National Headquarters, or otherwise specially approved by the Head Man and Kin Council, shall be used; and any literature that (a) is not set forth definite and accurate Douglas Social Credit teaching, or (b) confuses the main economic issue with other matters, or (c) is propaganda for other organisations, shall not be used, sold, or distributed by Green Shirts. That a list of approved Social Credit literature be prepared, issued, and revised from time to time in the Official Broadsheet. (Carried *nem con.*)

**Resolution 13. From Study Group to Action Group.**  
That Social Credit Study Groups be encouraged to pass out of the student-phase and to transform themselves from the status of study groups to that of active Green Shirt Sections. (Carried *nem con.*)

Each resolution on the Agenda was fully discussed by the Green Shirt representatives attending National Assembly before being put to the meeting. This was done under the system known within the movement as "naked democracy" (the counterpart to the unarmed military method of our "double-technique"), and in no case was any sort of "leangaroo" or "guillotine" closure permitted, nor any kind of "blocking" motion; and no wandering off the point under discussion was permitted by the Chairman.

Further to the eighteen resolutions, all of which (with the exception of Resolution 2, above) were carried unanimously, it was decided with acclamation that there shall be only one Green Shirt Movement for Social Credit throughout the country, under one direct leadership, and using one

method; and that any attempt to produce confusion in our ranks by the formation of unofficial "Green Shirt" groups shall be stamped out immediately and without hesitation.

The Green Shirt Movement for Social Credit can be recognised by the Douglas tartan "flash" worn on the right sleeve by all ranks, and by the official badge of the movement worn on the left side of the beret. Anyone wearing Green Shirt uniform without the Douglas "flash" and the official badge is a disruptive element tending to weaken the three essentials of effective organisation—focus, uniformity, and obligation—and will be treated as such.

The Annual Report for the past twelve months, prepared by the General Secretary, and the verbal reports made by representatives from London and the provinces, showed that steady headway is being made in all districts where the movement has penetrated. The effective development of the movement in each district was found to depend upon:—

- (1) Local Leaders, and
- (2) The establishment of Local Headquarters.

We are confident that the proper directives for the coming twelve months, embodied in the resolutions passed by National Assembly, have been laid down; particularly in Resolution 4, containing seven clauses, the headings of which are:—

- i. Recruiting from the wage-earners and the unemployed.
- ii. Propaganda Squads.
- iii. Open-Air Street Meetings.
- iv. Attendance in uniform at public meetings.
- v. Green Shirt Demonstrations.
- vi. Green Shirt Street-Patrols.
- vii. Green Shirt Factory "Cells."

The organisation of nearly 200 Green Shirts under canvas at the National Assembly Camp was efficiently carried out by our H.Q. Campswarden and his staff. The cleanliness of the camp (the ground itself and all sanitary arrangements) was exemplary, and was remarked upon again and again by visitors and friends. At no time was there so much as a scrap of paper blowing about the camp ground, and when the various contingents marched off on Whit Monday with their flags flying and drums playing, the long green field of their camp site, bordered on each side by beechwoods, was again what it had been when camp was pitched—a green field without litter, marked only by the faded patches of grass where the huge half-circle of tents had stood. Most of the men present had never attended a Green Shirt camp-assembly before. Many of them had never been to camp before in their lives, and a large number had no more than a few months' service as Green Shirts. In spite of this it was demonstrated that the Green Shirt Movement calls forth an inner discipline that responds to direct leadership. Such a discipline is only possible within the double-technique of (1) a proper hierarchy of authority (Officers, N.C.O.'s, and Men) interlocking with (2) constant consultation between all ranks at the Local Hundred Assemblies, County Assemblies, and Area Assemblies, leading up to National Assembly. Even so, the discipline would be what we call a "dead" discipline without well-directed insurrectionary impetus generated by the Social Credit objective.

Since the founding of the Kibbo Kift nucleus in 1920—the "acorn" of the Green Shirt "oak"—this was by far the most important National Assembly of the movement.

It is, of course, impossible to give a full report in these notes, but we ought to put on record the enthusiasm of the 1st Battersea (Unemployed) Hundred, of which a representative body marched from Battersea to Winch Bottom, a distance of 30 miles or more, in order to attend. They set off on the evening of June 2, and, marching through the night, arrived in camp the next day. Tired and footsore, and badly blistered because of the worn-out condition of their boots, they came into camp in perfect order, all in step, heads up, eyes front, and no straggling. One observer, who watched them come down the steep wooded road into camp, said, "You wouldn't know they had marched a mile!"

Finally, the farmer at Winch Bottom, on whose field the camp was pitched, joined up as a Green Shirt, was fitted out in full kit by the Quartermaster, and came on parade.

There are now 1,458 British citizens definitely in favour of the policy of the Green Shirt Movement. We have in our files Direct Mandate Forms, bearing the signatures (and addresses) of 1,458 British people, living in this country. That is only a beginning. We shall push forward along the line of a Direct Mandate *versus* the Ballot-Box until we have a powerful numerical backing from the British People—not in the form of anonymous X-es marked on

voting-papers to elect candidates to Parliament, but in the form of a definite statement bearing the signature and address of each individual. That definite statement says: "I, the undersigned, give my full support to the Green Shirt Movement for Social Credit." We ask for a Direct Mandate from the British People given in support of the Movement outside of the parliamentary electoral system.

The Communist Review for June, 1933 (published by the Communist Party of Great Britain), contains a four-and-a-half page article, entitled "The Objects of the Greenshirt Movement."

In it we read: "Recently we have seen determined efforts on the part of the Green Shirt Movement to win publicity and support from the working class. They have been present at all the big demonstrations, carrying their own banners, selling their papers, and distributing leaflets. They hold their own meetings, and they also have the habit of sending representatives—usually of a very incompetent character—to put forward their point of view at meetings held by our Party and by other militant organisations of the working class. It would be incorrect to ignore the Green Shirt Movement, because it represents a danger. . . . The Green Shirt Movement confuses workers who are 'fed up' with the older political parties, and diverts them from the path of militant working-class struggle. If we examine the arguments put forward by the Green Shirts, we shall find a remarkable significance in the fact that they resemble some of the arguments used for years past by Hitler in Germany. . . . The German Fascists, it is well to remember, call themselves the National Socialist Workers' Party; they claim that their party is against the banking interests and for the working masses. The Green Shirt Movement claims exactly the same thing. It claims to be against the bankers, and for the workers. At the same time, they claim to be against the Fascists. They are also opposed to the Communists.

" . . . The Green Shirt Movement resembles Fascism all the world over, but particularly the Italian and German brands, by artfully striving to divert the wrath and indignation of the workers, who are suffering from the ills of the system, away from the capitalist class as a whole, and against an 'unworkable banking policy.'

" . . . It is quite impossible, as every Marxist knows, to thus artificially separate the bankers from the capitalist class as a whole. To-day, particularly, in the era of financial-capital, the banking and industrial interests are inextricably interwoven, and to present the question in this manner can only have the effect of confusing the real issue and glossing over the fundamental class divisions of society."

Mention is made of the scientific price calculus, and then we read:—

" . . . But, you will say, what is the 'scientific price calculus' so cleverly 'discovered' by the audacious Major C. H. Douglas? Well, you can search me—and you can search the writings of the Green Shirt Movement from beginning to end without finding any concrete or satisfactory reply to this question. The Green Shirt writers are equally vague about their other favourite hobby-horse, the 'National Industrial Dividend.' The N.I.D., they claim, will solve all our ills. Perceiving a shortage of purchasing power, they would have appeared to have hit on the bright idea of giving everyone so much money, in the form of the N.I.D., and thereby solving this vexed problem! . . . Naturally, the shops do a roaring trade. Everything is sold out. Demand grows. Factory wheels start running—and prosperity, so long 'round the corner,' comes into full sight—thanks to Major C. H. Douglas and the N.I.D.—to the intense satisfaction of everyone concerned, except the 'credit monopolists.' The Green Shirt writers do not explain whether this policy can be applied with the present ownership of the banks or not. If it means a change of ownership, then they stand self-condemned, because they have no policy for bringing about that change. If, on the other hand, it can be applied right here and now . . . then it is obvious that the issuance of so many cheque-books would have precisely the same effect as inflation; under the present system prices would soar upwards, and all the benefits of the N.I.D. would very speedily be lost to the workers.

"This is what Major Douglas offers in the place of the class struggle. Granted it is so much balderdash—in fact, it seems incredible that grown men can listen to such nonsense for a single moment—it is hardly likely to make any stronger appeal to the average worker than does the asinine uniform affected by the Green Shirts. . . . Social Credit, National Industrial Dividend, Price Calculus can have no results other than to turn our class away from the struggle, to divide its ranks, and so play into the hands of the enemy. . . ."

We are given to understand that the Mosley United (sic) Fascists have been instructed to "treat the Green Shirts as though they were Communists."

At a meeting a week or two ago:—  
Voice from the crowd: "Well, I'm against the Green Shirts!"

Green Shirt speaker: "Why?"  
Voice: "I don't want more money."  
G.S.: "What do you want?"  
Voice: "I want to see the Rich Boss Class pulled down."  
G.S.: "Down where?"  
Voice: "Down where I am."  
G.S.: "Where are you?"  
Voice: "In the soup!"  
G.S.: "Your solution to the problem of poverty in the midst of plenty is that we should all be 'in the soup' together—is that it?"  
Voice: "Well, I don't know about a solution, exactly . . ."

G.S.: "You're quite right. You know nothing about a solution, because you do not yet understand the problem, which is not how to get everyone into the 'soup,' but how to get everyone out of it." (Cheers from the crowd.)  
H. T. W.

### West Australia and Secession.

[Extract from article in *The New Economics* (Australia), of April 28, 1933.]

"Since the people of West Australia have shown their intention to make some attempt to extricate themselves from the economic morass, we here proffer some advice as to how this might be done even without recourse to such a step as secession. If Mr. Collier, in addition to a sincere desire to help the people of his State, possesses sufficient courage and determination, it is in his power to deal a stunning blow to the Credit Monopoly. In case he should be prepared to assume the mantle of David in opposition to the Banking Goliath we vouchsafe the following information as potential ammunition for his sling:—

Section 60B of the Commonwealth Bank Act 1911-1927 provides that "a bank shall not issue or circulate as money any note or instrument for the payment of money issued by a State and payable to bearer on demand." Any such note is declared not to be legal tender, and any bank contravening the section is liable to a penalty of £500. "Bank" is defined as any person or company carrying on the business of banking.

Now, a State is neither a person nor a company, and there is nothing in that section, or apparently elsewhere, to prevent a State from carrying on the business of banking by forming, for example, a Treasury Banking Department, and issuing its own notes. Such notes it, though perhaps not other banks, would be entitled to issue and circulate. Even if such a bank could be brought within the provisions of section 60B and the interpretation clause of the Commonwealth Bank Act, it is difficult to see how it could be attacked, either under that Act or under any future Commonwealth legislation, since section 51, xiii., of the Constitution Act gives the Commonwealth Parliament power to legislate with regard to "Banking other than State banking," and any attempt to legislate with regard to State banking would be ultra vires the Constitution.

Such notes as might thus be legally issued could not be made legal tender, but this difficulty could be overcome by enacting that all State taxation must be paid with State notes in lieu of Commonwealth currency. This should cause the demand for State notes to be a constant one, and would give them a definite value. It is true that section 7 of the Coinage Act, 1909, provides that all transactions, dealings and other matters relating to money or involving payment or liability to pay money shall be made, executed or done according to coins current and legal tender in the Commonwealth or in a currency of some British possession or some foreign State; but this does not appear to prevent the issue of notes such as we have described. There seems to be no objection to the offering of goods for sale, or to agreement to pay moneys in either Commonwealth notes or State notes. It would therefore be possible for two kinds of money to exist side by side, and since the State notes had to be obtained for the payment of taxation, it is not improbable that they might even be at a premium in terms of legal tender currency. If there be any legal objection to making State taxation payable in State Notes, the same effect could be obtained by enacting that the amount of taxation would be less if paid by State Notes.

In the way outlined above necessary State works could be performed, and essential services provided, irrespective of the attitude of the private trading banks, upon whose good will

such things now depend, to the everlasting shame of "responsible government," as it is euphemistically called. It is not suggested that this would constitute a complete and adequate financial policy. It would be necessary to adopt, eventually, the full Social Credit policy (including Price Regulation); otherwise there would be no scientific relationship between the money system and the productive system.

The essential feature of these suggestions is the demonstration of the necessity for breaking the existing monopoly of money issue, and the comparative ease with which it could be done by any man in command of a State, and possessed of sufficient public spirit and the determination to raise the standard of living of the people whom he is pledged to serve. We realise that, if not contrary to the letter, such action as outlined would be contrary to the spirit of the Constitution, and that, maybe, we should not have mentioned it. On the other hand, we feel that the present state of affairs, and in particular the present state of our money system and the weak-kneed policy of the Commonwealth Bank, is also contrary to the spirit of Federation, and definitely inimical to the best interests of the Australian people; so that, perhaps, after all, it was our duty to mention it.

One thing we regret—that it is extraordinarily difficult for the ordinary man to play the hero. And yet there have been heroes, and most of them have been ordinary men; and if Mr. Collier feels that he has been cast in a heroic mould he is welcome to make use of the information we have provided. If he is prepared to strive for the adoption of Social Credit in its entirety in Australia, he will be assured of our assistance and of the support of all those who have realised that the only permanent cure for our economic ills is that prescribed by Major C. H. Douglas.

### "Ramie."

[Extract from article by Stuart Chase reproduced by *The New Economics* (Australia) of April 28, 1933, from an American magazine.]

The engineers of the technocracy group submit for our inspection ramie. Ramie is a fibrous nettle, painful to the cross-country hiker; more painful to the money system. It can be grown with a 22-inch fibre, 1,500 pounds to the acre (against cotton's 150 pounds), two or three crops a year possible in the South, harvested like wheat by completely mechanised methods. From the stacks a full automatic factory process—no human hand assisting—can prepare it as wool, several hundred times as strong as cotton. It has stronger wet than dry. It can be made into light, fine paper, duction the cost of both textile and paper is far below any competing commodity. Here, in the real world, is a dis-living. Science lays it on our doorstep; science is ready to develop it. Splendid—and terrible.

- It will ruin cotton growing.
- It will ruin wool growing.
- It will ruin flax growing.
- It will ruin pulpwood producing.
- It will ruin cotton manufacturing.
- It will ruin wool manufacturing.
- It will ruin the silk industry.
- It will ruin the rayon industry.
- It will ruin the linen industry.
- It will ruin the paper industry.
- It will cost one million jobs.
- It will break thousands of banks.
- It will capsize land values over vast areas.
- It will undermine insurance companies, savings banks, trusts, estates, foundations, endowments.
- It will destroy the basis of taxation in untold communities.
- It will render worthless billions in bonds, stocks, mortgages, notes.
- It will disrupt the transportation system.
- It will obliterate perhaps five billion of purchasing power.
- You see? The money system is simply not capable of absorbing such a shock. Bankers and money men will fight ramie as they fought rayon for twenty years, but ultimately it will break through. Physics is stronger than metaphysics in the long run.

### Hail! Learned Puppets.

A Humble Welcome to the Delegates of The Economic Conference.  
Hail! Learned Puppets! Welcome to our shores!  
May Wisdom turn the economic organ.  
Even if She fail, at least the homelier chores  
Have doubtless been performed by Pierpont Morgan!  
PORCEPIC.

## LETTERS TO THE EDITOR.

### WORLD ECONOMIC CONFERENCE.

Sir,—*The Times* of June 6 reports a meeting of the B.I.S., at Basle, on June 5, at which "the main question on the agenda was the position of the B.I.S. at the World Conference and the designation of delegates" (my italics).

After a summary of the proposals to be put forward by the B.I.S., *The Times* report continues:—

"As most of the countries represented on the B.I.S. have appointed their B.I.S. representatives as members of their national delegations to the London Conference, Mr. Fraser said it was unnecessary (my italics) to appoint more members of the Board as B.I.S. delegates. He will therefore be the only official representative at the opening meet-ing of the Conference."

*The Times* of June 8 reports:—

"A list was issued yesterday of the countries which will be represented at the Conference. It shows that sixty-seven States were invited to take part."

In this list, the name of the B.I.S. does not appear. It did appear, the States taking part would number 68. Since Mr. Fraser is "an official representative," we must assume he will be able to present the credentials of the State which he represents, although his States does not appear to have received an invitation. Presumably, he will present the credentials of the Super-State? No other State is likely to have representatives as members of the delegations from other States. Although we understand the Super-State exists *de facto*, it has not yet been recognised *de jure*. If each State on the Conference is to have only one vote, it seems unreasonable that the Super-State by reason of its membership of other delegations should have more than one vote, before its authority has been recognised *de jure*.

W. ALLEN YOUNG.

P.S.—If my memory is not at fault, it has been authoritatively stated in the House of Commons, in reply to Parliamentary questions, that the British Government, in distinction to the private corporation of the Bank of England, is not represented on the B.I.S.

It has been ruled that the B.I.S. is a private corporation. How then has it received an invitation to a conference of States?

## Events of the Week.

(Compiled by M. A. Phillips.)

- Friday, May 19.
  - Co-operative Societies' trading profits to be taxed. Co-operative members protest.
  - Gandhi now reported to be well.
  - Minister of Labour asks for £600,000 for Unemployment Camps.
  - Captain Goering gets dictatorial powers for Prussia from Prussian diet.
  - Farmers' riots in Wisconsin, U.S.A.
- May 27.
  - French Budget crisis causes anti-taxation strike in Paris and elsewhere.
- May 29.
  - Nazis win Danzig election.
  - Friction between Austrian and German Governments.
  - Gandhi's fast ends.
  - Wall Street rises continue.
  - Wheat Restriction Committee to meet in London.
- May 30.
  - U.S. Congress passes Bill abandoning gold standard.
  - British Cabinet unable to agree on question of June 15 debt payment to U.S.A.
  - Bankers meet in Berlin to discuss Germany's debts (said to amount to £1,100 M.). Schacht "warns" Reichsbank creditors of "inflation dangers."
  - Tin prices still rising.
- May 31.
  - Agricultural Marketing Bill passes Commons with Socialist support.
  - Prince of Wales attacks "economic nationalism."
  - New Australian conversion, £11 M.
- June 1.
  - Unemployment Bill introduced by Sir H. Betterton—present method of payment to continue for twelve months. Estimated cost during 1933-4 £30 M.
- June 2.
  - Morgan inquiry. J. P. Morgan revealed as absolute dictator in the firm.
  - Disarmament Conference drags on.
  - Church protests at slums.

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## The Social Credit Movement.

Supporters of the Social Credit Movement contend that  
under present conditions the purchasing power in the  
hands of the community is chronically insufficient to buy  
the whole product of industry. This is because the money  
required to finance capital production, and created by the  
banks for that purpose, is regarded as borrowed from  
them, and, therefore, in order that it may be repaid, is  
charged into the price of consumers' goods. It is a vital  
fallacy to treat new money thus created by the banks as  
a repayable loan, without crediting the community, on  
the strength of whose resources the money was created,  
with the value of the resulting new capital resources.  
This has given rise to a defective system of national loan  
accountancy, resulting in the reduction of the community  
to a condition of perpetual scarcity, and bringing them  
face to face with the alternatives of widespread unem-  
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