THE

NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

"Insidious" Propaganda.

Mr. Taylor, president of the Bank Officers' Guild in New Zealand, recently spoke on the occasion of the annual smoking-concert of the Guild. He expressed the opinion that the banks should take action to combat the "*insidious*" propaganda directed at them. Now the word "insidious" has been lifted from the Latin, in which language it meant an ambush; and in the English language it connotes treachery, malevolent deception, and evil things of that sort. The distribution of sibilance in the word gives it a phonetic resemblance to such words as "seditious," and "subversive." So the word can be made to carry the insidious suggestion that Social-Credit propaganda is directed against law and order, in which case it could produce the same impression on the public as could, for instance, Mr. J. Middleton Murry's remark (discussed last week) that for all he knew Major Douglas might intend his policy to produce "industrial and social chaos."

We do not suppose that Mr. Taylor meant anything more than that the effects of Social-Credit propaganda were, in his view, undesirable in the sense of arousing prejudice against the banks and their policy. And it is precisely on our assumption of his good faith that we point out to him that undesirable results need not necessarily be caused through insidious means. We recommend him to heed Emerson's advice to young speakers and writers—namely, to let adjectives alone, and "let the noun do the work." Or, at least let him make sure that his adjectives do not insinuate untested assumptions into his statements, introducing an insidious quality into them.

Open Debate.

Now, we will give an example of what would be insidious propaganda on the part of a Social-Credit advocate, namely, supposing that he disguised himself in the prim garb of a bank-officer and egged on his chiefs to deliver a frontal, logical attack on the Social-Credit analysis and proposals. That would be a clear case of laying an ambush—and therefore of insidious methods. Mr. Taylor seems to be under the impression that Social-Credit advocacy succeeds because the bankers do not oppose it in public. But it does so only to a limited degree and in an unsatisfactory direction. It takes the form of inviting the public to infer from the silence of the bankers that they desire to avoid a debate, and that the desire is due to the fact that the bankers have a weak case. But the Social-Credit advocate does not really want to act so; he would much rather have the bankers put their case before the public. As things are, he is compelled to shape his propaganda on the inferential model just described, or, otherwise, himself to formulate the bankers' case on their behalf in order to discuss the technical merits of the two cases. Obviously, this handicaps him in respect of the technical issue, for however strongly he puts the case for the "other side" it is always open for his hearers to say that he has distorted it, wittingly or unwittingly. Mock debates are not convincing—at least not to the sort of people who are worth convincing. Therefore every Social-Credit advocate, whether in New Zealand or elsewhere, will cordially support Mr. Taylor's appeal to his chiefs to come out and argue their case themselves.

The Survival of Banks.

To show that we are not insidious we would warn him that one of the arguments he submits for their adoption will rather play into our hands. That is, his allusion to "the way in which the trading banks of the Empire have been *able to stand up in adverse circumstances.*" (Our italics.) These adverse circumstances can be comprehensively described as the products of deflation. Now the timing, degree and duration of deflation are all matters of credit-policy; and it is common knowledge that political Governments have renounced the right to interfere with credit-policy. This was illustrated at the World Economic Conference where the deliberations on monetary policy and on politico-economic policy were held in separate places and undertaken by separate groups of delegates. They sat apart, the money-sects separate from the wealth-sects like the male and female sexes at a Quaker service.

So the bankers have power to decide the time, degree and duration of adversity. And the time is the essence of their immunity from failure—for any institution which can foresee events that others can not is able to stand up when others fall down. "And so," said a judge to a bank-manager, " when the bottom fell out of the market you appeared on the scene? " (This was in some liquidation proceedings.) The manager replied: " We try to appear on the scene *before* the bottom falls out." But whereas a particular bank-manager may occasionally arrive late, the rulers of the banking-system as a whole always arrive early. This does not prove the soundness of the system or the efficiency of its administrators; for bankers are not subject to the circumstances which test the soundness and efficiency of commercial enterprises.

Lord Bradbury and Mr. Brand.

We print elsewhere a debate on monetary policy to which Lord Bradbury and Mr. R. H. Brand have been the parties in the correspondence columns of *The Times* (July 21, 24, 27, 29, and August 1). We do so because, to the best of our knowledge, this is the first occasion when prominent and influential financial authorities have permitted the public to listen in to their arguments. The occurrence of this debate is one more sign of those changes in the general situation which conspired to give Major Douglas his recent opportunities to disseminate his views under auspices which impliedly certified them as being at least fit for public consumption—namely the Birmingham platform debate and the London wireless discussion. And while we are on the subject let us point out the importance of these events as being, in themselves, a complete answer to the suggestion that Social Credit is inherently subversive as a theory or disruptive as a policy. All propaganda is advertising; and, of the five canons of effective advertising (i.e., attract *attention*—arouse *interest*—inspire *confidence*—impart *information*—evoke *action*), the third is the keystone in the arch of appeal. No confidence, no action—a truth which the advocates of Social Credit and of orthodox finance alike recognise. So no opportunity should be missed of emphasizing that the official or quasi-official tolerance extended to Social-Credit publicity has promoted the subject to the status of respectability, and that it may be studied by anyone without involving a breach of intellectual and social proprieties. The B.B.C. would certainly not tolerate the dissemination of anything calculated to bring a blush to the cheek of the young person! Major Douglas's views have been in quarantine for fourteen years, and under strict observation all the time; so therefore the belated clean bill of health now pronounced upon them is a rock-bottom guarantee that they may safely be received ashore and permitted to mix freely with those of the indigenous experts and prophets of the country into which their author has been so long awaiting admittance.

The debate between Lord Bradbury and Mr. Brand is not on an issue of direct concern to the Social Credit student, for, whichever way that issue were decided, the prospects of permanent recovery from the economic diseases now afflicting this country and the world at large would remain as remote as they are now. Nevertheless the debate will repay careful study. It reflects the conflict between the Conservative and Liberal schools of thought inside the banking hierarchy, and discloses the main facts and arguments on which they respectively rely in support of their mutually divergent policies. It exhibits, too, a contrast in polemical styles, and, in some places, incidentally provides an object-lesson—especially diverting to exponents of Social Credit—of how easy it is for advocates of the same orthodoxy to get at cross-purposes through the ambiguity of their language, notwithstanding that they meet on a common ground of fundamental principle.

If, as occurs in the debate, Lord Bradbury cannot understand what Mr. Brand means, and expresses incertitude as to whether he is in agreement with this or that formula or expression used by his protagonist, how in the name of philology shall the Douglas advocate give a clear and convincing single-time exposition of a case in which the fundamental principles of costing and pricing are involved and complicated in the listeners' minds with such matters as monetary-bases and monetary-manipulation?

The two pieces of by-play in the debate are instructive as well as entertaining—the one about " manipulation " and the other about " opportunism." Rising prices are all right, says Lord Bradbury, so long as they are not caused by manipulating money, but reflect the free play of supply and demand. But where does manipulation end and free play begin, retorts Mr. Brand, seeing that monetary influences are " all-pervasive and all-important "? And he is logically right in charging Lord Bradbury with being as much a manipulator as himself. Lord Bradbury gets his own back by showing that he is as entitled to call himself an opportunist as is Mr. Brand. What it all comes to is that there can be no monetary policy without monetary-manipulation, nor any monetary-manipulation that is not opportunist. The latter is because, any device adopted within the existing framework of financial principles to produce a given initial effect gives rise to secondary consequences tending to reverse that effect. That is why the practical problems of orthodox bankers can all be reduced to the one problem of discovering and adopting the " happy mean " between the " not enough " and the " too much." Thus: prices must be raised, but not too much, or not too suddenly: deflation was applied too suddenly—too drastically—for too long a time: money must not be too cheap—or too dear: exchanges must not be pegged too high or too low nor even at the right level for too long: and so on to infinity. All ways out are ways in if you don't turn back half-way; and if you don't turn back half-way in the right way you are still going the wrong way. Lord Bradbury and Mr. Brand are like a pair of squirrels in a revolving cage: if they " agree," and run in the same direction, they cover a lot of ground without moving; and if they " differ," and run in opposite directions, they collide head-on at the top and fall to the bottom.

The futility of all the arguments in this debate is the more significant in that they are, in essence, comparable to the learned legal arguments heard in high courts. Lord Bradbury is counsel for the classical school of interpretation, and Mr. Brand for the modernist school concerning the right application of the laws of finance. The influential support which Lord Bradbury assumes is behind Mr. Brand is undoubtedly counterbalanced by influential support behind himself. And there is not the slightest doubt that the judge to whom the arguments are being addressed is Mr. Montagu Norman, assisted in all probability by Mr. Pierpont Morgan, Mr. Barnard Baruch, and other international juridical luminaries. And yet, in this august environment, the matter and manner of the arguments are such as would be heard in any club-room or pot-room, except that the vocabulary, being more indefinite, is less offensive. And when you consider that the substance of the debate is presumably intended (as its publication suggests) for the edification and guidance of high statesmen and administrators in all the capitals of the world, the ineptitude and impotence revealed in the proceedings bring home with redoubled force the danger inherent in the continued operation of the existing system.

Take the question of prices and unemployment. Mr. Brand, who favours a rise in prices, sees danger if the rise is not " gradual and regular," for that would involve " all sorts of labour troubles." This appears to mean that John Smith, who would strike for more wages if the shopkeeper put prices up, say, 12 per cent. in one go, would not notice a succession of monthly rises of 1 per cent. extending over a year—or, if he did, would be debating within himself all the time at what stage he ought to come out on strike. Needless to say, the leaders of John's trade union would encourage leisurely deliberation, and reprobate " hasty action " on his part (for has he not accepted the principle of peaceful negotiation?!) and the consequence would be that negotiations would proceed between his and other

unions for the one part and the whole body of employers (most of them subject to bankers' domination if not in the bankers' hands) and would assume a character and direction which led up to the dilemma that either the workers must accept the terms offered them or all come out on strike together. Most people who remember 1926 will agree that a general strike, even if " successful," involves the unions in the highest expenditure for the least return; and when it is borne in mind that the general staff who would conduct the strike have no will to strike, the prospect of " success " can be ruled out. We can add that if another general strike occurs, or seems imminent, that will be the signal for the prompt institution of a dictatorship on the Roosevelt, if not on the Hitler, model. It is significant that Mr. Brand's reference to labour troubles is linked with a reference to the labour-problem in America and Germany, a problem which he says has reached dimensions in both countries which " actually threaten the whole social fabric "—a paraphrase, let it be noted by the way, of Mr. Montagu Norman's warning to M. Moret: " the collapse of the capitalist system," or, as we prefer to put it, the collapse of the Money Monopoly.

Mr. Brand's assertion that incomes are disproportionately high in relation to costs is true, in the sense in which he means it, not only in this country but everywhere. It is true in America and Germany as it is true in Britain. And the statistics of the bankers will always confirm this " truth," no matter to what level incomes may fall. As to the past political policy of the leaders of the German trade unions, though it may be that it threatened racial unity, as Hitler says it did, there is little doubt that what concerned the financial interests of Germany was more the question of labour costs. The bankers are all for " nationalism " in Germany if under it the workers will the more readily submit to methods of correcting the disproportion between their wages and the costs of German production. We pointed out at the time that the ascents to power of Roosevelt and Hitler practically synchronised. And since we know that the " Bankers' International " can command the synchronisation of high-political events we are entitled to surmise whether they had in mind the purpose of setting Roosevelt and Hitler to deal with labour costs on some plan of co-ordination. They would obviously choose to apply the plan first to those two countries in which, as Mr. Brand has stated, there was the more imminent danger of Labour's getting out of hand. Their ultimate aim, as can be deduced from several passages in the Bradbury-Brand debate, would be to apply the plan of co-ordination universally, because, to borrow Mr. Keynes's phrase the condition of success in anything the bankers attempt is that they " keep in step." In this case the problem would be to scale down the ratio of wages to costs in each country at a gradual, and regular rate until there was an identity, or equivalence, between all the eventually stabilised national ratios. For it is clear that if the scaling down were not co-ordinated, those countries in which it went ahead too fast would (other things equal) capture markets from the others, and would drive those countries either to clap on tariffs or to resort to what Lord Bradbury describes as " competitive currency depreciation."

There are other important aspects of the views expressed by Lord Bradbury and Mr. Brand which need comment and which we propose to deal with as and when coming developments of the crisis happen to emphasize their practical implications. In the meantime we would like students to study the debate for themselves and to contribute their views to our correspondence columns. Contributors should concentrate on one point only in any one letter, and will of course select that in which they are interested and on which they can throw some light. The Exchange Equalisation Fund is an example. Our publication of the debate verbatim will enable them to make their points intelligibly without overmuch quotation—the serial numbers of the letters as here reproduced, and of paragraphs, will be sufficient reference.

The broad tendency of the times throughout the world is that of co-ordinating activities of all sorts ostensibly for the sake of efficiency, but really as a means of consolidating political power. Lord Ashfield is simply Hitler on a small scale. He is where he is ostensibly to co-ordinate the running of all kinds of passenger transport, but really to co-ordinate the accounts of the transport companies under his control. That is why his salary is so large. As a pure engineering job there are plenty of men who could do it (and as a matter of fact *are* doing it) at a fraction of that salary. Lord Ashfield may be an efficient organiser in a useful sense (we have not gone into that question yet), but it is generally true to say of the ostensible organisers of these large undertakings that their outstanding characteristic is their ability to choose real organisers who can produce the most efficient results within a given limit of cost. The traffic board may, later on, improve the amenities of travelling (most evidence is in the opposite direction at present), but the main objective is to co-ordinate prices and to control the allocation of surpluses as between dividends for the public and reserves for the bankers—in other words to correct any disproportion (as Mr. Brand would say) between distributed income and total cost.

Allied to that objective is probably a policy of a quasi-military character, in which we should incline to believe Lord Trenchard was as interested as Lord Ashfield. As Kipling once said: *Power lies in the control of communications*—power on all planes, military as well as financial, political and commercial.

The Films.

My Bridge Experiences: Empire.

Radio Pictures have had the happy idea of getting Ely Culbertson to play in a series of six short films running about twenty minutes each. While short pictures dealing with games are usually rather boring to people not interested in those particular pastimes, these films are really interesting, and bear out the producers' claim that they will appeal to cinemagoers who are not bridge players, as the present writer, who is completely devoid of any card sense, is able to testify. At the moment of writing I am not quite sure which of these films is included in the current Empire programme, but three of the series—" Murder at the Bridge Table," " A Forced Response," and " Society Cheaters "—were privately shown last week, before an expert audience including Mr. and Mrs. Culbertson. They are all extremely entertaining, are well acted by a cast which, except for the Culbertsons, is composed of experienced players such as Bruce Cobot and June Brewster, and are remarkably well directed and edited. I forecast an immense success for these films, provided that exhibitors have the sense to realise that the box office value of a picture is not governed by its length. Incidentally, Mr. Culbertson is an uncommonly good actor.

Babes in the Wood: Regal.

This little picture, running for less than ten minutes, was last week's outstanding new film. It is one of the new Disney symphonies, and as the case with all the compositions of that master, defies analysis; however much one may praise it, one can never praise it enough. Suffice it to say that it is the best Disney, with the artist's characteristic rhythm and inventiveness—which makes even his best imitators such poor sedulous apes—and that it puts on the screen the whole of fairyland in less time than it takes to smoke a cigarette. " Babes in the Wood " is in colour, which, as I have already said, I do not regard as an improvement, but the colour tones and contrasts have been so carefully chosen that the result is most pleasing.

Here is another film that should be immensely successful—it stole all the applause the night I saw it at the Regal—if exhibitors would only realise how the public loves Disney. That they have still failed to grasp the lesson is shown by the facts that the Regal management neither drew attention to "Babes in the Wood" nor indicated outside the theatre that it was being shown. Instead, its publicity was concentrated last week on "Narrow Corner," which is based on a story by Somerset Maugham, and should have been a much better picture than it is. It signally fails to convince; the South Seas background has been so overdone on the screen that it is possible that directors now approach a picture of the kind in the spirit of "Let's get the damned thing over as quickly as possible." Douglas Fairbanks, junior, Dudley Digges, and Ralph Bellamy are good, as is the impersonator of the spiteful old man, of whose name I have unfortunately no record. As the heroine, Patricia Ellis is badly miscast; although this young lady is under eighteen she lacks the spontaneity required for playing the ingénue who has spent all her life on a remote island; the picture flags and goes into the hokum class on nearly every occasion on which she comes before the camera; and she is so beautifully dressed and coiffured as to suggest that her tiny island is replete with every modern convenience save a Woolworth. For the love of Allah, let us have no more of these backgrounds.

DAVID OCKHAM.

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

Widnes (Lancs.) now has half-a-hundred Green Shirts enrolled under Section-Leader A. E. Thomson. Come on, the 1st Widnes Hundred! After much difficulty the Widnes Green Shirts have established their own local headquarters in the centre of the town. Uniforms have been issued to about twenty-five men, the green armlet being worn by those awaiting the issue of uniforms. The Widnes men aim to form a G. S. Cycle Section at an early date, and we hope all other G. S. centres will do the same. Regular drill instruction is given every Thursday evening. There are other meetings for general instruction in Social Credit, and a number of open-air meetings have been held during the last few weeks.

The Keighley (Yorks.) Green Shirts have issued the first number of their own local paper, *The Keighley Green Shirt Review* (price 1d., from The Keighley Green Shirt H. Q., 71, North Street, Keighley). This paper puts the Green Shirt Call to Action in a way that will appeal not only to the wage-earners and unemployed, but also to the shopkeepers. It is well edited and well printed.

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This gives us three Green Shirt publications:—

i. *Front Line* (monthly).
ii. *Attack!* (weekly).
ii. *The Keighley Green Shirt Review* (monthly).

It has been suggested that there is a serious waste of money and energy and also a good deal of overlapping in the cropping up of this, that, and the other publication, all attempting to carry the same message to the public, and that it would be far better if the money and energy expended upon the production of several papers were concentrated upon one paper, which should be a national organ.

That sounds like common sense, but what might be called the "psychodynamics" of a movement of this kind must be allowed to work out along its own lines. Creative chaos is a better culture-bed for ordered action than many people know. It is essential that our movement should spring out of local initiative, and we welcome every sign of that initiative. On condition that the objective is fixed, sharply defined, and fully articulate, the "chaos" that may result from unco-ordinated local initiative always sorts itself out to a far more effective working formation than is possible by premature centralisation. It has always been our technique to allow "chaos" to develop first of all ("*and the earth was without form and void; and darkness was upon the face of the deep.* . . .") and then to allow order to precipitate, as in some chemical operation, within the crucible of chaotic conflict, and by the ferment of that conflict.

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We read in the *Keighley Green Shirt Review* that a detachment of Green Shirts marched from Stockbridge to Bingley on July 2, where a meeting was held in Myrtle Square. After the meeting ranks were re-formed and the detachment marched back to Keighley. "Considerable interest was aroused by this route march, proving the value of the Green Shirt unarmed military technique. A cyclist who passed the detachment on his way to Bingley shouted: 'That's right, lads! I saw th' Green Shirts in London on the march——'"

This probably referred to the London Green Shirts parade with the Unemployed Hunger Marchers last October. The incident shows that the Keighley Section has rapidly fallen into step with the older units of the movement, and carries out its drill and marching technique with smartness and discipline.

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On July 15 the Leeds and Keighley Green Shirts co-operated in holding an open-air meeting at Bingley. Our report says:—

"We found our pitch occupied by the Salvation Army, but came to an agreement with them to start our meeting at 8.15, instead of 7.30 p.m. We spent the intervening time as a Street-Patrol marching up and down the main street. There were twelve men in uniform. We began our meeting promptly and soon had a crowd approximating 500. Several men wanted to study Social Credit and the Green Shirt line of action. We took names and addresses."

A further report from Leeds says:—

"As to the unemployed . . . they have formed a majority at most of our meetings, but the response is not good. They are subdued and suspicious. The Communists have spread reports of paid agents to smash the working-class movement, and although such ridiculous lies are easily dealt with, they nevertheless are sufficient to hold back the unthinking elements who form the crowd in the poorer districts."

The Archbishop of York spoke in the Leeds Town Hall on July 12 on "Slum Clearance." The Green Shirt Leader organised a meeting in front of the Town Hall, and spoke to a crowd of about 400 people on "The Only Scientific Method of Clearing the Slums—Social Credit." This opposition meeting went on for two hours and generated intense interest. There was a good deal of questioning. Report says:—

". . . the Communists are now proving a nuisance at all our meetings."

Another meeting was held on July 13 at Holbeck. The report says:—

". . . Crowd over 100—Communist opposition—much questioning . . . several names and addresses taken. A good many people seem to be waiting for the movement to grow a bit first before they join up. 'Safety First.'" If we had *all* followed the same cautious counsel right from the start, and waited for the movement to "grow a bit first" before joining . . .? Well, never mind, we are growing a bit day by day.

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Inaccurate reporting by the Press is something that has to be endured until it can be cured—and the only real cure for it is to remove the need for the "writing-up" of incidents by economically harassed newsgetters. Our files show that practically every incident in which Green Shirts have "featured" that has been reported in the Press has been reported inaccurately: the facts jumbled together, the sequence of events broken, put cart-before-horse, or left out altogether, and words spoken garbled in a most slovenly manner. If our experience of the factual distortion of incidents (of which we have the written reports of responsible Green Shirt leaders) is the same as that of other people who from time to time are "in the news"—and we have no reason to think that the activities of our organisation are in any way specially misreported—it means that, for the most part, our newspapers contain fiction founded on fact. It is one thing to safeguard the so-called "freedom of the Press," but if it means "freedom" to misreport (either intentionally or unintentionally), it is a most serious misuse of power that can become a form of treachery to the nation's well-being. This is a matter to which we shall give more and more attention as our movement gathers weight and influence.

We have seen what amounted to a Press "boycott" of Douglas Social Credit, maintained for something like fourteen years, forced to begin to give way by dint of individual effort on the part of Social Credit advocates and the steady penetrational work of small groups. When Lord Tavistock "opened" the columns in the *News-Chronicle* to the subject of "Dividends for All" (January 20, 1931) the Green Shirts organised a steady daily bombardment of letters to the editor amounting to several hundreds during the Nine Days Wonder, of which some thirty were published. Many other Social Credit advocates joined in the fray, but it is from January 20, 1931, that we date the beginning of the ease-up of the "boycott."

But now, since developing regular street-meetings, Green Shirt street-patrols, and attendance at other people's meetings, we have to face the haphazard, "thrill"-hungry methods of the modern newspaper. On May 13, the Press misreported that "Green Shirts Daubed a Wax Hitler with Red Paint," at Madame Tussaud's. On May 17, the Press misreported that a Green Shirt street-patrol was "broken-up" by the police near Trafalgar-square. On June 28, the Press misreported that Green Shirts had created a disturbance by shouting "Down with the Blackshirts!" outside the (Mosley) Fascist headquarters in Regent-street.

Now we have the report in the *Sunday Express*, for July 30, in which it would appear that Green Shirts, Communists, and Fascists were involved in a street fight at Deptford on Saturday, July 29. Our reports, made by the Green Shirt leaders on the spot, show that no such fight took place.

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Here is the sequence of events at the Deptford meeting:—

1. Deptford Green Shirts set up their street rostrum in the Broadway, Deptford, on Saturday July 29, and began their open air meeting at 7.45 p.m.
2. At 8.5 p.m. a party of about twenty (Mosley) Fascists drove up in a motor lorry and stopped within ten yards of the Green Shirt platform, and about the same distance from a Communist platform not far away.
3. The Fascists did not get out of their lorry. There was a good deal of shouting from the lorry to the crowd. This aggravated the crowd.
4. The Fascists were told by the police to move away to a pitch some eighty or ninety yards distant. This they did, and proceeded to hold a meeting, speaking from the lorry.
5. This attempt to hold a Fascist meeting resulted in complete hubbub for about twenty minutes.
6. After this the Fascists moved off, it is believed at the request of the police.
7. During the whole of this time the Green Shirt meeting proceeded.
8. During the hubbub created by the Fascist lorry-party, one bystander in the crowd was arrested for throwing an apple, or for some other disturbance.
9. The crowd that had surrounded the Fascist lorry was slowly dispersed by the police, and began to drift over towards the Green Shirt platform. The rowdy elements in this crowd began to pester, shout, and push. The more orderly elements did their best to keep order. It became obvious, however, that the Communist leaders could not hold the rowdies.
10. The following conversation took place:—

    Communist organiser: "If you don't close down it looks like being a fight."

    Green Shirt speaker: "If there is a fight you know who is to blame."

    Communist: "I know, but if you are for the Workers, as you say you are, you will close down in order to avoid there being any trouble."

    Green Shirt: "Will you stand up here and tell the crowd that you, and other Communists, have requested the Green Shirts to close their meeting to avoid trouble with the rowdy elements?"

    Communist: "Yes." (He then did so.)
11. The Green Shirt meeting closed at 9.20 p.m.

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From May, 1932, to May, 1933, London Green Shirts held well over two hundred open air meetings. We have, at the moment, no full record of the number of such meetings held in the provinces.

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Several meetings have been held in the Edmonton (Middlesex) district, and the 1st Edmonton Section has been formed.

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From certain indications it seems to be necessary to state yet again the position of the Green Shirt Movement as regards the Crown.

We hold that (quoting Hargrave) "The King is the living symbol of the welfare of the People."

We maintain that the welfare of the People can only be rooted in, and spring from, *the economic security and freedom of each individual citizen*; and that when there is economic insecurity the basis of the welfare of the People is not only threatened, but undermined.

As few Social Credit advocates appear to have given much attention to the structure and working of the British Constitution in relation to the politics of Social Credit, and as we have found it necessary to study the subject, we think it may be of use to set down two points that are not, perhaps, commonly known; or, if known, too often overlooked.

1. The King "must not be praised or blamed, nor must his name, or personal wishes be brought into political controversy."—(Lowell.)

We uphold this, and would recommend the sometimes too fervid monarchist to observe the rule.

2. "The King reigns but does not govern."—(See J. J. Clarke's "Outlines of Central Government.")

We uphold this constitutional usage also, and would wish to bring it to the attention of the extremist monarchist. We are concerned with those who *govern*—i.e., the Bankers' Combine.

Just as there are Left Wing Roundheads who would like to drive us into the Fascist-Cavalier camp, so we find somewhat hysterical Royalists anxious to drive us either towards Communism or into their own eddy of reaction. It so happens that we understand clearly how to act as a catalytic agent upon both these forms of political extremism. The mystic doctrines of Monarchism, and the mystic conception of "the historic mission of the world proletariat" are, in our opinion, equally unacceptable to the intelligent mind. Upon this matter, the general run of people—the wage-earning masses and the unemployed—are absolutely with the Green Shirts.

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From a letter:—

". . . You are quite wrong about the Trade Union movement. It is still a huge organisation, and very strong and powerful."

So was *Diplodocus Carnegii*, but what happened to that Mesozoic monster—and why? It is not always an advantage to be so "huge." It can be a positive danger. Certainly the Trade Union movement is still huge, but if it is so "very strong and powerful" why do we hear it crying out in panic—"Can I readapt myself quickly enough to meet the new situation?" Is not that the fear-stricken cry of a doomed Dinosaur? It is.

A correspondent writes:—

"Good luck to the Green Shirts, or, as I sometimes call them, the Greenbacks! The Greenback party (officially known as the Independent party) held its first convention in the U.S.A. in 1874. It was opposed to the retirement, or reduction in amount, of the 'greenbacks,' and to all currency except government paper '*based on the faith and resources of the nation.*' Evidently the Greenback party had an urge in the right direction! However, in 1877 it was absorbed into, or merged with, the National party, and was thereafter called the Greenback-Labour party. This party finally disappeared from politics in 1884. . . . Now let us have the National Dividend 'based on the faith and resources of the nation,' and let the greenbacked Green Shirts lead the way!"

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We have been asked the following question: "If your movement succeeds in attaining its objective, what will it do then?"

The correct reply is: It will hold a watching brief on behalf of the British People to make sure that Social Credit as a working mechanism is not torpedoed by any sort of economic, political, or financial sabotage.

Finally our movement will disappear because it will have done its work, but it will not disband and close down until its work is done—and done properly. That means, done in such a way as to leave no chance whatever of a return to power of the Credit Monopoly in this country—no possibility of a Bankers' *putsch*. We know there are those who maintain that "Once Social Credit is introduced no one will want to upset it—everyone will be pleased and will help to make it work smoothly, if only for his own advantage." We are better psychologists and less liable to be lifted on the wings of such a joy-bird flying from Cloud-cuckoo Land. It will be splendid if it all turns out so easily, and no one will be better pleased than ourselves, but we ought to be prepared to restrain people who may not be able to respond to the New Age of Plenty—we can think of a good many whose names are well-known to everyone—whose reflexes have been so conditioned by the present system that they may be impelled to attempt to "upset" a nascent Social Credit State. There's many a slip 'twixt the cup and the lip.

. . . .

The General Standing Orders for All Ranks have been epitomised as a three-word formula, as follows:—

(i) Study;
(ii) Propagand;
(iii) Demonstrate.

This means that every Green Shirt is called upon to (i) study Social Credit; (ii) make known the teaching to other people; and (iii) demonstrate for the National Dividend.

H. T. W.

Bankers Debate Policy.

[Correspondence between Lord Bradbury and the Hon. R. H. Brand in "The Times."]

I.

Sir,—The state of the world is far too serious for unnecessary polemics, and it is better that men of good will should try to discover the points on which they are agreed rather than emphasise those on which they differ.

In point of fact Mr. Brand and I are far more nearly in agreement than your leading article of yesterday suggests. We agree that the main cause of the present economic and monetary troubles of the world is the intolerable burden of debts. I expressed this view even more emphatically than Mr. Brand at the time of the Macmillan Committee. At that time neither he nor I was of opinion that the best remedy was the abandonment of the gold standard, but we are now both of us prepared to take advantage of the assistance which the loss of the gold standard gives towards the solution of the problem

It may, I think, be taken to be common ground between us that, as things have planned out, the relief from the general debt burden, which we both regard as essential, must be looked for in the main from a rise in the general price level—*i.e.*, a reduction in the purchasing power of money. We are also in agreement that the writing down of debts to the extent necessary to restore the solvency of the debtor is beneficial in the long run to the creditor as well as the debtor, since it is clearly better to be owed a smaller debt which can and will be paid than a larger one which cannot and will not.

Where we differ is that, while, apart from its undoubted advantage in reducing the debt burden, I expect little except evil from a rise in the general price level, Mr. Brand probably sees certain possible advantages (though I doubt whether in this respect he would be as definite as your leading article).

Mr. Brand and I are probably in agreement that, when the rise in sterling prices has gone far enough to make the debt burden tolerable, positive steps will have to be taken to prevent the rise continuing. These steps will probably take the form of a restoration of the gold standard at a new parity.

I do not suppose that Mr. Brand is prepared to state dogmatically—certainly I am not—whether the existing 30 per cent. depreciation of sterling in terms of gold is enough (in conjunction with the other steps he describes) to secure the necessary relief to the debt situation (*a*) in the United Kingdom, and (*b*) in the rest of the British Empire. I do not think this question can be answered until we have seen the actual effect of the consequential rise in sterling prices (which as regards commodities has only just begun) and the future trend of gold prices.

There is the further question whether so drastic a measure of debt relief as may be necessary in some parts of the British Empire is either necessary or equitable in the United Kingdom, and this makes a common policy of currency depreciation for the Empire as a whole extremely difficult.

I do not suggest an immediate or an early return to the gold standard. I entirely agree that the time is not ripe—nor likely to be ripe for a long time—for such a step. Nor do I think that any sort of prophecy can be made as to what will ultimately be found to be the most suitable gold content of the pound. My proposal that (subject to the qualifications made in my article) the pound-franc exchange should for the time being be kept in the neighbourhood of 86, is intended as a purely temporary expedient. The three main arguments in favour of it are that (1) it helps the gold standard countrie; to maintain that standard; (2) it gives us a chance of seeing the effect of the "reflation" measures we have already adopted, and are in process of adopting, before we carry the experiment any farther; and (3) it tends to check the "flight into the pound" which in the present disturbed state of the world may easily assume unmanageable dimensions, if the pound falls to or below what may look like the probable rate of ultimate stabilisation.

So far as the original intention of the Exchange Equalisation Fund—that of merely "ironing out" speculative fluctuations—has been departed from, the departure has been in the direction of enforcing the 30 per cent. depreciation of the pound, not of supporting its gold value. Its operations have therefore tended to stimulate the rise of domestic prices, not to check it. If the tide sets the other way, the fund cannot do more than steady the downward course of sterling, and I do not suggest that it should attempt to do more. When the time comes to call a halt, quite different measures will be necessary.

I am, Sir, your obedient servant,
Wingham, Claygate, July 20. BRADBURY.

II.

Sir,—I agree with Lord Bradbury that, if there is common agreement on principles, disagreement upon details should not be exaggerated. On the other hand, in these matters differences of action resulting from divergent principles lead to such profoundly different results, affecting for good or ill whole communities, that the important object of any public discussion should be not to cover up real differences of opinion for the sake of obtaining apparent agreement, but to get our minds clear as to what we are doing and why we are doing it.

The questions of principle under discussion appear to me to be: (1) Is a rise in the general price level desirable? (2) If it is, what bearing has this on the management of our exchanges?

First, then, as to a rise of prices. Lord Bradbury expects little except evil from it, save as relieving the general debt burden. But he regards it as an inevitable result of our cheap money policy? I agree that its most valuable result would be to relieve the internal debt burden, which—it is worth pointing out—has not so far been directly lightened by the depreciation of sterling, since it was not followed by any rise in sterling prices. But I also believe a rise to be desirable in order to make industry in general more profitable. While costs have no doubt been reduced during the slump, fixed incomes in general—and not only incomes arising out of interest on debt—still take a disproportionate share of the total product of industry. Profit is the mainspring of private enterprise, and until profits are sufficient once more to restore the necessary incentive to production and new enterprise, we are not likely to absorb the bulk of the unemployed.

Of course, there are dangers in rising prices, and I should like to see the rise gradual and regular enough to allow the different parts of the economic machine time to adjust themselves, and not so large as to involve us once more in all sorts of labour troubles. No danger, however, could be as great as that which we face now from the continued presence of many millions of unemployed in the great industrial countries, particularly in the United States and Germany, which actually threaten the whole social fabric. Of this the recent course of events in Germany is sufficient evidence. While, therefore, Lord Bradbury contemplates a rise of prices with reluctance, I agree with Mr. Chamberlain's view that it should be the first object of the Government's policy.

Lord Bradbury's view that a policy of very cheap money tends in the long run to raise prices is no doubt right. But in the state of the world as it is it requires the co-operation of other great countries. If, for instance, President Roosevelt's policy were to fail entirely, the result would almost certainly be to check a further rise here. It requires also, in my opinion, that all elements of our policy, exchange management as well as cheap money, should be directed to the same end, rather than be in mutual conflict.

This brings me to the second main question—namely, exchange management. Lord Bradbury agrees that the "time is not ripe, nor likely to be ripe for a long time," for a return to the gold standard. On the other hand, as a "purely temporary expedient," he wishes by fixing the free pound-franc exchange to stabilise sterling with the free gold countries, i.e., France, Belgium, Holland, and Switzerland. (The case of most other so-called gold countries is complicated by rigid exchange restrictions, coupled with "Black Bourses" or various forms of currency used for external trade and selling at a discount.) Lord Bradbury's aim in this policy is (1) to help the gold standard countries; (2) to give us time to see the effect of "reflation," (3) to check the "flight into the pound."

My comments on Lord Bradbury's proposal are these. He limits his argument almost entirely to this country and the free gold countries. This is to leave out of account the United States and all the other countries in the sterling and dollar groups, e.g, all parts of the British Empire, Japan, South America, and Scandinavia, with which countries our trade is much greater than it is with the gold countries. For instance, in 1932 we did an annual trade with France, Holland, and Switzerland of £90,000,000, and with the United States and Canada of £160,000,000. If one looks only at other parts of the Empire—and to give one example only—it is more important for Australia to have comparative stability of exchanges with the United States and Canada than with France.

By fixing ourselves to gold we are not achieving stability. Suppose, for instance, that Switzerland were alone on the gold standard. Would anyone seriously contend that we ought to direct our efforts to achieving stability with Switzerland and leave all other exchanges to look after themselves? General stability is beyond our reach. Nor can we fix ourselves on the dollar. But it is quite clearly of the greatest importance for our trade and for that of the British Empire at large that we should co-operate as far as we can with the dollar world and not entirely separate ourselves from it. All the more so because the dollar and sterling worlds have common interests in favour of rising prices, and our more moderate policy might help to moderate theirs.

I believe, therefore, that the only wise course for us is a frankly opportunist policy, not "anchoring on" to any other exchange, but guiding our course according to circumstances. It would not even be in the interests of the gold countries that we should fix our exchange with theirs unless we mean to co-operate generally with their policy, which, so far as I am aware, does not favour a general rise of prices. Either our "style would be cramped," or, if Lord Bradbury's view is correct that a rise of prices in this country is inevitable, we might well be faced in the end with being forced off our temporary perch in circumstances perhaps very damaging to the gold countries as well as to ourselves.

Lastly, I believe that fixing our exchange with the gold countries is encouraging rather than discouraging short-term money to settle in London. It comes with the comfortable belief that the British authorities are going to maintain sterling at its present parity with gold. Thus timid American capital has a double outlet, not only into the franc, but into the pound. This naturally will make our position the more dangerous if and when we are forced off our perch at a later date.

Yours faithfully,
R. H. BRAND.
Eydon Hall, Eydon, July 22.

III.

Sir,—Again I find so much with which I agree in Mr. Brand's letter in your issue of July 24 that, unless he can be a little more precise in regard to the points on which we apparently differ, I find it very difficult to carry the theoretical argument further.

It seems to me self-evident that, if you could to-morrow double the prices of all goods and services, leaving money claims unaltered, the real burden of the money claims would be reduced by 50 per cent., and that that would be the exact measure of the relief (though of course not of the ultimate benefit) to trade and industry. The bulk of these money claims rise directly or indirectly out of debts. Mr. Brand thinks that "fixed incomes in general—and not only incomes arising out of interest on debt—still take a disproportionate share of the total product of industry." In the absence of particulars of the kinds of income to which he refers, I find it difficult to say "Yes" or "No" to this proposition, but I should have thought that most incomes not arising out of interest of debt, whether in form "fixed" or not, would in practice have to be adjusted to a higher money cost of living. No doubt rising prices (as distinct from higher prices) will, while the rise is going on (and provided that it does not go far enough to destroy general confidence in the value of money), stimulate trade and industry and reduce unemployment, but my view is that this stimulus (if created by monetary manipulation and not by the free play of demand and supply) will give rise to new disequilibria which will have to be corrected when prices are ultimately stabilised at the higher level, and that the process of correction will more than offset the original stimulus.

I am afraid I cannot argue this without making an unjustifiable demand on your space, and I am not very clear whether Mr. Brand agrees or not. If not, we have at least succeeded in establishing a point of genuine difference of opinion. When we pass from the theoretical argument to the practical policy of foreign exchange control, Mr. Brand definitely joins issue with me. My policy is for the time being to continue to use the Exchange Equalisation Fund, so far as its resources may permit, to keep the pound-franc exchange from rising much above or falling much below 86. I admit that I do not know how long it may be possible or desirable to maintain this policy, but I believe that at the moment it is the only safeguard against an outbreak throughout the world of competitive currency depreciation.

I think Mr. Brand understates its advantages and overstates its disadvantages. If, as he admits, we cannot link on to the dollar or link the dollar to sterling, no question of stabilising the pound-dollar exchange arises. Indeed, if each currency is given completely independent liberty of movement, the rate seems to me to be likely to be far more unstable than if one of the two remains moderately stable; nor can I see why a moderate policy of price-raising in countries of the sterling group should tend to moderate more extreme American efforts in the same direction. I should rather have expected it to encourage them. The sterling group of countries will probably do their best to follow our policy whatever it may be. The only effect of breaking the link with the gold standard countries is that we shall have three independent groups instead of two. I do not admit that the exchange-restriction gold-standard countries should be left out of account, since surely any chance they may have of restoring an effective gold standard largely depends on our continued co-operation with the gold-standard group.

What is Mr. Brand's alternative? "A frankly opportunist policy, not 'anchoring on' to any other exchange, but guiding our course according to circumstances." Now an opportunist cannot, from the definition of the word, be expected to advise us what to do over a period of time in which the circumstances may change. In this sense I am as much an opportunist as Mr. Brand. But if he declines to advise us what to do at the moment in existing circumstances he ceases to be an opportunist and becomes a passivist. Mr. Brand's formula appears to give no indication of what, if anything, he would do in regard to exchange control to-day or to-morrow. Is the Exchange Equalisation Fund to buy or sell gold, or to buy or sell foreign currencies, or should it be wound up altogether?

For some time we have been able to maintain the pound at 30 per cent. depreciation in terms of gold only by lavish purchases of that metal. I am not sure whether Mr. Brand approves or disapproves of this policy. At the moment the tide seems to have turned the other way, and if left to itself the pound might fall to 80f. or 75f. Mr. Brand, I gather, would let it do so. But suppose it falls to 50 or rises to 100 (which might easily happen). He would then, I take it, "guide his course according to circumstances," but unless he will tell them what circumstances he regards as relevant I am afraid the controllers of the Equalisation Fund will be very much at sea.

I am, Sir, your obedient servant,
Wingham, Claygate, July 25. BRADBURY.

IV.

Sir,—As Lord Bradbury requests an answer from me on certain points, I must trespass again on your space in order to try to reply as precisely and briefly as I can.

First as to prices. When I referred to "fixed incomes in general and not only incomes arising out of interest on debt" I meant, speaking broadly, wages and salaries in contradistinction to income accruing to shareholders and all who take the risk of enterprise. It is because those risks, owing to falling prices and general depression, have proved disproportionate to the chances of profit that enterprise has failed and unemployment increased.

If I understand Lord Bradbury correctly, he would be in favour of a rise of prices produced by the free play of supply and demand, but against one produced by "monetary manipulation," since in that case he believes the last state must inevitably be worse than the first. But what is "monetary manipulation"? Is there some perfect "norm," both as regards the cheapness or dearness of money and as regards the level of the exchanges, to deviate from which indicates "monetary manipulation" on the part of our authorities, even when other great countries like the United States are undergoing vast economic and financial changes? Lord Bradbury knows that this cannot be so and that for the time being, whether we do it wisely or unwisely, we must "manage" or "manipulate" our monetary affairs. Is it manipulation to have a 2½ per cent. Bank rate, but not manipulation to have a 5 per cent. rate? Lord Bradbury himself proposes to "manipulate" the pound-franc exchange by means of the Exchange Equalisation Fund. He may or may not be right. But it is hardly the "free play of supply and demand," and is, indeed, at least as much "manipulation" as anything I propose. The fact is that monetary influences are all-pervasive and all-important, and that we cannot escape from managing them as best we can. My answer therefore is that I would favour a kind of management both as regards cheap money and the sterling exchange which would work for rather than against a rise in the general price level, and, if Lord Bradbury regards that as monetary manipulation to be condemned unconditionally, I fear we differ.

Secondly, as to the exchanges. If we had decided to stick to the gold countries and do what they are determined to do—namely, to bend all their efforts towards maintaining the gold standard and adjust all the other elements of their policy to this end, Lord Bradbury's proposals would be right. But since, as to-day's declaration by the British Empire Delegation shows, this is not their policy, why act in the control of the sterling exchange, even temporarily, so as to convince the world that in fact we intend something quite different—namely, to stabilise with gold? The longer we do so, the more difficult shall we make the position of the gold countries and of ourselves, if the requirements of our policy in other respects or the course of American affairs compel us in the end to leave them—as they would then regard it—in the lurch.

Lord Bradbury asks me what practical steps I would take at this moment if the responsibility for decision were on me. If London were not a great world financial centre, there should be little difficulty in following a policy which, for instance, a country like Sweden has recently laid down for itself—namely, to manage our currency in such a way as to facilitate a gradual rise of prices internally, even if that involved a certain depreciation against gold. But our difficulties are greatly increased through London being one of the two great financial centres of the world, the other one, New York, being for the moment largely out of commission. We therefore bear in a peculiar degree the burden of those large and rapid movements of short-term floating capital looking for safety, which entirely overshadow in their immediate effects on the exchange the slow and more fundamental influences of the balance of payments. It is these movements which, as I understand, the Exchange Equalisation Fund was originally formed to " iron out."

But now that the dollar is off gold, the whole problem has entirely changed. Instability comes not from us, but from our neighbours. It would be quite impossible for the Fund to prevent " undue fluctuations " of the dollar, and it would be mischievous if it were used to give the impression to the world of a *de facto* pegging with gold.

I cannot, however, in the space available discuss the whole problem of the Exchange Equalisation Fund. I can only express the view that it may now well tend to prevent the exchange being used as a satisfactory instrument of adjustment, and that circumstances have changed so entirely since its inception that the whole problem of its use ought to be and presumably is being re-examined afresh.

I would therefore answer Lord Bradbury as follows :—

(1) I would gradually release control of the sterling-franc exchange in order to indicate by facts our intention to pursue our own policy.

(2) I would make the basis of my policy a regard for our own internal interests, recognising that our cheap money policy will tend towards a further general rise of prices, and therefore some depreciation of sterling as against the exchanges of those countries which pursue a wholly different policy. I believe this would do something to discourage the flow of large temporary and fugitive balances here.

(3) I would re-examine afresh whether in existing circumstances the rapid exchange fluctuations arising out of the movements of short-term capital and speculation can or ought to be diminished by the use of the Exchange Equalisation Fund, or whether in this sphere it would not actually be wiser and better to apply Lord Bradbury's principle of supply and demand.

Yours faithfully,
July 28. R. H. BRAND.

V.

Sir,—If discussions such as that which I have had the privilege of having with Mr. Brand through the hospitality of your columns (which I gratefully acknowledge) are not to be interminable, someone must be given the tactical advantage of the last word. Tempting though it is to reply to the series of admirably marshalled debating points made in his letter of July 29, I must abstain. I do this the more cheerfully because I think that I have already made my views on most of the questions upon which we are at issue clear in my previous letters.

Mr. Brand's second paragraph, however, raises quite a new point. I am afraid I had assumed that the aim of his monetary policy was to raise the prices of both commodities and services in approximately equal measure. It would now appear that he expects the rise in the price of commodities to be greater than the rise in the price of services and that the *entrepreneur* will profit at the cost not only of the *rentier* but also of the salary and wage earner. This is a very large topic to which I may ask your permission to revert on a future occasion. For the moment it may be sufficient to observe that, if his anticipations are generally regarded as well founded, his policy will probably be deprived of a good deal of influential support at present accorded to it.

I am, Sir, your obedient servant,
Wingham, Claygate, July 31. BRADBURY.

Questions and Answers.

(Contributed by the Credit Study Group from their members' correspondence.)

For the working of the scheme is it intended that the Banks shall be made to keep the State informed of the exact amount of their loans over a given period so that the same amount of money shall be issued by the State? If they are not made to do this will it not be very difficult to keep the producer and consumer credit properly adjusted?

The issue of the national credit under the Price Assistance Scheme does not require that the State shall be kept " informed of the exact amount of their loans over a given period," because the credit to be issued to the population bears only *indirect* relation to such loans.

The loans issued in any given period are for Production which will come on the market over an *indefinite* period into the future, whereas Consumer Credit defrays outstanding loans actually utilised in Production during the accounting period whenever they originated, and enables producers, through sales of the products, to discharge the proportionate parts of total indebtedness to the banks.

The amount of Consumer Credit issued through Price Assistance would therefore be as near as possible the same as the total of bank-loan money included in prices of that period.

* * *

You seem rather to postulate that all production is financed by bank loans. Surely (as I have been told by business men critics) a not inconsiderable proportion of businesses are able to keep themselves going and even extend out of their working profits, not borrowing from the banks at all? This, too, would tend to increase as businesses became more prosperous. Would not this affect the issues of consumer credit and make it difficult to avoid inflation while at the same time issuing enough to enable people (especially the unemployed) to buy their full share of what could be produced? If not, why not?

The idea of only allowing banks to lend their real deposits, obtaining their depositors' consent would be to destroy the custom and its attendant evils of allowing the creation of money to be conducted as a business bringing financial profit to the creators.

Whether or not a part of the financing of industry is carried on without dependence upon bank loans, does not greatly affect the position of the purchaser because it makes no direct difference to him whether the part of price he cannot pay (except by making a " hole " somewhere else in the purchasing power available) is required to discharge a bank loan or to build up reserves sufficient to carry on without borrowing outside; the fact in either case is that money required to meet the total of prices of one period is retained and *becomes again an item of cost in another period*, without being available to purchase the products of the first period into which it was accounted.

I do not think the profitable nature of loan credit is itself a serious evil. The interest may be more than is reasonable to maintain the staffs and pay a fair dividend to shareholders in the banks, but that is not very important; and the improved security and social pressure would tend to keep the interest down.

* * *

Could Price Factor payments and National Dividends be in operation at the same time? If not, how would the transition be managed?

Not only could the Price Factor and the Dividend operate together, but they *need* to operate together. It is true that the Price Factor *could* be introduced without the Dividend, and as a matter of placating the fears of inflation I can imagine it politic to institute it first. The Dividend could *not* be instituted without Price Regulation because that *would* be wanton inflation and would produce chaos.

* * *

What would be the situation when industry became independent of bank loans, and how would things be arranged during the transition to that state of affairs?

I see no technical difficulty in the gradual investment of private means (derived from Dividend money) in industrial undertakings, in place of borrowed money from the banks. And as the banks would, during the transition, be doing a vastly increased genuine business for hosts of additional customers, I can imagine the loss of the profitable loan business being more than made up to them by the trifling charges they make on innumerable socially-useful transactions as genuine custodians of the community's cash balances.

If National Dividends were paid in notes would it be necessary for the banks to be obliged to destroy physically notes that came to them as repayment of their loans? It appears to me to be so.

It does not matter whether the banks destroy notes when they are paid in to discharge a loan, or whether they in fact use the same notes for their customers' cash requirements or to make a fresh loan, instead of calling upon the Note Issuing Department for new notes. This is only a matter of public requirements and replacing soiled by clean notes.

* * *

In what way would capital charges (on roads, etc.) be made the subject of the Price Assistance Scheme?

Expenditures upon Real Capital, such as roads, harbours, etc., and expenditures on Education, etc., are the basis of the National Dividend. These are items increasing national wealth, but not by expenditure which is directly included in prices of industrial products: it is the latter expenditures on capital account which are the basis of the Just Price issues of national credit period by period.

* * *

Why has the Consumer Credit issued by the State only an indirect relation to bank loans?

The National Credit issue of a period has only an indirect relation to bank creations of credit during the same period, because the loans created or credits opened during any given period have no direct relation to the goods coming on the market during that period. The question which determines the calculation of the price reduction to consumers is that of what part of loans and credits are actually utilised in Production during the period in question, e.g., a credit may be opened for a large programme extending over years, but only the part carried out during the period under review would come into the National Credit Account of that period.

* * *

I thought the fraction was to be calculated by taking

$$\frac{\textit{goods consumed + depreciation + exports}}{\textit{goods produced + appreciation + imports}}$$

I do not quite see the connection between this and your " two payment " calculation or that the two are necessarily the same. If the first fraction stands, am I right in adding " National Dividends " to the top line?

We agree the fraction as set out in your letter; it embodies the principle of Social Credit. The *difference* between the two totals in any period represents the surplus of goods from that period which should be distributed during the succeeding period by issues of national financial credit. The monetary total so calculated forms the basis of what may be issued, partly as a fraction of accountancy prices and partly as dividend.

National Dividends are, in a sense, added to the numerator, since, as Douglas expresses it in the Social Credit Scheme for Scotland: " the capital account will be ' depreciated ' by all sums paid out (under the Price Assistance Scheme) and ' appreciated ' by all capital development." Similarly, the National Real Credit Account will be debited with the payments of Dividend and credited with successive additions to the national real wealth.

* * *

Is the fraction applied only to consumable goods? If so, what would happen in the case of goods, such as corn, which are raw material to the miller and consumable goods to the poultryman? The same goods could not well have two prices?

Yes, the consumer credit in respect of prices is only to be payable upon purchase of goods for consumption. The principle of two prices for goods is familiar in society, in the form of wholesale and retail, and numerous differences in price for large and small users are common. In the example given, is corn purchased for personal consumption? Would it not be only through the miller as meal or flour?

* * *

I do not understand what you mean by saying that consumer credit defrays outstanding indebtedness over an indefinite period. What is " outstanding " indebtedness and how can a calculation based on the facts and figures of a limited period operate satisfactorily in relation to an indefinite one, in any sense?

Consumer Credit repays outstanding debt because it meets that part of prices which is debt outstanding somewhere in the body social to the bankers—generally quite directly at about the third remove from the shop-counter in respect of the actual goods purchased. The period is indefinite, because the part of costs not represented in current incomes, and therefore the subject of national credit creation, is in respect of money that may have been advanced by bank loans for production of machines, raw materials, etc., at much earlier periods.

The reason that an issue of consumer credit based upon the production of a period can be satisfactory, is that it discharges, period by period, the part of previously incurred indebtedness which is represented in products actually brought into use during the period in question.

* * *

Why is the psychological inducement to raise prices removed? And why would the banks ask lower rates of interest? Because money was plentiful and they no longer had the power to make it scarce?

The psychological inducement to raise prices would be largely removed by the security under everyone's feet and by the common participation in the reduced prices obtained by application of the price factor. Practically, too, there would be re-instituted genuine competition, so that anyone raising prices (and the same ratio being granted by the National Credit office) would come into direct competition with other sellers of the same article. This makes no direct provision for restraining Trusts and Combines. Douglas relies upon the rapid arising, under the changed circumstances, of smaller competitive units, working on a basis of agreed profit on turnover, which his proposals provide, and thereby enabling their product to compete in the market with concerns who for a time might be able to secure higher profits by declining to come in to the scheme. Bank loans would undoubtedly be obtainable at low interest as the security offered would be not far short of that at present afforded by Government borrowings. They would have the further inducement of thriving trade bringing very rapid circulation of money through their organisations.

* * *

While the fact you mention shows the need for continuance of consumer credit, is there not this difference that the business building up reserves, unlike a bank, does not destroy money. Would not inflation arise through decline of the cancellation agency? Would it be necessary to start taxing to get enough money for destruction or re-issue to all consumers?

We think the difficulty that you anticipate in respect of reserves would not arise because either (1) the reserve, in fact, serves to cancel a bank advance somewhere, or it is employed in some further productive process and thereby distributes purchasing power against further production. It is difficult to visualise the real fact regarding money, viz., that is not " there " except when it is operating.

Points from Letters.

How will Social Credit work in one country if others remain under the old system?

If this question is asked at a public meeting where the subject of the address has been on the basic principles of Social Credit, the speaker is not called upon to answer it. The reason is that the question is premature and irrelevant. It is premature because the questioner is not in a position to appreciate a direct answer; and irrelevant because it introduces political elements into a technical discussion.

An appropriate platform-answer to this question would be in the form of a counter-question; namely :—

" How does the Bank-Capitalist system work in one country when all the others are working the same system?! "

This is an implied reminder to the audience that in order to compare the technical principles of the respective systems the comparison should be made inside a common frame of circumstance. If someone were to propound that a system of training called " A " produced better long-distance runners than another called " B," it would be ridiculous for any questioner to ask: " How would your A-trained man get on against a B-trained man if your man ran over ploughed fields while the other ran on a cinder track! Similarly, it is right off the point at issue to ask how an obstructed Social-Credit system would work as compared with an unobstructed Capitalist system.

It is essential, in an audience's own interests, that they should be made to realise that the question they have to decide first and foremost is whether Social Credit can be applied successfully in a closed area, where the only obstructions to be dealt with would arise internally and from among the parties called upon to co-operate in working it. That is the primary test; and it is applicable equally to Social Credit and to Bank-Capitalism. The advocate of Social Credit is not even called upon to prove that the Douglas Proposals would work without internal friction: his essential duty is to prove, as he can, that Social Credit is immeasurably superior to the existing system in all respects which appeal to the people who co-operate in it. He may, of course, go further than that; but if he does he can point out incidentally that he is not strictly required to.

Just look at it. Here we have the Bank-Capitalist system with everything in its favour. It is blindly accepted by the people below, and the people directing it from above command the whole forces of coersion necessary to secure obedience. And all countries are under the same system and the same discipline, while the bankers at the top are internationally combined. And what is the result? Universal confusion above and distress below—a deadlock from top to bottom.

Reviews.

The Community's Credit. By C. Marshall Hattersley. Second Edition. (*South Yorkshire Times*, Mexborough, 133 pp. 1s. net)

"The Community's Credit" was first published in 1923. The present edition is an abridged version of the original book, which the author has made in order to bring the price down to 1s. The text has been left substantially as written ten years ago in order, as the author says, to demonstrate "how certainly experience has confirmed the essential truth of the Douglas analysis." One of the appendices reproduces Major Douglas's Draft Scheme for the Mining Industry, which was first issued in January, 1919. J. G.

Foundations of the Philosophy of Value. By H. Osborne. (Cambridge University Press. 8s. 6d. net.)

Mr. H. Osborne asserts that his book is "An examination of Value and Value Theories," but he does not regard the opinions expressed in it as final. There are twelve chapters embodying Current Theories, Definition of Value, Classification of Theories, Naturalistic and Non-Naturalistic Theories, but it is not necessary to relate the other chapter headings. The synstatic outlook of the Philosophy of Value leads one to wonder why the word Value is utilised to express so many different conceptions of psychology. Apart from the ideas of Value culled out of philosophic thought from many sources, the question arises, which is the most important idea of Value from a practical everyday point of view, because Values are ever changing. The modern world only recognises the power of Economic Value and it will be obvious that each and every philosophic and psychological conception of Value is built upon the Economic basis. All these Values are in process of evolution and then one is called upon to ask for an "Unshakable Authority." Thus one arrives at a stage. Analysis, and it is extremely difficult to choose that conception of Value most suitable to the realisation of true progress. This is where Mr. Osborne would perhaps refer to the rudimentary beginnings of Conscience, for what is called Conscience is again an Ever-changing state of thought. To "Know Thyself" is a Value, but is there not a better Value in the fact that the two words "Know" and "Thyself" only partially infer that the Ego, the "I" exists behind all the words and that these words are only tools to be used by the Self to express Value? Therefore all Value is essentially a matter of choice, and the one who makes the choice every time is the EGO, the "I," and therein lies the idea of Synthesis. The conclusion of the concept "Values" ever rests with the Self, and hence the "I" must always be the Authority. But it may be said the exercise of authority solely depends upon Economic Value, and thus the conception of what is Right for all is based on Economics and is the actual cause of every ethical situation. The book is well and concisely written and is certainly worth perusal by all NEW AGE readers as it will throw much light on the many Values which are current in the modern philosophical arena of thought.

"ALGA."

"Remarks on Psychology in Gynaecological Practice." J. S. Fairbairn, M.A., M.B., F.R.C.P., F.R.C.S., etc., President the British College of Obstetricians and Gynaecologists. (Daniels. 60 pp. 2s. 6d. net.)

"The School of Individual Psychology seems broader in outlook and not to try to dive so deep into dark waters where the ordinary practitioner cannot follow or see clearly if he gets there. The extreme devotees of some of the schools of psychotherapy put too severe a tax on the credulity of the average man, and I might instance one that to me savours more of the sympathetic magic of primitive man than of modern science. I heard seriously stated at a discussion on the psychology of the infant that the constipated baby saved up its motions for the satisfaction of passing one really big one, and that this habit showed the possession of a retentive mind as well as a retentive colon. A thrifty or perhaps miserly future was diagnosed for the infant in question. Careful observations over several generations would be required to support this view-type of sympathetic magic"

This quoted passage gives a fair indication of the author's general attitude on the question of how far psychological theory should enter the field of physiological investigation and diagnosis. One has heard of Bovril as a cure for "that sinking feeling"; but the suggestion that purgatives should cure "that *saving* feeling" and turn close-fisted hoarders into openhanded spendthrifts is quite new—and too simple to be true. Otherwise the problem of administering the right treatment to the Old Lady of Threadneedle Street might be solved by the purchase of some of those pills which are said to be worth "a guinea a box." Certainly the above psycho-analytical theorising is not nearly so far-fetched in her case as it sounds in Dr. Fairburn's present context. Financial "retention" is undoubtedly a cause of industrial constipation; and seeing that the official justification of it is that it is making possible "one really big" burst of prosperity later on, the correspondence of the Old Lady's symptoms with the theoretical cause of her complaint is manifest even to the man-in-the-street. A. B.

Sunrise.

The warrior sun awakens from his fiery dreams,
And with fierce strength, thrusts through his foe, the night,
A myriad-pointed spear, fire-tipped with light.
And night's dark shield of cloud with shining death blood gleams.

This outward sun is symbol still of inner fire
Which flames, unquenchable, within each breast,
And drives and drives the burning soul to wrest
From darkness of the mind the world of God's desire.

This blazing heart of heav'n a radiant challenge flings
Before Man's battling soul—from dreams to rise,
And grow, from act to act, and mount the skies,
With violence the Kingdom take, where all are kings.

Let die the old half-truth that sinners all are we,
That we, the sons of men are of the sod,
While, in our essence, we are sons of God,
And walk His courts, and of His very house are free.

Of mingled earth and sun are we who plant and sow
And garner, in ourselves, that which we are;
But that fierce inner sun-is our true star,
Which, mounting, lights us to that zenith we shall know.

H. E. DU PRÉ.

Jersey.

LETTERS TO THE EDITOR.

"INFLATION."

Sir,—In the review of our book, "Inflation," by Irving Fisher, which appeared in your issue of August 3, your reviewer says, "On the jacket of this book there appear appreciations of it, one from Viscount Snowden and the other from Sir Josiah Stamp." May we point out that the appreciations quoted by your reviewer refer not to "Inflation," as he states, but to Irving Fisher's previous book "Booms and Depressions," as the jacket clearly shows. Neither Viscount Snowden nor Sir Josiah Stamp have made any comments about "Inflation."

GEORGE ALLEN & UNWIN, LTD.

[Our reviewer, "J.G." replies: "The lay-out on the book jacket is so arranged that it will mislead anyone who does not inspect the text carefully. Accordingly I make apology coupled with complaint. A book-jacket is an advertisement and an advertisement should convey a correct impression on casual inspection. Even after seeing the above letter I read the book-jacket twice through before I noticed the asterisks linking Snowden's and Stamp's comments. However, it is not Fisher's "Booms and Depressions." The author's ... late for my statement to become true. The ... cacy of reflation, subsidies for re-employment, etc., ... present book could consistently carry the approval of Snowden and Stamp."—ED.]

CREDIT REFORM PROPAGANDA.

Sir,—The Central Council for Social, Economic and Political Reconstruction at the Queen's Hall meeting on July 18, called for *Parliamentary control* of money, and the *gold-standard*. It could be argued that both these ... dies" are being applied in the United States. And ... Bradbury and the Hon. R. H. Brand both agree that early return to gold is not advisable for this country ... President Roosevelt would seem to have a clear run for ... time. Whether he succeeds in curing "poverty ...

plenty" appears to depend on what the "control" of credit means. In any case present developments convey a warning to credit reformers to make their Resolutions explicit when they arrange public meetings, or they may find themselves pressing the bankers to do what they want to do and are beginning to do. JOHN GRIMM.

NAPOLEON AND THE BANKERS.

Sir,—Allow me to acknowledge R. L. D's. correction of my chronological error in attributing the imprisonment of Proudhon to Napoleon Bonaparte. It was, of course, Louis Napoleon to whom this was due, and who had succeeded in getting elected as President of the Constituent Assembly. Evidently Louis Napoleon did not acquiesce in the financial heresies of his illustrious forerunner; besides, Proudhon had attacked Napoleon's candidacy for the Presidency.

W. J. ROBINS.

Current Events.

(Compiled by M. A. Phillips.)

Saturday, July 8.
Dollar slumps again, £ equals 4.66.
Boom on English Stock Exchange.
India deficit £8 M.
Many suspensions in Police Force.
Tithe war continues—many distraints.
Hitler claims to have reduced German unemployment by 1,000,000.
Irish tariff increased against Great Britain.
World Economic Conference. Split on Stabilisation. For stabilisation and gold standard, France and Europe (except Great Britain), against stabilisation and for price raising U.S.A., Great Britain.

Monday, July 10.
Lord Rothermere declares openly for Fascism in Britain.
Rumours of great civil disturbance in Portugal.
Inflation in U.S.A. now in full swing—commodity price rising—£ equals 4.75-4.77 dollars.
Unemployed training scheme for Great Britain—forced labour camps.
Hitler's voluntary forced labour camps in Germany (run on military lines) to be made compulsory shortly.
Gold countries (France, Holland, Switzerland, etc.) Bankers' Conference in absence of Mr. Norman, agree upon secret measures of stabilisation—France threatens to withdraw from Conference.
Soviet-Japanese friction intensified.
Anglo-Soviet trade negotiations resumed.

Tuesday, July 11.
£ equals 4.8 dollars. Further boom on British Stock Exchange.
Austro-Hungarian Consultative Pact arranged.
Hitler to build large civil air force.
Unemployment 2,438,000 (— 145,000 in a month).

Wednesday, July 12.
Roosevelt forms a National Recovery Council to lower working hours, maintain or increase wages, and raise prices, under leadership of H. S. Johnson, a Baruch protégé.
Big restriction of meat and butter imports foreshadowed.
£ equals 4.73 dollars.
Incipient revolt amongst Hitler's Nazi Storm Troops causes him to take action by party "purge," etc.
World Economic Conference continues on a compromise basis.
U.S.A. and Canadian wheat crops—big fall in output.
P.O. workers' claim to wage increase rejected.
Civil disobedience campaign in India continues at present (correction to earlier note).

Thursday, July 13.
Government refuses to reconsider Judges' salary cuts.
Government Bill making carrying of firearms (including dummies) illegal—big penalties.
£ equals 4.69 dollars.
Beardmore shareholders demand inquiry regarding Bank of England reorganisation.

Friday, July 14.
Runciman opposes public work expansion schemes in this country.
New Australian £32 M. Conversion Loan.
Inflationist anti-Schacht group formed amongst Nazi followers.
Judges to present petition against salary cuts to Government.
Boomlet on Stock Exchange continues.

Saturday, July 15.
Civil disobedience to continue in India.
£2 M. loan to Palestine to be given.
Unemployment in Denmark falling.

Monday, July 17.
Crown move against Judges who refuse to administer tithes.
£ equals 4.77 dollars.

Tuesday, July 18.
Bergius oil from coal process to be financed by Government.
Reports of insurrection amongst Hitler's Storm Troops.
Police Bill passes Commons.

Wednesday, July 19.
Farmers to intensify tithe war.

Thursday, July 20.
J. P. Morgan arrives in England to see his "friend, Mr. Norman."
£ equals 4.84 dollars.
Wall Street rise stops.
Conversion offer by British Government of £250 M. U.S. gold bonds.
Jewish anti-Hitler demonstration in London.

Friday, July 21.
More police changes—retirements at 50.
Wall Street's big slump begins.
Henderson sees Hitler on "peace" mission.
Slump in weddings in this country.

Lord Hewart and Bureaucracy.

We hear on reliable authority that Lord Hewart, on the publication of his book, *The New Despotism*, was privately reproached by some of his fellow-judges for having written it, and that their feeling was so strong as to cause an estrangement between them and him, which, it is said, has caused Lord Hewart deep concern. "But why this feeling?" our informant was asked: "What Lord Hewart wrote was true, wasn't it?"—"Yes, of course," was the reply: that's the whole point; he should not have told it to the lower orders."

This account is antecedently credible, for the substance of Lord Hewart's exposure constitutes a super-breach of a super-official secret—an infringement, so to speak, of the Bank of England's copyright.

The Tithes Struggle.

The Lord Chief Justice with Justices Roche and Talbot have ruled that Judge Clements may not decline to make orders for distraint. (King's Bench, July 27.) He adjudicates in the Kent circuit, where, it was stated, there are 664 unexecuted distress orders for unpaid tithes. He had declined to make further orders which would remain uneffective, and he had required applicants for orders to nominate persons to carry them out. Counsel for the Governors of Queen Anne's Bounty, moving for the rule, said that tithes were not recoverable in law after two years, and his clients required these orders made if only for the purpose of "keeping their rights alive," irrespective of whether they exercised them. Lord Hewart, announcing the decision, said that the Court sympathised with Judge Clements, but had no alternative but to make the order.

"THE INDEPENDENT."

A prospectus has been sent to us announcing the appearance, on October 7th next, of a new paper called *The Independent*. It will appear weekly at the price of 6d. The editor is to be Sir Ernest Benn, and the economic and financial features of the paper are to be conducted by Dr. T. E. Gregory. The announcement says that the paper will stand for "liberty, economy, and individualism." Its policy will be "anti-political." It closes its announcement with the promise to "serve and help all those better citizens who feel that there are higher forms of citizenship than the present mania for meddling in everybody's affairs." Let us hope that the methods of service and helpfulness will be related to the policy outlined.

Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

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 unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

SUBSCRIPTION RATES.

The Subscription Rates for "The New Age," to any address in Great Britain or abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

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Social Credit in Summary. 1d.
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