

# THE NEW AGE

INCORPORATING "CREDIT POWER."  
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART  
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## NOTES OF THE WEEK.

### The Debt to America.

The first leading article in *The Times* of June 6 discusses and defends the Government's decision to suspend further payments to the United States on account of the debt. With Australia in the audience, and particularly New South Wales, the apologist who writes the article has to find some argument to differentiate between the present action of the Chancellor and the past action of Mr. Lang. In both cases the decision taken was to suspend payment pending further negotiations, *not to repudiate obligations*. In both cases the initiative was taken by the debtor without the consent of the creditor. In both cases the decision had been preceded by public back-chat concerning the fairness and the oppressiveness of the obligations in question. So far there is no support for the view that the rank blasphemy imputed to Mr. Lang becomes merely the choleric word of Mr. Chamberlain when the latter follows the former's example.

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The apologist therefore has been obliged to gloss over the moral aspect of the decision now taken—one which involves the crime grandiloquently described by the lawgivers of the "Bankers International" as the unilateral variation of bilateral contracts—and has chosen to emphasise the technical aspect of the debt-problem. For this purpose he harks back to the dispatch sent by the Government to the United States Secretary of State on December 1, 1932, and says of it:

"This dispatch pointed out the fundamental difference between War Debts and other Debts, contracted for productive purposes and creating their own means of payment. . . ." (Our italics.)

Taking first the word "productive" as the keystone of the argument it is of course possible to say that in the case where one borrower, e.g., Mr. Chamberlain, destroys what he buys with the borrowed money (shells and other munitions of war), whereas another, e.g., Mr. Lang, utilises what he buys (plant, railroads, etc., etc.),

then, on the face of it, Mr. Lang is better able to repay debt than is Mr. Chamberlain. Obviously if you explode an imported shell you cannot return it, nor have you increased the resources out of which you might return something equivalent. Equally obviously, if you import a machine you do increase the resources out of which you can, in time, export its equivalent. As a proposition in physics this is self-evident. It is fundamental.

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But the dispatch links the word "productive" with the phrase "creating their own means of payment," and, in the context, assumes as a fact the proven fallacy that the act of producing something creates purchasing-power equivalent to its cost. It does not. The financial consequences of your converting a machine into useful wealth and of exploding a shell into useless fragments are precisely the same. In neither case have you "created the means of payment"—your stock of money after either operation is the same as it was before. In the first alternative you certainly do "create" something because by importing and converting the machine into useful wealth you have in effect imported the useful wealth: you have added something to your pre-existing store of wealth, and are therefore able to subtract it by exporting it, and be as well off as before. But your useful wealth is not a "means of payment" within the operating laws of the present financial system. It is a potential and contingent means of your acquiring "means of payment," but whether those means become actual depends upon the problematical contingency that the original lenders are willing to buy from you the means of the means of payment—that is, the useful wealth that you have for disposal. You can only use your wealth to pay a dollar-debt to America by getting someone in America to pay you (or owe you) dollars for it. (That is the principle, although the operation may take place indirectly, and mostly does.)

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The apologist in *The Times* confirms this in other words: he immediately goes on to say of the British dispatch of 1932:

"it explained the economic impossibility of exchanging sums of the required magnitude from one currency into another, and the disastrous effect which

any attempt to do so would have on trade and prices." (Our italics.)

Quite so. For currency-conversion from sterling into dollars valid for the effective discharge of debt to America involves the equivalent importation of sterling-wealth; and when this reaches a high magnitude, American trade and employment must suffer the grave reverses which are the familiar consequences of dumping.

\* \* \*

This need not be so. The reason why it happens so is a corollary of the truth that production does not create the means of payment. That is, that means of payment are the cause of production and not the effect—they precede or accompany production, and do not remain in existence (except to a fractional extent) to buy the ultimate product. This happens because industry produces on bank-loans (creations of credit) so that if anything occurs to deprive industry of opportunities to sell its products the banks won't issue loans. That is to say, when foreigners pay off dollar debts with their own products, dollars are withdrawn from American industry.

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While new production does not create new means of payment, the cessation of production is accompanied by the destruction of those means of payment previously existing.

#### Report of Committee of Privileges.

The Report of the Committee of Privileges on Mr. Winston Churchill's allegations was published on June 1. It was summarised and discussed in the first leading article in *The Times* on that date, entitled "Honour Satisfied." The Committee find that the allegations are not proved. These were, it will be remembered, that Sir Samuel Hoare and Lord Derby had used their influence to get the Manchester Chamber of Commerce to withdraw certain evidence submitted to the Joint Committee on India and to substitute an amended version later. This, Mr. Churchill held to be a breach of privilege because Sir Samuel Hoare was a member of the Joint Committee, which, according to Mr. Churchill, was a judicial body appointed to make an impartial survey of independent spontaneous testimony offered by the various trade and other interests likely to be affected by the Government's ultimate decision on Indian Policy.

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The Committee dismiss Mr. Churchill's case on three grounds.

1. That the pressure on the Manchester Chamber of Commerce was not exercised by Lord Derby and Sir Samuel Hoare, but by messages from the Mission to India led by Sir William Clare Lees which went out last autumn to continue the negotiations opened up by Mr. Mody, the Bombay millowner, on his visit to England last summer.

2. That the "special contacts" made at the dinner at Derby House on June 27, 1933 (through which the "pressure" was supposed to have been exercised) were neither new nor unnatural—that contacts between Lancashire and the India Office had been a normal feature of their relationship.

3. That in any case the Joint Committee is not a "judicial body" in the exact legal sense connoted by Mr. Churchill's submissions, but is "deliberately composed to include men with opinions already formed on the broad problem before them," and to deal, not with evidence on questions of fact, but with representations in support of particular interests or ideas. Further, its proceedings (unlike those of the law courts) are subjected to daily comment and "criticism in the Press and on political platforms." (The last quoted passage is from the Report, the others from *The Times* article.)

The Committee of Privileges (says the Report)

"have unanimously come to the conclusion that the advice given at no time took the form of pressure or

intimidation or interference of any kind with the freedom of the Manchester Chamber of Commerce and of the other bodies associated with them to form and express their own opinions honestly in the light of all the facts that were known to them."

And so—honour is satisfied.

#### Cork-Drawing and Wire-Pulling.

Nevertheless, the fact remains that the evidence originally prepared by the Manchester Chamber of Commerce was afterwards modified under pressure, if only the pressure of enlightenment, or reason, or both. Nor would the Committee of Privileges deny, in a frank mood, that dinners are functions where wires are pulled as well as corks, and, in many cases, where the ritual of cork-drawing is deliberately designed to facilitate the process of wire-pulling by obscuring it. Hospitality, like charity, covers a multitude of sins. However, these devices do not besmirch anybody's honour—or need not necessarily do so in these days when lofty ends are held to justify any means of pursuing them.

#### The Modification of the Evidence.

What made the Manchester Chamber of Commerce change its evidence? The clue to the answer seems to be contained in the passage in the Report reading: "... in the light of all the facts that were known to them." The substitution of a second version of the evidence is sufficiently explained by the hypothesis that when the Manchester Chamber of Commerce prepared their original statement, certain facts were not then known to them which were afterwards made known to them. Whether the new facts were communicated at the Dinner or not is immaterial—the material factor is that there was a time-lag. What the new facts were seems to be indicated by a passage in *The Times's* commentary where the writer refers to the "futile hope" (attributed to Lancashire).

"that India's fiscal freedom—a condition which dates from long before the Simon Report or the White Paper—could ever again be taken away from her in the interests of English manufacturers."

He immediately continues, alluding to the Mission to India referred to above:

"No sooner had they arrived in India than the Mission realised how disastrous to their negotiations might be the appearance of some of their Lancashire colleagues before the Joint Committee. Throughout October the telegrams went to and fro. Lord Derby was invoked by the Mission as intermediary. The views of the India Office, if not specifically sought on this occasion, were perfectly familiar to everyone concerned. In the end, and after repeated pressure from their members abroad, the Manchester Chamber of Commerce decided to modify their evidence, withdrew the original Memorandum, and substituted an amended version."

#### The "Schuster Reservations."

With this material it is possible to reconstruct the story. Broadly speaking it can be condensed into this formula: That the terms of the original Memorandum were subsequently found to be in conflict with the "Schuster Reservations," and therefore had to be modified accordingly. What we mean by the "Schuster Reservations" is the situation obliquely and inadequately alluded to in *The Times's* phrase: "India's fiscal freedom," which really means and logically implies the usurpation of the Freedom of the Indian Empire by International Finance represented (until lately) in the person of Sir George Schuster, the ex-Finance Minister of the Indian Government. In this man's policy, as financial Viceroy of India—whether considered allowing immediate allegiance to London or ultimate allegiance to Basle—the Manchester Chamber of Commerce undoubtedly encountered their stumbling-block. As *The Times* remarks, "this condition," that is, the "Reservations," "dates from long before the Simon

Report and the White Paper." Of course it does. It constituted the terms of reference within which the Report and the Paper were to be composed. When the English Mission went out to India they probably found out that trade negotiations respecting imports into India needed more than the formal ratification of the political Government—more than the formal ratification of the political Viceroy—it needed the informal endorsement of High Finance. At least, their leader, Sir William Clare Lees, must have known all about it, as a glance at his record in *Who's Who* will suggest to students of financial politics; for, among numerous other offices, he holds (or has held) a directorship in the Phoenix Assurance Company (Manchester Board), and was Adviser to the British Delegation, International Conference on Customs Formalities, League of Nations, 1923, and a member of the British Economic Mission to South America, in 1929. The interlocking of banking and insurance with international trade and fiscal policy is too well understood by readers of these pages to need analysis.

#### Basle and Delhi.

As a background to this situation it may be of importance to remember that India is probably still the gold-vault of the world, and that although the immense gold-hoards are in the ownership and custody of private potentates, they are nevertheless located in India, and could, if necessary, be contained in India by legislation or regulation. Hence, if it were not for the reasons of convenience which impelled the Bankers' International to found their headquarters at Basle, undoubtedly their most appropriate headquarters would be at Delhi. In any case, it is easy to see that of all countries in the world where the bankers must be most concerned to exercise supervision over political policy and administration in all its aspects, that country is India. If so, trading interests bound up with Anglo-Indian relations, the truth is wholly or partially withheld from the Paper controversy is bubbling over with cross-purposes, suspicions, and animosities. A Basle-Delhi financial compact concluded with the object (among others) of imposing an arbitrary system of rationing trade as between India and the world in general is fundamentally incompatible with a London-Delhi political compact projected with the object of arriving at a trade agreement between the two countries for their exclusive mutual advantage.

#### Official Secrets.

No wonder that Sir William Clare Lees feared the "disastrous" consequences to his negotiations within the financial Basle-Delhi frame of reference if his Lancashire colleagues "opened negotiations appropriate to a political London-Delhi frame of reference. The moral is that all danger of such "disasters" could have been prevented if the facts belatedly and secretly communicated to the authors of the Manchester Chamber of Commerce's Memorandum, had been promptly and publicly communicated to everybody concerned. Such a breach of the Official Secrets Acts, for it would have involved at least a partial revelation of the master-secret guarded by those Acts, which is that the Money Monopoly holds the power of veto on legislation in this and every other country. That would be "against the public interest"; for knowledge is power, whereas the essential pre-requisite to the fulfilment of the bankers' anti-public objective is that the public shall be impotent—and impotent not only as regards the effective use of the vote, but as regards the effective command of money, without which no vote can be effective.

So Sir William Clare Lees had to invoke Lord Derby as "intermediary" on the one hand, while Sir Samuel Hoare was doubtless invoked as intermediary by the India Office, whose views would naturally be those of

the Basle-Delhi consortium, and would thus coincide with those telegraphed by the Mission. The Manchester Chamber of Commerce, hearing the story from India's coral strand confirmed by the story from Greenland's icy mountains, could do no other than falter in their earlier confidence and zeal, and proceed to repair their indiscretion. Not that there has been any conscious deception on anybody's part. All troubles of this sort arise from self-deception, from the proneness of everybody, from the Chairman of the Committee of Privileges to the humblest member of a Chamber of Commerce, to interpret artificially contrived dilemmas as natural phenomena.

#### The Factor of Japanese Competition.

For instance, it is quite probable that one of the arguments used by the two intermediaries had to do with Japan, and took the form of asking what was the use of Lancashire's seeking further trading opportunities in India while Japan was destroying them everywhere, including Great Britain. That seems sensible enough in the environment of things as they seem. But the "destruction of trading opportunities" means in physical reality the compulsion on the affected country to retain goods which it would otherwise part with, or to accept goods which it would otherwise go without, or both. In either case the "destruction" amounts to taking in stores. In terms of Lancashire's trade it amounts to taking in shirts. What's wrong with that? The answer comes readily enough in something of this form: "If we take shirts in we can't put shirts on." And the explanation comes equally readily in this form: "As shirts come in, shirt-makers are put out of work; the demand for shirts goes down instead of up as it ought to; and so the shirt-sellers can't sell their stocks." All of which, by the way, arouses the curious reflection that immovable shirts are the cause of "shirt" movements. And a shirt movement in conscious revolt against this paradox might appropriately explain to hecklers that they were coloured shirts as bait for white ones. The more rum aboard ship the larger the rations, and the proposition of a dividend in rum would be seen by sailors to be the common sense that it is. Well, the proposition of a dividend in shirts is just as reasonable and just as practicable. The urgent question is not to ascertain from foreign countries on what conditions they will accept the products of our labour, but to ascertain from the Banking Combine on what conditions they will empower us to accept those products ourselves.

\* \* \*

The paradox of "poverty amidst plenty" is now a matter of general remark. But it serves to obscure a greater paradox still; namely, that *plenty creates poverty*, and its converse that *scarcity creates prosperity*. And the reason of both is that the banks control the only means in modern civilisation whereby plenty can be translated into prosperity, and that in exercising that control they misuse the means.

#### Exports and the Conservation of Resources.

How they do it is a technical story, and cannot be explained here. But that the means are misused, and that there is a way of using them rightly, has been demonstrated to the satisfaction of a sufficient weight of judgment measured by varieties of experience and standards of intelligence to place the question beyond reasonable doubt. The practical import of this, stated in its most appropriate form in the present context, is that we command the means to translate the loss of markets into a rise in everybody's standard of living. We can convert, e.g., Japan's success in dumping shirts on us into our own success in putting shirts on our backs. The antecedent proof that this must necessarily be so depends upon the concrete fact that economic isolation involves the *conservation of natural resources*; that economic interdependence, when it results in an excess of exports over imports (the "favourable balance of

trade" which nations are striving after) involves the dissipation of natural resources, and, when it results in an excess of imports over exports, additions to natural resources.

Now, to anyone who realises that money—that is, our financial resources—is our means (and only means) of acquiring natural resources, it will be clear that our financial resources should expand and contract on a parallel curve to that of our natural resources (assuming a constant proportional rate of converting the latter into the things we want to acquire). Thus, the more we imported on balance the greater should be our financial resources. Either we should have a commensurately larger amount of money at our disposal, or a commensurately lower price-level for the things we wanted to buy without a reduction in our holdings of money. But under the existing policy and arrangements of the bankers exactly the reverse happens. Taking an extreme, but physically possible, case for illustration, namely that the United States exported to Britain enough goods of all kinds to keep the population supplied with what they are buying now, British industries would immediately shut down, and the whole population would be deprived of money, and irrevocably, notwithstanding that at the moment of deprivation there would be a double stock of goods in the country, not to speak of an industrial system capable of replenishing the single stock as previously. Simultaneously, in the United States, everybody would be rolling in dollars as a result of parting with real wealth to this enormous extent. Notice that this result would not occur because the British people ordered the goods from the United States and paid for them (which they wouldn't—for "money does not cross frontiers" Mr. McKenna) or incurred a debt for them: for the same result would occur if the goods came here as repayment of a previous debt owing by the United States to Britain. (In fact that is why there is a "problem" involved in the settlement of Britain's debt to the United States, as discussed at the commencement of these "Notes.")

#### Mr. Walter Elliot on Dictatorships.

The disorder and violence attending the Fascist demonstration at Olympia last week presumably moved Mr. Walter Elliot to refer to the question of dictatorships on Saturday in his speech at Falfield. Accounts of it appear in the *Sunday Times* and the *Observer*. Mr. Elliot said some sound things about organisation and planning. "I am a farmer; and I hate being 'organised,'" was one of his sentiments. "There is far too much farming done by bank managers . . . farmers are far too much under the thumb of those from whom they borrowed money. . . . We must get farming on its own resources." Speaking of marketing schemes, he made no secret that he did not like the system of imposing plans on producers, but wanted to see them tackle their problems independently. "We have won our liberties through many centuries of hard work and hard fighting, and we do not intend to give them up to anyone, whatever the colour of his shirt. . . ."

So far, excellent. But the will to defend liberties needs to be implemented. And though it is natural to-day to associate shirts with tyranny, those who propose to resist tyranny will do well to realise that coloured shirts are the progeny of striped trousers, and that the way to forestall threatened assaults on our liberties is to expose and undo the secret usurpation of political power achieved by the Money Monopoly. But for the unrecognised existence of this influence and the unsuspected manner of its workings, there would be no shirts on the streets, least of all the Green Shirts, who are parading the streets precisely because the bankers have invaded the Treasury, and are confessedly ready to go home as soon as the bankers are put in their place and

the credit system controlled and used according to Social Credit principles.

To that end it is not in the least necessary to centralise economic administration under such fancy names as "the business government," the "council of experts," and others of the same sort extolled by Sir Oswald Mosley. On the contrary, nothing is more demonstrably calculated to perpetuate the existence and consolidate the power of Finance than this policy. And as it would create wider discontents it would require more tyrannous methods of suppressing them. The Blackshirts, now a public nuisance, would appear to become a public necessity.

#### Droughts and Floods.

The joke of the week appears in the *News Chronicle* of June 11. Its New York correspondent, after describing the storms that have broken over the North-Western States, makes this observation:

"Drought appropriations asked of Congress may have to be used for flood relief."

Not long ago *The Times* was saying how silly it would be to spend a lot of money on wells, reservoirs, pipes and other methods of transmitting and conserving water on the English country side, when it was certain that the rain would come down and see us some time. That just shows you how wise the bankers are; and perhaps you will think it a cruel trick of Providence, when vouchsafing them the money-saving gift they counted on, to do so in such profusion as to nullify the saving. It is a great pity that the Divine Provider does not let the bankers plan His Providence, for then these matters would be arranged in concord with the natural laws of finance which inexorably compel us to take the risk of dying of thirst in order not to be drowned, or of being drowned in order not to die of thirst. There is not enough money to build both reservoirs for holding water in, and embankments for keeping water out: you can have one or the other, but not both. You can have a dredger to deepen the bed of the river, but if you do you cannot have pumps and pipelines to distribute the water from the river or elsewhere. What a gamble life is to be sure.

#### Cricket and Trade.

People at the Test Match were diverted by the spectacle of a captive balloon being sent up at one end of the ground to obstruct the photographing of the game by a film company who had rigged up a scaffold outside. The balloon belonged to another company who had bought the right to film the play inside the ground. This balloon symbolises the quota system imposed by England on the primary producers in Australia. The contact between the recognised company and the Nottingham Cricket Club symbolises the Ottawa Agreement. And the struggle for runs and wickets between the two Test Teams symbolises the struggle for solvency between English and Australian farmers. Is it any wonder that the fears, hopes and acrimony which attend the economic struggle tend to creep into the comments and controversies attending this match between sportsmen? The miasma of false finance lies over every phase of human relationships.

#### Recognition of Journalists.

The latest ramp is a proposal to make an authoritative register of "professional journalists." Attending it is a suggestion that "public men" will find it useful to know which journalists are "responsible" and which are not. From this one can foresee pretty clearly that the end of it will be the separation of bought writers from independent writers. Ability to earn fees will be the criterion of responsibility. And since the pool of fees is mainly controlled by the bankers it is a safe bet that every effective critic of the financial system will not be recognised as a professional, or if he is, a professional who earns nothing—and in any event, an "irresponsible" person.

## The Social Credit Press.

NEW PAPER.

We have received a specimen copy of the first number of *The Douglas Review*, a Canadian Social Credit journal to be issued monthly by the Douglas Credit League of Canada, Box 782, Station F, Toronto, Canada. The Honorary Secretary of this League is Mr. C. V. Kerslake. The subscription rate is 50 cents per annum. The present copy consists of four large-size foolscap sheets of duplicated typewritten matter impressed on one side of the sheet only—that is to say, four pages. The editor, in introducing it, rightly says that though the journal may not look "impressive," its contents may well be useful, informative and inspiring to Social Credit students. It is better, he comments, to "start in a humble way and grow with the Movement rather than to make a big splash with a printed journal which, owing to financial difficulties, might succumb after a few issues."

The contents of this issue justify its appearance. They include a short report entitled "Major Douglas at Ottawa," an amusing excerpt from the proceedings of the Committee on Banking and Commerce where an orthodox banker is under cross-examination, an extract from Colbourne's "Economic Nationalism," "Some Green Shirt Maxima," a review of the "first authentic Douglas book by a Canadian writer, namely 'Economic Madness,' by W. A. Tutte, and some extracts from the "Notes" in THE NEW AGE to which the editor makes reference and of whose merits he makes some complimentary remarks which are hereby gratefully acknowledged.

We hope that this new journalistic enterprise will be encouraged and supported financially and otherwise. Its unpretentiousness is all to the good, because it implies comparative cheapness of production which in its turn holds out the prospect of its being maintained on its sales-revenue alone, and not depending on donations to balance its budget. The only safe basis of a journal that is to be efficient and independent is the spontaneous and steady patronage of individual readers.

#### We Only Handle Credit.

"SLOW BUT SOUND PROGRESS. LABOUR'S THREAT OF NATIONALISATION."  
("By an Australian Economist in London.")  
" . . . Like the banks in Great Britain, the Australian banks are 'bulging with money' and suffering from lack of borrowers."

#### "THE 'NATIONALISATION' CRY."

"In these circumstances, it is ironical that the 'Douglas Credit Scheme' should have numerous supporters in Australia amongst ignorant people who are unable to see the inherent fallacies of the doctrine, and that both 'official' Labour and 'Lang' Labour are heralding as their main plank for the Federal Election to be held early next year the 'Nationalisation of Banking.' The main theme of all these unsound propagandists is, of course, that the banks restrict credit, harshly treat their debtors, and generally act as a brake on progress."  
"The outstanding fallacy of the Douglas Scheme lies in the fact that the banks do not, of themselves, create credit; they merely handle, for usually, a moderate, and at present an inadequate, commission, the credit resources entrusted to them by the community."  
*Stock Exchange Gazette* (British and International Banking Number), May 18, 1934, p. 1,105. "Australian Banking and Finance."

#### Time Cycles.

"A bank loan has an average life in circulation of not more than a few months: but the production into which it enters as a cost may extend through a chain of processes covering many years."—*Vide* Social-Credit expository publications.  
My great-great-grandpa, dead and turned to clay, Helped make this saucy mother bought to-day.

## Question Time.

I should be very much obliged if you could throw any light on a statement in Hartley Withers' *Money in the Melting Pot* (p. 24). In dealing with 1920-1 he says, "the contraction of credit did not happen until after the fall in commodity prices," and refers the reader to "the figures of the volume of banking credits" in proof of the fact. Can you tell me: (1) whether it is proven; and (2) in that case, what the Social Creditor's explanation of the sequence is?

E.78.

As this point is likely to be canvassed by opponents of Social Credit it will be useful to set down the complete sequence.

1. The Bank decides to contract credit.
2. It advises the Big Five privately.
3. It advises the Treasury privately.
4. The Treasury composes an announcement to be delivered by the Chancellor of the Exchequer.
5. The announcement is made, but in such form as to pass the tip to alert and powerful trade interests without signifying anything in particular to others. This is a correct description of what happened in 1919-20. The Chancellor of the Exchequer announced that the "Government" (!) were exercised about "speculation," etc., etc., and contemplated taking steps to curb it. Only one trader in a thousand had the least idea that this threatened his interests. But the banks, insurance companies, stock-exchange interests and large industrial managements, saw what was up, and took steps accordingly.

Now, as is well known, trade credits are not all borrowed directly from banks, but through one or more removes from them. Thus:

1. A manufacturer borrows £1,000 from his bank.
2. He gives the wholesaler, say, £800 worth of credit.

3. The wholesaler gives the retailer £500 of credit. Suppose, in that case, that the manufacturer gets the tip from his bank that his loan may be called in, wholly or in part, he will at once proceed to press the wholesaler to pay up more quickly, and the wholesaler will transmit the pressure to the retailer. There will immediately take place a competition to sell between retailers, and a cut in prices. Let us suppose that in the case chosen the retailer gets in £200 and pays this off his debt to the wholesaler, who passes it up to the manufacturer. At this point there will have been a fall in prices; but there will not have been a contraction of the credit owing to the bank—"the figures of the volume of banking credits" will be unaltered. And they will remain unaltered unless or until the manufacturer actually pays the £200 off his loan account. And the fact that he has got the £200 (whether in his current account or on time-deposit) will be known to the banker, who, with the reassurance that the money is available, need not trouble particularly whether the money is lying idle in the manufacturer's name or whether it is destroyed by the reduction of the loan. And particularly will this be so if this manufacturer is considered to typify the large-scale industrial enterprises alluded to under item "5" in the first table.

So it will be seen that there can be a tremendous slump in prices without the banking system having withdrawn any credit at all. This is not a matter of Social-Credit theory, but one of ordinary observation which will be confirmed by anybody who manages a business. Of course students of Social Credit can carry the case further and prove to competent listeners that it is not necessary for the banks to contract credit in order to bring prices down; it is necessary only for them to stop the expansion, or even only to slacken the rate of expansion, to produce the same result.

We can give a fact within our own knowledge which illustrates the process. At the time that Mr. Hartley Withers speaks about, a friend of ours had a business with a large turnover based on a substantial overdraft. He and his competitors were all doing very nicely in a certain provincial city, and whenever they met, whether

at the Chamber of Commerce, the Rotary Club, or the local pub, the proceedings took on the nature of a Love Feast. At last came the day when the "Government" announced that it had decided (!) to tackle speculation, etc., etc. Our friend's friends took no particular notice. But our friend retired into his little office and began to clear his decks for action. He had seen the red light. And how did he do that—he alone out of the whole lot of them? It was because of a little red book in his office—a book well-thumbed and closely studied. The book was called *Economic Democracy*. It was to him what *Ruff's Guide* is to the racing man—a guide to "form" on the financial "Turf." And so, on that morning, he said to himself: "Aha. So it's begun at last. This is where I get out from under." Within a week, to the amazement of his competitors who were hugging their stocks for higher prices, our friend's shop was plastered with announcements of a sale at reduced prices. "What the devil do you think you're up to?" bantered his companions. "Oh, nothing: I might be thinking of retiring," was the substance of his reply. Naturally the townsfolk, accustomed as they had been to the complacent take-it-or-leave-it attitude of tradesmen generally, and prone as they always are for bargains, flocked to the shop and cleared his stocks in next to no time. With the proceeds he walked into his bank, tendered the amount of his overdraft to the astonished manager, and went home that evening with expanded chest and a clean bill of financial health. Not so very long afterwards his companions were in a situation where the cut prices at which he had cleared out of trouble would have been heaven-sent fortune to them. But they were too late.

It is true that here was a case where the lowering of price was reflected in the contraction of bank-credit, but even here the price-fall preceded the contraction, if only by the lag of a fortnight. And no doubt our friend used the balance of his proceeds to pay off debts to suppliers, and in that case the lag between the two would be longer.

It is not the mechanics of credit-contraction that does the damage; but the psychology of anticipation.

## The Individual Reaction to Social Credit.

By Hewlett Edwards.

[BEING A PAPER READ TO A SOCIAL-CREDIT GROUP RECENTLY.]

The purpose of the paper is to raise for discussion the reception by the individual mind of the Social Credit proposals; and their presentation to secure attention, interest, and agreement, culminating in action.

This sounds like something which may have been done before, and I am very much aware that many of those here were considering this very problem long before I heard of Major Douglas. I can only hope that my base line may not wholly coincide with that of previous surveys. At all events, in the discussion, I hope to have the advantage of experienced opinion regarding the points I am about to raise.

The core of the Social Credit writings is the statement that "plenty" already exists, together with proposals towards its efficient distribution. Following are the implications that economic freedom would result; that the essential cause of war would vanish; that crime would decrease, and so on.

We shall be safe in saying that something like 95 per cent. of our public is in favour of these objects; we are, as Mr. Arthur Brenton has said, fighting our battle in a country which is potentially friendly.

Then how is it that the majority tend to resist rather than accept these proposals? What is it that makes so

many zealous to defend the existing state of affairs in spite of its glaring defects?

In other ways the same public is willing to accept so much on trust; very many, millions, I suppose, will, with no proof of its efficiency, swallow patent medicine by the gallon—but I do not find many who are willing to swallow Social Credit in this way.

How is it that our public meetings, while arousing lively comment and interested criticism, usually retain the atmosphere of the debating club—and so rarely tend to assume the attitude of a committee of ways and means? Individually, the argument often seems to be tacitly admitted, but no tangible result follows. Why, then, is free and natural welcome withheld? Why recoil rather than advance?

For some time these questions have puzzled me, and this paper has given me the opportunity of trying to answer them.

Now the generalised form of questions might be put:—What is it which opens or closes the mind to Social Credit? What is it which leads to action in this cause? Thus the answers are seen to involve some understanding of our mental make-up; some appreciation of why we receive or reject ideas, and what it is which leads us from ideas to action.

Psychologists tell us that the root of all action is feeling; that the motive for any action is not reason or proof, but is feeling, which is primitive and effort-producing. Further, that all motives are positive, and are directed towards immediate situations with direct practical applications and implications in those situations for the individuals actuated by those motives. These are units, prime movers in our mental make-up; broadly speaking, we have not progressed far beyond this.

To produce action, then, one must induce feeling, and by this word is meant not only the dramatic, emotional variety, but such as we have, and which moves us to action every day of our lives. The word "danger" at a level crossing attempts no proof, it is a direct appeal to arouse the feeling of fear, and so the action towards caution. Some immediate, practical motive is needed to overcome merely blank inertia, to say nothing of opposition.

Our minds are not freely, or equally open to all ideas whatever they may be; in fact, our mental lives largely, perhaps mainly (as I would show), consist of shutting out certain types of ideas. The mind is, at best, a most imperfect organ for the production of logic. It is, in fact, an organ evolved for the adaptation of the individual to his personal and immediate environment, and for that purpose it is efficient enough perhaps, but rough and ready. By hook or crook, by hiding facts, and pushing them into the background, a man will, in each situation, delude himself into thinking that he is more or less satisfied with his surroundings. Life otherwise would be intolerable; by self-deception the mind performs its primary function of adaptation to conditions, and when they are intolerable, somehow, anyhow, it must make them seem as tolerable as may be.

Logic, clear unbiassed thinking, is not the primary function of the mind. It is a by-product for which we may thank—and to which we may use—such leisure and freedom as we have already won.

Again, consider the process of mind formation, of how the views and mind of youth are re-formed and moulded by circumstance. Youth, if normal, will hold views, of a series of views, will hold hopes for ways out, for success in general. Few, one might surely say none, of these will in his whole life's course really come up to his innermost expectations. His claims and his ideas—inside—are gradually set upon by the reality of life—beyond him. True, he aims at more than he can ever get, but, as we think, he gets so much less than he

might reasonably expect. This crushing of his ideas and hopes does not come easily, but is caused by the slow and painful grinding of his mind against outer circumstance.

This is how we come to worldly wisdom, how we come to be canny and knowing; and the harder the lesson was, the harder it sticks, especially as opposed to other people's ideas. Picture such a mind, and this process is common in some degree to all of us, faced with the tremendous possibilities claimed by Social Credit. By long suppression of our intimate wishes we have acquired the habit of trampling on our own aspirations. We shake our heads with precisely all the wisdom, the background of adverse criticism, that the psychologists' jargon, an "inferiority complex" has been set up and kicks, with the feet of its consciousness, against such claims. With the feet of its consciousness, for the subconscious body of hope and self is in full agreement on another plane.

The mass of individuals, the public, is with us in this way; deep down, subconsciously. It is the conscious, surface life from which opposition rises—and in which action has its origin.

Another deep-seated cause of misunderstanding and misapplication of life is fear. A whole host of external fears besets us, fears about the conditions of our lives, health, our dependents, and so on. And below this there is a deeply set fear of life itself, fear of ourselves. These apprehensions, in greater or less degree, again cause the mind to revolve within a network, to some extent a necessary, self-protecting network which often becomes a perfect cocoon of inhibitions. In such a case recoil from any possible source of disturbance is automatic. To such an entity the freedom conferred by Social Credit is actively revolting.

Here it is worth remembering that the quality of the release for which we hope is something which the world has hardly begun to contemplate as yet. We are comfortable enough with the idea of political freedom, probably just because we find that such as we have makes little difference, we are still bound and controlled, votes notwithstanding. But real freedom, the power to accept or reject alternatives as they arise, this is something few have used. In reality such possibilities of free action can only be put into effect by free minds; not all are injurious) which to-day, in varying degrees, are universal.

To illustrate, in a reinforced concrete building, until the cement is set, it is not possible to remove the supports, the building would fall apart. From one point of view these inhibitions, these restrictions of the mind, define personality, as the temporary boarding defines the structure. Freedom, the removal of restrictions, is the removal of supports, and many fear this—half consciously they are apprehensive that their personalities will not stand alone, without these customary inhibitions. Others, and they are many, mistake the boarding for an essential part of the structure, forgetting that its real strength lies in the concrete and steel. To such the freedom opened out by our proposals is dangerous and is to be avoided.

To induce action one must overcome inertia. These swaddling clothes in which our personalities are encased are as bonds restraining us from action. And this restriction is reinforced in the case of those in comfortable or tolerable circumstances. Why should they be bothered, why consider these far-fetched schemes of change? Why risk the positions so hardly gained and held; by supporting ideas so heterodox? Such have a positive motive against action, and nothing will jerk them out of this attitude—except some stronger feeling. It is difficult for those who are accustomed to try to think things out to realise the very small part which intellect plays in the general make-up of humanity. Now Social Credit can be presented as a purely intellectual conception, dealing with the abstract statistics of production and consumption, and the mechanics of distribution.

This is the scientific mode of presentation, and it appeals to many of us here; but not, I think, to the majority of the public, or to most of those addressed at our public meetings. The distinction between the more direct appeal and the scientific view is strongly marked in the speeches, as contrasted to the books of Major Douglas.

It is, perhaps, worth notice, that the abstract presentation of Social Credit principles has but little appeal to the direct, interested feelings which alone can call forth action. From this point of view it is a rather cold, intellectual affair. An idea to be propagated, a queer notion, to be learned, and not easy to learn. It arouses no immediate feeling and can be achieved by no obvious activity. The trouble is that you may have a plan completely worked out for the good of the human race, and it may yet excite no feeling except artistic appreciation—and that will not come except from those who have not already decided on artistic appreciation for some other idea.

Now regarded from this angle, what sort of plan have we in Social Credit? First, we show that the present course of affairs means failure; then we expound our proposals for the use and distribution of the plenty which is really here. First, failure, then, how to prevent it. What reaction to this may we expect from the business man? His mind has been trained or has trained itself, towards success in his own business. Optimism and self-confidence are his mottoes—he has had to make them so for he has had little enough of these from his surroundings, and he knows that nothing less will induce an atmosphere of success. For this reason he instinctively avoids consideration of unpleasant basic facts which point to failure, such as those on which we found our case. We predict failure for the present system of economics, in which, it seems, his business is bound up. To him, failure is abhorrent, he dislikes the idea, he will not—must not—consider it.

His mind will have no difficulty in finding the Social Credit Schemes faulty; not by logic but by sheer aversion, the ostrich method, if you like, by hiding his head in his own business. But, in order to deal with this form of opposition we must understand, rationally, why he does it. When his business fails he will have a motive, fear, to find means of escape—he might then be open to Social Credit ideas—but unless he is exceptional he is then likely to sink below direct thinking into a condition of worry—an avoidance of connected thought.

It is fortunate that some of our facts themselves engender feeling—few can hear of the destruction of food contrasted with underfed children without indignation, and a feeling of bewilderment that such things can be. But our constructive proposals have no such appeal. And the analysis of the creation of credit, how difficult it is to get that home—to arouse some appropriate feeling! To get clear the credit policy and control is difficult enough. And then to indicate that in spite of the vicious policy they administer, the people who run the banks—at all events, the bankers we know—are sound enough as individuals—and still to keep a place warm for those few sinister figures in the background. And even these, do they understand the direct connection between their actions and individual misery? How far do they realise that other action—the alteration of the system—is possible? This pursuit of the villain of the piece is elusive, and reminds one of the search for ultimate in modern physics. No sooner than we were comfortably settled down with the "billiard ball" atom than this is found to be a solar system in miniature, consisting of a nucleus and revolving bodies we have called electrons. To fix these bodies three measurements are needed—mass, velocity, and position. But of these only two can be ascertained at any one time, and so we can never satisfactorily chalk the thing up this or that; it eludes us. Our only substantial villain, our sinister financier, is rather like this, we may find his mass and his velocity but not his personality, and so on. It is difficult to feel strongly about such an

entity, but how much easier it would be if our villain was of the old melo-dramatic type!

A system does not lend itself to strong feelings of intensity as would a definite personality. This is not, of course, to suggest that we should evade the complexity of the truth; but to indicate how difficult it is to arouse a proper feeling for some aspects of our truth.

Another difficulty in our case is that of presenting it as a whole. The mind, I find, grasps things as a whole; it uses the methods of a boa constrictor, rather than those of a rabbit. If you tried to learn, say, fifty letters, jumbled and strung together anyhow, you might find it quite a task. Put the same letters into a rational sentence, and, the idea which the sentence conveys being a single unit, it at once becomes easy enough to learn.

Social Credit has so many angles and protuberances that it is too much for most boa constrictors. We have all witnessed the rather painful efforts of the intelligent enquirer to stretch his jaws to it. Without order or sequence he will raise its different aspects, such as—credit creation—why do the experts reject it—pay without work—does "plenty" exist—work is necessary to salvation—"B" payments were once "A" payments—how will you get people to work—passing from one aspect to the next without any proper understanding of any. Now this is not by device, or even stupidity—it is the mind trying to grasp the whole by touching on its many parts. Further, every now and then, amongst the points he raises will come such remarks as, "But how are you going to put it into effect?"—"You have no political party and therefore not a dog's chance"—"Do you realise what you are up against?" These questions are surely the tentative and partial release of the half-submerged wish that such objects could be obtained. The creature within the cocoon is stretching its limbs.

If people will read and study the books, this makes for coherence and is, of course, by far the best approach. But many, naturally enough, will not do this. In conversation, at all events, it is hardly possible to present the whole case at a sitting. If it is possible, it seems to me that each facet of the whole should be treated as a temporary whole, the key-point for the purposes of that moment. That aspect would at once receive its full treatment, and be brought into relation with its parallel in present conditions, and so receive its full orientation. But this needs a good deal of patience on both sides.

It is our common experience that, while a modest section of the public is willing to listen, perhaps with sympathy, few of these will become enthusiastic and independent workers, which, I take it, is what we want. We shall not get enthusiasm and action from more than a very small proportion of our listeners. I know that there are arguments for and against numbers. To me it seems a parallel that the highly concentrated load on a stanchion is distributed on the subsoil by foundations only capable of taking a very small unit load. If the stanchion were placed direct on the soil the building would very soon collapse. The foundations are necessary, but their work is made light and easy. Fully granting that Social Credit may come from the "top" rather than from the masses, I expect it is agreed that those upper regions will need some support. I do not want to diverge into the question of numbers versus quality; my point is that assuming that we want these foundations, we must make their work light and easy, and we must not only construct, but retain them. A place is necessary, not only for the enthusiasts, but also for the less energetic, the sympathisers, whose load should be as light as their capacity.

To return to my main argument, it appears then that feeling is the necessary precursor of action. This applies to each individual, not only the bank clerks, but the leading industrialists also; even financiers are not beyond this attribute of human nature. The motivation, the feelings, may be different, but the fact of their existence is the same.

What feelings then can we harness as motives to implement our case? There is anger or repugnance, but

as I have tried to show, these are weak motives when directed against a system. Indignation is probably more effective, and fear still more so—if you can get people to fear before the crash; that is the difficulty, because people do not really fear until danger is obvious and imminent. In this our time may come; to the long-sighted, perhaps it is already coming.

Then there is the natural feeling for others; such feelings are much smothered by ignorance and present personal conditions. How can they be released? Further, how can we show that our path is their natural outlet. Hope for better personal conditions is a sound motive; this, together with indignation, is probably one of the strongest at our disposal. But even this is difficult to make direct in our case.

Then there are self-assertion, curiosity, ridicule, and so on. These feelings, and doubtless many others, all have their possibilities as levers to action. This action to consist, I take it, at first in dissemination, propaganda, which, in their turn will lead, as we hope, to the actual steps involved in the setting up of Social Credit.

Further to these considerations, it will be agreed that it is a part of our nature to expect a concrete result as the culmination of effort. Action produces a corresponding reaction. To some, the intellectual reward, the self-satisfaction of having found the solution, may be enough. But the majority expect, and quite naturally expect, something more immediate and definite to follow the acceptance of the Social Credit theory. What this could be—the wearing of a badge, formal enrolment, or what not—is not my immediate purpose, which is simply to point out that here we have a predisposition, an expectation, oddity, or even frailty of human nature if you like; and why not make use of it? It may not be rational, but it is certainly natural to expect some such ritual observance; and this might help as a steadying nucleus to rather vague aspirations.

Again, may we not be losing something by diffusion of effort? It is axiomatic that a line of action once taken tends to persist to its goal. Could we not take advantage of this tendency also? Could we not lay down some line of action to be observed? Such concessions, might I suggest, make it easier to retain our somewhat diffuse public. They would mean little to the enthusiast, but I see no reason to think that they would deter him.

I have, I find, somewhat emphasised the difficulties of our case. On the other side, we may be sure that Social Credit has in its favour the full force of circumstance, although this is not operative until it is adequately and directionally realised.

Again, ultimately, the whole weight of what we call the intellect is behind our cause. It is not a large force and it does not appeal to many, but in the course of time it is bound to have its way. Sentiment, bias, the imperfections of the mind, instinctive feelings—these all change the direction of their motive according as the wind stays or veers in each particular case. But intellect, although very weak as a power to move people, is yet steady, and will guide those motives round to its own ends in time.

The basis, then, of my argument is the assumption or the statement—that we are working to secure action. But action proceeds from individuals, and I have therefore endeavoured to show something of how it is engendered in the individual. I am not suggesting that appeal to feeling is absent, but that it is an interesting and, as I see it, a vital link in the train of causation which we may do well to isolate for concentrated attention.

The considerations discussed by no means indicate wholesale descent into the market place of catchwords and slogans. This cause is surely worthy of all the dignity which we can bring to it.

Social Credit is essentially an intellectual conception, but it is supported by deep feeling. If, in fact, it is the which is the veritable motive to action, then it will well to examine and employ this fact also.

## "Vraibleusia."

By "Old and Crusted."

I.

The labour of building up a Christian Commonwealth to replace the financially directed society in which we live is one that presents the greatest difficulties. Nevertheless, those difficulties are lightened by the fact that it is not an entire reconstruction that is needed. Capitalism itself is based on a foundation that we can use, a foundation laid in the Middle Ages during the period of that magnificent attempt to secure that every activity of men should be served by an institution constructed on and directed by Christian principles. The family, in which a man was born, the guild in which he worked, the Church in which he worshipped were institutions deliberately designed to his needs as a Christian. The vows at marriage, the oaths of the orders of Chivalry, the standard of quality of output in the guild are all indications of this. (The Political Challenge of Communism. By Geoffrey Davies. "Christendom." June, 1934.)

Heinrich von Treitschke, who was something more than a truculent Prussian professor of the blood-and-iron school, once said in one of his lectures on politics, delivered at Berlin University, that we were always forgetting that stupidity and passion were two of the "Great Powers" in history; little thinking at the time that his own beloved Prussia was to provide an outstanding example of the truth of his assertion. Another and much greater German also said that with stupidity the very gods fight in vain—and there are two ways of interpreting that. Admitted that stupidity is almost invincible this pregnant saying can also be read to mean that when the gods—the little tin ones—arm themselves with stupidity as a weapon they are doomed to defeat.

And that is what is happening in the high places of the world in this our day. The little tin autocrats have donned the whole panoply of stupidity and are putting up as tough a fight as Apollyon, who is their father, did against poor Christian. How much blood and tears will have to be shed ere the issue is decided no man may tell; but for the moment High Finance, like Apollyon, "straddles quite over the whole breadth of the way," saying, "I am void of fear in this matter; prepare thyself to die; for I swear by my infernal den that thou shalt go no further; here will I spill thy soul." Which is bombast and bunkum; for the final victory is with us who can say with Christian, "in all these things we are more than conquerors through Him that loved us."

Now in the turbid history of the nineteenth century a certain Benjamin Disraeli played a notable part. Very early in life he took the measure of the forces that swayed the politics of his generation, and, with the inherited wisdom of the East, bowed his head and let the legions of stupidity thunder by. When he, in his old age, returned from Berlin bringing peace with honour, and the new Conservatives, those mules of politics sired by Toryism out of Whiggery, cheered him to the echo, one wonders whether that Sephardi dreamer's thoughts went back to 1827 when he spoke to the people in parables, and, in "The Voyage of Captain Papanilla," gave the world his estimate of the economists and placemen of his day before he sank the poet in the politician and became the leader of a faction instead of the greatest social reformer of all time.

As the descendants of the economists and politicians of 1827 are displaying a similar lack of intelligence in circumstances that are not unlike those that Captain Papanilla found in the city of Hubbabub, in the island of Vraibleusia, it may be of interest to recall them:—

The hero of this adventure hailed from the Isle of Fantasia, situated somewhere in the Indian Ocean, and "so unfortunate as not yet to have been visited either by Discovery Ships or Missionary Societies." It is a place where "all those things are constantly found which men most desire to see, and with the sight of which they are seldom favoured." The inhabitants of Fan-

tasia were innocent and happy, though voluptuous and ignorant. Without commerce, agriculture, or printing-presses they lived on the gifts of nature's bounty, which had also blessed them with the art of making wine and endowed them with supreme knowledge of the art of making love. A happy and peaceful community; all holiday and no bank.

Amongst the most amiable and accomplished was Papanilla. "No one was a better judge of wine, no one had a better taste for fruit, no one danced with more elegant vivacity, and no one whispered compliments in a more meaning tone. His stories ever had a point, his repartees were never ill-natured." What a pity that such an amiable fellow should get into such a scrape! But he did, and this is what happened to him.

Wandering one day on the shore of the island in search of a lost lock of hair which "in a moment of glorious favour he had ravished from his fair mistress's brow," he had the ill-luck to find instead of his most precious treasure a sea-chest cast up from some recent wreck. In this fatal box he found a collection of books, and amongst them a slender volume bound in brown calf, "which, with the confined but sensual notions of a savage, he mistook for gingerbread, at least." This book was "The Universal Linguist," by Mr. Hamilton; or, "The Art of Dreaming in Languages." The subtle influence of this portentous tome threw him into a profound slumber—a not uncommon effect—but in this case the victim awoke, not with a headache, but endowed with the ability to read and understand the rest of the books in the sea-chest. After six months intensive study in solitude he returned to society determined to enlighten his fellow savages with all the fruits of philosophy he had culled from Bentham and his contemporaries. He began with the King, and informed His Majesty that man was born for something else than enjoying himself. Utility was the sole test of value.

"If there were no utility in pleasure, it was quite clear that pleasure could profit no one. If, therefore, it were unprofitable, it was injurious; because that which does not produce a profit is equivalent to a loss; therefore, pleasure is a losing business; consequently pleasure is not pleasant."

After that brilliant bit of dialectics he went on to explain the purpose of man, which is to perfect himself, for man is imperfect by nature and it is only by remedying this defect that utility can be developed. Man is a developing animal. Development is the discovery of utility.

"By developing the water we get fish; by developing the earth we get corn, and cash, and cotton; by developing the air we get breath; by developing the fire we get heat."

Which is the complete utilitarian philosophy. He concluded a long harangue by urging in eloquent terms the immediate development of the island, and recommended, for a start, the building of a great metropolis in order to "create demand." He also advocated cutting down all the forests, digging canals, building docks and slaying all the elephants, "that their tusks might yield an immediate article for exportation." In short, "poor old Pop," as his lady friends now called him, showed every sign of "developing" into the complete company-promoter, financier and practical politician.

The King stood it as long as he could; finally he burst into uncontrollable laughter, and turning to his courtiers, said:—

"I have not an idea what this man is talking about, but I know that he makes my head ache; give me a cup of wine, and let us have a dance."

But Papanilla was not so easily disposed of. He returned home and consoled himself "by reading some amusing conversations on Political Economy." Then he set to work to corrupt the young men of the island and deflect them from their prime duty, which was that of providing dancing partners for the ladies, who, scenting danger to their privileged position, rushed to the King like frightened deer for consolation and protection. His Majesty, who had inherited all the traditional royal genius for consoling ladies, quickly put their fears at

rest and then proceeded to put paid to Popanilla's little schemes.

Sending for the disturber of the peace, the King informed him that he had been carefully considering his suggestions and had decided to adopt a policy of development. In order to provide the necessary funds, in view of the inability of the island to furnish the taxes he intended to levy, he had determined "to fit out an expedition for the purpose of discovering new islands and forming relations with new islanders."

"Farewell, Captain Popanilla!"

(To be continued.)

### The Green Shirts.

#### NOTES FROM THE GENERAL SECRETARY.

On Wednesday, June 6, six members of the Green Shirt Women's Section marched in uniform to No. 10, Downing Street, carrying an official letter addressed to the Prime Minister. This letter read as follows:—

"Sir, On behalf of the women of Great Britain, we beg you to receive a deputation, to place before you the basic principles of a Sane Economic System, as propounded by Major C. H. Douglas.

We are assured that you have the welfare of British women and children at heart, and therefore we trust that you will accede to our request.

Yours faithfully,

CAROL DIXON (Mrs.),

National Organiser, Women's Section, The Green Shirt Movement for Social Credit."

The squad of Green Shirt women, looking very smart and well turned out in their dark green shirts, gray skirts, and dark green berets, halted and stood "at ease" immediately in front of No. 10. They arrived dead on time according to schedule at 1.30 p.m.

The squad leader knocked at the door, and, after being admitted, stated that she had a letter to deliver to the Prime Minister in person from the Women's Section of the Green Shirt Movement for Social Credit. She was informed that both the Prime Minister and his Secretary, and the other officials of the Secretariat Staff, were out at lunch. She therefore delivered the letter to the Prime Minister's messenger who gave her a written guarantee on official die-stamped noteholding that the letter had been received and would be handed to the Prime Minister the same day.

The squad of Green Shirt women then marched away to Whitehall towards Westminster.

During these proceedings a small crowd had, of course, collected in Downing Street. Two or three Pressmen were present, and a Press photographer took a photograph of the squad just as the leader emerged from No. 10. A report was also given to a woman reporter from the News-Chronicle who was present.

The diary of events, up to the time of writing, reads as follows:—

- May 14.—Green Shirts at Bank of England.
- May 14.—Green Shirts at No. 10.
- May 28.—Green Shirts at Bank of England.
- June 6.—Green Shirt Women at No. 10.

Further to the information given in THE NEW AGE for June 7, we are awaiting a reply from Mr. Montagu Norman to our letter dated May 28.

The 1st Birmingham Section is doing good work. On Wednesday, May 30, they had the Bull Ring to themselves, and addressed the biggest open-air meeting held so far. A crowd of something like 700 people assembled, and the meeting ended with cheers for the Green Shirts.

After the speaker had finished a police sergeant called him to one side. No doubt the Green Shirt wondered what was

wrong. It turned out that the police sergeant wished to convey "the congratulations of a Birmingham bank manager who had been listening, and who said that he considered the address delivered from the Green Shirt platform to be the most common-sense policy he had ever heard put forward in Birmingham."

We think this incident may be of interest to those who imagine that the Green Shirts only appeal, and are only able to appeal, to the wage-earning masses and the unemployed. There may be student types who, disliking our methods, desire that we should confine our agitational propaganda to what they sometimes call "the uneducated." They will find—and we are showing day by day—that our appeal to "the uneducated" is not an uneducated appeal. Because this is so, more and more educated and thinking types are finding their way into the ranks of the Green Shirts.

The Birmingham Green Shirts have attended several Fascist meetings just lately. At one meeting the police requested the Fascist speaker to close down owing to the attitude of the crowd. Green Shirts in uniform had asked question after question and bottled up the Fascist speaker to such an extent that the crowd began to insist in the following terms:—

"Come on! Give proper answers, or let the Green Shirts speak!"

Only a few weeks ago a large crowd in Leeds began to shout in unison at a Fascist demonstration:—

"We don't want Blackshirts—we want the Green Shirts!"

Those who understand crowd psychology in relation to political action know what to make of these spontaneous outbursts

Our report from Birmingham says that Green Shirts have attended meetings addressed by professors from the University, "but they will not answer monetary questions. Grant Robertson, the principal, said that Douglas was 'too far ahead.'" Church debates on the problem of war have also been attended, the late Chief Constable of Birmingham being the chairman, "but when the Green Shirts got on the platform to speak (in uniform) he said, 'I am sorry, but time is up.'" The local Press estimated the attendance at 1,000, and six Green Shirts were present. Our report says, "the questions we were asked after the meeting kept us out until midnight."

The time is coming when the Green Shirt Movement will be able to say "Time is up!" It will say that in action, not in words.

New Democracy (New York) for May 15, 1934, after quoting a telegraphic interview which appeared in the New York World-Telegram for April 21, says:—

"One mistake was made by the interviewer: Major Douglas is not 'the head of a disciplined "private army" of the unemployed in England, the Green Shirts.' The head of the Green Shirts is John Hargrave."

The interviewer made another mistake. The Green Shirts are not a "private army." We are a public body with a clear-cut economic objective.

On page 12 of the same issue, New Democracy prints the following:—

"The N. Y. Times has shut up on Douglas, but some time ago—February 27, to be exact—it attempted in its well-known facetious-feeble manner to make sport of the Green Shirts of England. 'Of all things on earth,' said the Times's Uncle Frederick, 'Major Douglas's social credit scheme would be least intelligently formulated by a green shirt. The Douglas doctrine happens to be a subtle and abstruse and complicated theory of economics centering about the idea of the distribution of credit by the State for the purpose of stimulating purchasing power and curbing consumption. It is as if Professor Irving Fisher put the case for the commodity dollar in a nutshell by appearing in a yellow shirt,' etc., etc."

"We venture no opinion on the wisdom of a uniformed movement in England. That is for those on the scene to judge. For the American movement uniforms are out of the question. But the cases of Social Credit and academic theory like the commodity dollar are not parallel. Besides being a theory, Social Credit represents a desire—the democratic desire for a rising standard of living. Such a desire leads to action, not talk. The Green Shirts cut clean away from the Babel of tongues and act; it is necessary that THE EYE SHOULD SEE, not print words—but people." (Attack!)"

Here and there, from time to time, we have come across the unauthorised use of the green shirt. This is bound to

pen, we suppose, as the Movement forces itself more and more upon "the public eye." There is obviously no way of controlling this, since anyone can walk into a shop and buy a dark green shirt, which, although not of the official pattern supplied to our members, is easily mistaken for such by the general public.

As far back as May 13, 1933, we saw headlines in a London paper which said, "Wax Hitler Daubed with Red Paint—Green Shirts in Tussaud's Raid." In that incident "three young men wearing green shirts" were reported to have carried out this "raid." They were, as a matter of fact, wearing light green "sports" shirts, and had no connection with the Green Shirt Movement.

Recently, we have come across the activities of a group in London preaching some sort of Communism. They call themselves "The Green Band." They hold outdoor meetings and spend most of their time and energy trying to prove that Douglas Social Credit is "exactly the same anti-bank to political power," and that the Green Shirts are really English Nazis, with Hargrave as a potential Hitler. Why, since they are so strongly opposed to the Green Shirts, they should call themselves "The Green Band," we have no idea.

Confusing the issue in another direction, we have seen at least one red banner inscribed with the words, "Down With Poverty Amidst Plenty!—Workers Demand the Wages of the Machine!" and some members of a Socialist Youth Group wearing green armlets that had not been issued by the Green Shirt Movement.

In these circumstances, reports that "green shirts" have said or done this, that, or the other must be taken cum grano salis, unless officially confirmed by Green Shirt National Headquarters.

F. G.

### The Theatre

Owing to pressure on space, some of my theatrical criticisms that appeared last week had been held up for a time. "Sixteen," for which I forecast a speedy migration to the West End, is now to be seen at the Criterion, and "Withdrawn from the Duke of York's Embassy in "Mrs. McConaghy's Money," a new play by Hugh Quinn, which is being given for a fortnight from the 11th inst. Maire O'Neill, Arthur Sinclair, Fred O'Donovan, Tony Quinn, and Cathleen Drago are in the cast, and the production is by André van Gyseghem.

VERNON SOMMERFIELD.

### The Films

"Those Were the Days." British International Production. Directed by Thomas Bentley. Regal.

Elstree has made an amusing adaptation of Pinero's farce, "The Magistrate." The atmosphere of the Eighteen-Nineties, with its hansom, "growlers," beer-drinking music hall audiences, and horse buses, when top hats could be bought for 2s. 6d. and a 9d. income tax was sending the country to the dogs, is here faithfully preserved for a generation that cannot conceive of an existence without cocktails, telephones, and sports cars. Will Hay—as the magistrate—makes his first screen appearance. His dry humour and slightly absent-minded style make him a welcome newcomer. Mr. Bentley has, as usual, made a sound job of the direction, and Otto Kanturek's photography also calls for mention. "Those Were the Days" is not high art, but it is good entertainment, of a characteristically English type. Pity that the women players are so stoney.

"Liebes Kommando." Julius Haimann Production. Directed by Geza von Bolvary. Academy.

This is easily the most delightful film I have seen during the present year. It is by way of being a light-hearted characteristic of the German studios, but not entirely rare, as in "Cinderella"—succeeds in making credible the story, masquerade as an officer cadet. Dolly Haas, soon to be seen in the British International picture, is the masquerader; this charming and talented young actress is the screen discovery of the year, and her selection for this role is admirable casting. The acting is excellent all round; Gustav Fröhlich, of whom we have seen far too little in England since the talkies, has a sympathetic role as the officer who discovers the masquerade, and excellent character studies are contributed by Livio Pavanelli and Tibor von Halmay. Marcel Wittrich, who has a single song, is comparable with Tauber at his best.

DAVID OCKHAM.

### LETTERS TO THE EDITOR.

#### "NEWS-CHRONICLE" CORRESPONDENCE.

Sir,—I should like to add my belief to that of X.Y.Z. that our cause lost a wondrous opportunity in connection with above. During the war if the enemy was forced to yield a small sector we took it forthwith. If the trenches were not as comfortable as we should have liked or the dug-outs a bit cramped and unwholesome we were, nevertheless, so grateful for the privilege offered that we did our best never to let the enemy have them again. Two columns or even 1,400 well-chosen words is a marvellous slice of the enemy position as things are to-day, and to haggle over whether we should not collar the whole of his front in one go seems rather piteous in our present position. The mere fact that Social Credit was worth the concession of 1,400 words in a popular daily would have created badly needed prestige in the Fleet Street area and on the mind of the public.

If the salient points of Social Credit cannot be boiled down to 1,400 words it is rather useless to attempt short letters to the Press. I feel sure that hundreds of Social Creditors have the impression that Social Credit has not come out of this affair too well. "JEDUSOCRAS."

Jersey, June 9.

[Since publishing X.Y.Z.'s letter last week we have received an unofficial intimation on behalf of the Secretariat suggesting that letters criticising their policy should be authenticated by the names of the writers, the reason given being that anonymity lends itself to the machinations of "agents provocateurs." We pass the suggestion on, and shall welcome its adoption by correspondents, but we cannot undertake indiscriminately to suppress or even to discourage criticisms by writers who decide to preserve their anonymity, so long as they declare their identity to us. Both our correspondents are regular subscribers to THE NEW AGE, whose bona fides are not in doubt, and whose sentiments, so far as we know, are spontaneous.—Ed.]

### Forthcoming Meetings.

#### The New Age Club.

[Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 305, High Holborn, W.C., (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.]

#### Colchester.

June 27, at 8 p.m., in the Albert Hall. Mr. John Hargrave, National Leader, the Green Shirt Movement. Subject, "Britain Arise! The Green Shirt Call to Action!"

### Social Credit in the Press.

News-Chronicle. Comments and description by Geoffrey Crowther, covering four articles, under title of "The Douglas Scheme Probed," appearing from May 15-18. Major Douglas's portrait by Augustus John reproduced as inset to first article. On another page of same issue appears a small picture of the Greenshirt deputation which called at No. 10, Downing Street on the previous day, with a letter to the Prime Minister asking him to inquire into the Douglas Proposals.

Birmingham Gazette, May 16. Article on leader page, entitled "Explaining the Social Credit Scheme," contributed "at the Editor's invitation by an official of the Birmingham Douglas Social Credit Group." It appears on the leader-page and covers the equivalent of two columns.

### The Conquest of Plenty.

The following paragraph appeared in the Sydney Morning Herald of January 8:—

"A total of 3,050,124,000 lb. of coffee, equal to more than the average annual world consumption, has already been destroyed under the direction of the National Coffee Department of Brazil, according to recent statistics compiled by the New York Coffee and Sugar Exchange. At late New York prices the amount destroyed would have a value of some 200,000,000 dollars.

"Since the start of the destruction in July, 1931, the Brazilian Government has burned, dumped in the ocean, or otherwise destroyed 23,107,000 bags. Last year's world consumption was 22,850,234 bags. In its efforts to eliminate its over-supply of coffee, Brazil has been speeding up its destruction programme. For the three months ended September 30, 4,782,000 bags were destroyed (1,511,000 bags in September).—(New Era, Sydney, 8-2-34).

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## The Social Credit Movement.

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

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