NOTES OF THE WEEK.

The following telegram was despatched on Monday, May 10, to the British Gazette and the British Weekly.

Strike was made inevitable by withdrawal of subsidy. Question of subsidy not within terms reference coal commission, and no evidence called to prove supposed economic unsoundness. Therefore commission's veto ultra vires. Urgent public importance know if veto was originally imposed by Bank of England, and if stock of this bank controlled by American financiers. If so strike appears result American interference with Britain's right financial self-determination. Meanwhile subsidy been issued to date in America for benefit American people amounting over one thousand million pounds. Suggest immediate trace on basis immediate remittance subsidy pending searching inquiry influence private financial policy over constitutional government.—Editor The New Age.

[The following is a reproduction of a typed "Emergency Issue" of The New Age issued as under date May 13, to direct subscribers.]

Just as the assassination of the Archduke was the spark that caused the military world war, so the killing of the Daily Mail's proposed leading article last Monday marked the opening of the economic world war. We must speak telegraphically, for reasons of space. For the supporters and elaboration of our reflections and speculations we rely on our readers' memories. As they will have seen already, there is really nothing left for us to say except to travel back over the last three years' Notes and assemble all the prophesies and warnings we have spoken during that time. Even a bare summary of them would be too long for these pages; we must even summarise the summary.

Let us state at once that the issues involved in the General Strike are issues completely hidden from the vast majority of the population. People are speculating whether the Government or the Trades Union Congress will "win" the strike. The truth is that the winning or losing of the strike is a matter of a mere trench raid in a great war. The strike is the beginning only of a general revolt against the existing credit system, a revolt which, beginning as a struggle between British capital and labour, may easily extend throughout all the debt-ridden countries of Europe, at which point Europe's rulers may at last be forced to announce in plain words the real cause of their common problems. It will require only that to bring about an instant totalisation of the warring forces, and to cause them to ally themselves behind a single challenge to the minerly few agents of an obsolete financial policy which stands between them and the prosperity which they are so well able to create for themselves.

The issue is dispensational in its potential magnitude. And the stand taken by the Trades Union Congress against any further economic repression of the individual income-earner is as essentially a right one, as it was an inevitable one. It is said that the action of the Congress constitutes a challenge to constitutional Government. Practically that is true; but the gravity or otherwise of the action depends entirely upon whether the Government so challenged is administering a British policy, or an American one. Suppose that the Daily Mail's rallying slogan—"For King and Country"—could be more truly phrased "For Coolidge and Country." Suppose the veto on the subsidy, which alone made the strike inevitable, was originally sent out by the Federal Reserve Board of America, and was afterwards relayed in some through the Bank of England, through the Treasury, through the Coal Commission, through the Cabinet, and finally through Parliament and the Press.

From first to last there has been no attempt to demonstrate the economic unsoundness of the subsidy; it has been taken for granted. The leading statements of all three parties know that industrial peace could be purchased at once by a resumption of the subsidy. What economic reasons can make the industrial paralysis which has overtaken it? The industrial paralysis is being covered by American Governments is being covered by American Governments. America is thriving by it. Yet, behold when a sum only one-fifth of that amount has been issued to enable British miners to purchase goods beyond the scope of their earnings. This is a general subsidy. It is still extending. America is thriving by it. Yet, behold when a sum only one-fifth of that amount has been issued to enable British miners to purchase goods beyond the scope of their earnings. This is a general subsidy. It is still extending. America is thriving by it. Yet, behold when a sum only one-fifth of that amount has been issued to enable British miners to purchase goods beyond the scope of their earnings. This is a general subsidy. It is still extending. America is thriving by it. Yet, behold when a sum only one-fifth of that amount has been issued to enable British miners to purchase goods beyond the scope of their earnings. This is a general subsidy. It is still extending.

We have lately heard from a trustworthy business source that the pro-currency of American bankers is how to prevent other nations from following the American example. They have calculated that they can only safely deal with the problems arising out of
the above tremendous consumer borrowing so long as other national banking systems keep a tight rein on consumption, it would be a measure of the financial windfall made by Sir Robert Kindey, a director of the Bank of England—"If I were to shift my head-—the New York, I should become a high priest of extravagance and preach the advantage of spend-—" Over here he preaches thrift and restricted spending.

There was a rumour current some years ago that American financial interests had brought a control of the stock of the Bank of England. It began to result from Union Bank in many cases when two incidents lend support to it: one was the remarkable low rate of interest on the Bank's foreign loans ("foreign" property rights would have been a more convincing reason), and the other was the case of Mr. Montagu, the Bank of England's five per cent. gold loan, and has continued so since. In deference of precedent he has been repeatedly re-elected. (Sir the co-director of the New York American Finance would want its "Minister of Defence" to be in permanent charge of the Bank.

Now, logically, the strike is a challenge to the principle of defining the character of American finance. Its appeal appears to be to our "American" government only as long as that government remained in control of the Bank. Thus, the Trades Union Congress, antagonistically, will be able to immediately inspire the contest. Again, the strike is not a financial and industrial affair. It is on the other hand, a political and social course of action. Brails in the streets answer to brails in the papers. The New York bankers, that are associated with the essentially American political economists, are to the Bank of England and orthodox economists generally.

It is not surprising, therefore, to hear that Wall Street is placing dollar credits freely at the disposal of the Governor of the Bank of England. (The Federal Reserve System, with Baruch and other American financial authorities) has agreed not to refuse such credit in time of need, or perhaps in time of emergency. It is quite possible that the reconciliation of British capital in the American market might lead to a boom in the American market. The almost complete suppression of private business has come with the gold position in which the Bank of England, and there is a quality in the Bank of England which the United States might wish to borrow from, with a view towards this new opportunity. The Bank of England is a great national asset, and it is easy to understand the existing state of affairs.

The process of loan creation and loan cancellation have been suspended by the action of the General Society. Every bank creates a deposit, and every repayment of a loan destroys a deposit. This means that the "credit" is in the aggregate.

WHERE THE SUBSIDY CAME FROM.

The Coal Subsidy was a series of loans made by the banks to the Government. Each loan was a new credit created with the credit of the loan from the Bank, and the addition to the amount of credit then in existence.

ILLUSTRATION OF THE PROCESS OF CREATING THE SUBSIDY.

When a bank grants a loan, all that does is to write figures in a book representing the loan as an addition to its credit. Suppose the sum to be £100. The bank opens a Loan Account in the borrower's name, and debits the Account with £100. This is known as a Current Account in his name, and credits to the bank's deposits, i.e., the total of the bank's loans and deposits, are both increased by £100. There is now in existence £100 of extra money available to be drawn upon, and this sum is for the moment at the disposal of the borrower. Notice that this new loan was made without removing the deposits of any money from others' accounts; no person or persons have been called upon to put one penny of it; it is absolutely neutral in accountancy value, for it means that all the life in the bank is now in the circulation. They do not: rather they become new savings.

To return to the case in question. The borrowed money goes into the expenses on his current account, and up to the amount of his balances, and are paid to pay for goods or services. As he does so the money is transferred against his deposit in that account until the £100 is repaid. They go with the account balances, and may be regarded, at that time, as a closed account. But the people to whom he has paid his wages, goods, or services must have the £100 available in their current accounts, and they paid them in. So, as fast as the bank deposit is being reduced by these other people's deposits coming from somewhere, the bank's deposits under its current account will remain in circulation until the original borrower repays his loan.

When he does so the bank, instead of entering the loan account, will enter it to the credit of his loan account. The effect of doing this is to reverse the previous process of loan creation. This reversed process cannot be carried out by the National Government. The British government's attempt to do so is not possible unless it is withdrawn from circulation.

The processes of loan creation and loan cancellation have been suspended by the action of the General Society. Every bank creates a deposit, and every repayment of a loan destroys a deposit. This means that the "credit" is in the aggregate.

By 1926, the New Age had changed its name to the New Era. The above text from the New Era, Volume 15, No. 1, May 13, 1926, contains a discussion on the financial and economic implications of the bank's loan creation process and the implications of the financial collapse of 1929 on the world economy.
The Troubling of the Waters.

The following manifesto was circulated to the Archbishops and Bishops of the Church last month: Readers will recognize the similarity between its main proposals and those embodied in the Archbishop of Canterbury's recent message to the Government and the nation. The League of the Kingdom of God is a band of Churchmen and Churchwomen who stand, among other things, for "the awakening of Churchmen to the lost social traditions of Christendom and the reformation of a Christian sociology consonant with the needs of the age." The Honorary Secretary is the Rev. Paul Stanley, St. Peter's Vicarage, Coventry. Readers who have opportunities for work of this nature in the Church should communicate with him.

TO THE ARCHBISHOPS AND BISHOPS.

We, the undersigned, on behalf of the Executive Committee of the League of the Kingdom of God, a Society of Churchmen independent of any political party, appeal to your Lordships in the present industrial crisis to act upon the declarations made by you at the last Lambeth Conference. You then laid it down as a consequence of the three principles in which you summed up the position at which you had arrived in regard to industrial and social questions that "the fulfilment of these principles must lead to something better than a tinkering scheme of permanent reform." Your phrase aptly describes the scheme which the country is asked to accept as a solution of the problem of the coal industry. You were careful to insist that "the Church as a body should never concern itself with a political issue unless it involves a clear moral issue, and then only in the interests of morality and righteousness, and not in the interest of parties." The Church must be impartial, but it can never be neutral when moral issues are at stake.

We submit that the proposals of the Coal Report in so far as they involve a lowering of the already inadequate wages of the miners—large sections of whom are existing on a wage which is a disgrace to the nation—involve a moral issue, and the crisis therefore calls for a definite and unequivocal pronouncement from your Lordships that you are not prepared to acquiesce in the lowering of the standard of life of one of the most deserving sections of the community. We would point out that not only did you reaffirm the principle contained in the Lambeth Report of 1905: "The Christian Church, which holds that the individual life is sacred, must teach that it is intolerable to it that any part of our industry should be organised upon the foundation of the want of the labourer. . . . The fundamental Christian principle of the remuneration of labour must be the proper maintenance of the labourer, an idea which has been sought to express in popular language by the phrase, "the living wage," but you added: "This must not be interpreted as a bare subsistence wage. There must be sufficient to live a decent and complete, a cleanly and moral life."

In view of these declarations, we ask that you take action now that the principle laid down in these declarations is challenged, and urge on Christian people the duty of refusing to consent at a price which is based on expediency and the supposed necessity of submitting to alleged problems in economics; there are no problems badly stated. After prolonged consideration we submit to your Lordships the following propositions:

(a) That there should be no lowering of the present standard of living.
(b) That a subsidy (though perhaps on different terms) should be continued during the period of transition between existing conditions and those which might eventually arise from the re-organisation of the industry as proposed by the Report.
(c) That this is the most justified since the policy of the reduction of costs by decreasing the earnings of the workers has been extensively tried for the last half-dozen years, with no result other than the impoverishment of the masses, the decrease of the consuming power of the community, and the acclimatization of the economic deadlock by which Society finds itself threatened.
(d) That it is desirable to press for a closer inquiry than has been provided by the Report into the alleged watering of the nature and amount of what are called invisible reserves. It is suggested that in this, as in previous industrial crises, the public is not given sufficient of the relevant facts to enable it to form a judgment.
(e) Seeing that the granting of the subsidy, which is in fact the pledging of the community's credit, though issued by the banks, has revealed the fact that finance, or the control of money-power, is the real crus of social life, the Government be urged to institute at once a free, public, national inquiry into the relations between banking and the issue of credit on the one hand, and the needs of the community, both as producer and consumer, on the other.

Finally, we urge that if the policy of wage reductions is pursued and no protest made by the Church, the industrial workers will conclude, and conclude rightly, that the declarations of the Bishops in their solemn assembly are merely "scraps of paper," to be thrown on one side whenever a definite issue is presented, and that once more the Church will have shirked its witness for fear of giving offence.

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On behalf of the National Executive Committee of the League of the Kingdom of God.
April, 1926.

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This Committee has been formed to organise the collection of signatures to a Petition for an Enquiry into Finance.

It is not connected with any particular scheme of financial reform, and its object can therefore be consistently supported by everyone who believes that the fundamental cause of the economic deadlock is financial.

Copies of the Petition, together with lists and sets of instructions, are immediately available.

Write to THE SECRETARY, Finance Enquiry Petition Committee, 324, Abbey House, Westminster, S.W.1