NEWAGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

Apropos of Major Douglas's reference at THE NEW AGE Dinner on March 21 (reported in last week's issue) to the Soviet and Fascist plans for economic recovery, an article by the Evening Standard's Travelling European Correspondent' is worth recording. Writing in that journal on March 26 under the heading: "Watch Italy," he concludes:—

Wages and Price economies, what Soviet Russia seeks this Rose

This goes to confirm Major Douglas's proposition that essentially there is no difference in principle being how Mussolini came to decree the wage and brice cuts, says

Budget deficit, and uncertain of obtaining credits abroad, decided that the only recourse possible was to a national tightening of the belt, it was a comparatively simple matter for him, without consulting Parliament, to intimate his the General Confederation of Industry."

this recalls Major Douglas's disclosure of the fact that recalls Major Douglas's disclosure of the fact had an American deputation of financiers in Italy wanted to maintain Italy's credit in New York (or, that evidence of American financial assistance to been probably given on the same sort of understanding as to internal Russian price and wage levels.

of policy between Mussolini the personal dictator allowed, and in all probability assisted, to get what solicy and in all probability assisted, to get what policy, and in all probability assisted, to get what policy, and is now being compelled by external finance. In the condition of individuals—master and man alike atorship, for both dictators accept dictation from source—international finance—whose ob-

jective is in diametrical opposition to that of every individual citizen. For example, in spite of the fact adduced by the writer of the article that in Italy wholesale and retail prices fell by 10 per cent. and rents by the same margin—thus theoretically compensating the 10 per cent. cut in wages and salaries, he remarks:

"The full effect of the fall in prices and wages will not be felt in Italy, however, until the present world depression lifts. As soon as markets open up, the competition of Italian industry, with its cheap labour power and low production costs, will be seriously felt by other manufacturing countries." (Our italies.)

Quite so. The present situation is that Italians are pinching themselves in the hope of pinching markets. When they have done that (if they do) they will then be warned that they must continue to pinch themselves to hold the pinched markets. Sowing pinches, they will reap pinches. And nothing can stop the process—whether in Italy or in Russia—while the national economic system is based on the notion that vomiting goods abroad is the only way to digest goods at home.

It is amusing to turn from these rigidly disciplined countries to Australia in general and to New South Wales in particular, and to observe that Mr. Lang, Mr. Theodore, and even Mr. Scullin, who are hampered by all the popular checks and interferences permitted and encouraged under the democratic form of government, are each of them putting up a resistance in his own degree to financial dictation—a resistance entirely absent from the policy of the Russian and Italian dictatorships which have got rid of all such interferences in the name of Efficiency. The outstanding check on policy under Democracy is the "freedom of the Press." At the present time the bankers are exploiting this "freedom" against the Commonwealth and the N.S.W. Governments. But at any moment they are prepared to turn round and destroy the freedom of the Press—virtually abandoning Democracy—if and when they get a Government of their own liking in office. Give them a thoroughly subservient Administration, and they have no use for the Press—they can go ahead faster without it. For this reason it will be advisable for

Press editors and staffs in Australia, if they are still capable of any sustained, independent thinking, to consider what would be the ultimate outcome of the success of their attempt to stamp out the new impulse in Labour circles to bring financial policy within the orbit of politics. There is ample material on which to base such consideration. For one thing, the emergence of the non-political or all-political "All For Australia League" which they are unanimously and enthusiastically backing contains a potential menace to their own existence. This League is admittedly one of several manoeuvres to bring about what is being referred to as "one great movement"

—and this movement is being organised to rally round Mr. Lyons, the ex-Treasurer of the Commonwealth Labour Government under some slogan of the type: "Restore the Credit of Australia." Suppose this succeeds. It is obviously conceivable that the Lyons Coalition will take on the form of an open dictatorship. There is only one contingency which would render this improbable and that is that the Lyons policy was popularly approved when its actual administration was experienced. Do Australian editors really think that this is even a possibility? Do they not realise that if they succeed in getting rid of Lang, Theodore and Scullin, and everything they stand for, they exalt into dominance the full and unadulterated policy of Otto Niemeyer. If they are going to say that Mr. Lyons' policy would be something less harsh—some compromise more acceptable to Australia's citizens—then they convict the markets out of their convergence. themselves out of their own mouths as tampering with Australia's credit. For they have repeatedly claimed that Niemeyer has given impartial advice, and that his recommendations are the minimum that is essential to trade recovery—that the least discounting of them will precipitate ruin. So the effect of Lyons' achievement of power will be the enthronement of Niemeyer, the absentee bank-lord, and the administration of his Australian estate by his Resident Agent, Mr. Lyons. Now a Niemeyer-Lyons Government with an all-Party backing must be stronger than any Party newspaper. And being inspired by the omniscience of London and Australian bankers it has no need to consult the Press in order to frame its policy. In a word, it can proceed to scrap newspapers as part of its policy of financial economy or suppress them as part of its policy of political discipline.

In a very much less grave emergency than that which now exists in Australia—the General Strike in England—the Government published its own newspaper while the other newspapers had to stop publication or come out with a single sheet of news even that being subject to censorship. A Niemeyer-Lyons Government could plead this precedent for doing the same thing, and with more justification. What case could the trading Press bring against this Government Press? How could it plead its right to publish "independent" criticisms of a Coalition representing what they are now teaching people to believe to be the common view of the vast majority of all Australians? And even suppose that it could reconcile its plea with all that it has spoken during the crisis, what could it reply if the omniscient Coalition were to announce that in its judgment the crisis was not over (and when it got to work there would be plenty of evidence to show that the situation was more menacing than before), and that all independent criticism of its policy and administration would play into the hands of the "inflationists" and "repudiationists" besides indirectly stimulating forces of disorder? It is not as if all newspapers could agree on a Government's financial policy and take sides about its fiscal, industrial and social legislation. Ten years ago such a notion was prevalent, but to-day there are few observers of affairs who fail to realise that all legislation is bound up with financial policy,

and that criticism of any legislative item implies criticism of the financial policy. Considering that the common slogan of the Australian Press for the last nine months has been: "Trust Niemeyer," it would be eating its words if it appealed to the doctrine of the "freedom of the Press"; for this would imply distrust of Niemeyer. If as it has declared, no sacrifice is too great to destroy the "Lang heresy," then no sacrifice is too great to preserve the Niemeyer Dictatorship. It is amusing to picture the sorry figure that the Melbourne Age would cut in such an emergency on the point of "freedom" to represent the views of the public, in the face of its classic right-about-turn when Niemeyer arrived in Australia. On one morning it was rudely warning him against interference with domestic policy; and on the very next morning was politely welcoming itself overnight? Or does that newspaper serve two conflicting sections of public opinion, catering for conflicting sections of public opinion, catering for could it offer to reconcile its act with the accepted traditions of a "free press?"

Let us now revert to the subject of the Italian plan and glance at its technique. The idea behind it is apparently that of scaling down prices and incomes by equal proportions and so reducing the cost-value of exportable goods while leaving disinternal ratio between prices and incomes will be turbed. The expected result, so it appears, consume that the Italian population will continue great as much as before while exporting a great and in fact anyone will see that in theory the ding activities of the whole world could be carried ing activities of the whole world could be carried amount of money in circulation. Postulate a obedipost the same with half or a quarter of the pworld amount of money in circulation. Postulate a obedipost to whom everybody has to render appeared and suppose him to decree that on an ence, and suppose him to decree that one are pointed day every claim for money, without of the pointed day every claim for money, without of the pointed day every claim for money, without of the pointed day every claim for money, without of the pointed day every claim for money, without of the decree would produce the required statistical thing the ball there would have to be no exception. Every thing the device of the world have to be no exception. Every thing the profits, rents, interest, ledger-balance dividends, profits, rents, interest, ledger-balance (banking as well as industrial), stock-valuations, and so on. If not equiliserve-appropriations, and so on. If not equiliserve-appropriations, and so on. desired counting system. Its books would be thrown out of the appear an old-scale debit facing a new-scale counting system. Its books would be thrown out once upsets the accepted double-entry principle of the plant and the

There is no evidence that the Italian scheme of intended to have this universal application. Course, would it be practical for any single the to attempt this on its own initiative along was, indicated. It is easy to say:

down 10 per cent. and prices down 10 per, cooking £1,000. The wage-cost might be, say, ingle the immediate result is that the manufacture. The immediate result is that the manufacture answer to that, of course, is that as which hope would all come down 10 per cent. as which they would—that is to say, those crelating at production. But what about the standard and foremost, the costs of materials on hand, land, and foremost, the cost of the factory, outstand apply here? Does it apply to the prices of the prices of apply to the prices of the prices of apply here? Does it apply to the prices.

tures and stocks held by individuals and institutions in this concern—prices which represent most of these old costs?

All credit comes out into circulation as bank-loans; all these bank-loans are accounted as industrial costs all costs are accounted in prices. Therefore the interrelationships between circulating credit, costs, prices, and bankers' assets and liabilities (loans and deposits) are governed by the accounting-principle—each of them in turn is an arithmetical expression of the rest. If, then, some of these are adjusted downwards, and not all of them, the monetary records will get out of gear, and can only be put in gear by resort to some new accounting-device which infringes the double-entry. entry principle as we now know it. Practically-minded people may say: "Well, what does it matter, if the scheme works—if everybody can buy as much as before with less money than before?" Quite so. And the more that people get into the habit of talking in this strain the better we shall like it. For what, in this strain the better we shall like it. For what, indeed, do book-entries matter if any scheme "delivers the goods"? But under the existing financial system the goods "? system the opposite principle dominates the situation; that is to say, bankers' book-entries condition the deliver. deliveries. Here we come on the fundamental clash between the bankers on the one hand and the community regarded both as producers and consumers on the other. The bankers' principle is: "The figures we write tell you what you must do." The community's principle is: "What we choose to do tells you what figures to write." One of these irreconcilable views has got to go—and there is little concilable views has got to go—and there is little doubt about which will ultimately prevail. But the bankers will be a concentration of the public bankers will do all they can to postpone the public energence of this vital issue, because when once it is clearly propounded the people of this country will teturn a unanimous verdict against them without leaving the L leaving the box.

One of the methods open to the bankers is to cook their figures—a simple matter, since their transactions are a secret. Assuming, for the sake of argument only, that in the case of Italy Signor Mussolini's incomplete scheme when put into operation pleased a large secret. pleased a large proportion of the population, masters and men alignments. and men alike, and did so to a degree which involved a strong. If, as a strong popular demand for its continuance. If, as might be the case, the bankers thought it prudent not to interfere with it, they could easily publish monetary statistics which appeared to confirm its soundtary statistics which appeared to confirm its soundness. At any given time they might, let us suppose, \$50,000,000. But since no one of these borrowers would know how much any other owed—and since the bankers themselves are the only people who do nothing to make audit their own accounts)—there is nothing to make audit their own accounts). nothing to prevent the above sum being written down rves, 20 millions. Similarly with bankers' re-asons premises and investments. If for political teasons they wanted these to look less valuable in terms of they wanted these to look less valuable in terms of they wanted these to look less valuable in the terms of the wanted the second they wanted the second they wanted the wanted they wante iked to any one of them. As a matter of fact, since to any one of them. As a matter of fact, since to any one of them. As a matter of fact, since tepayment they have excused borrowers at home from from the payment of tepayment of overdrafts, and foreign nations from tepayment of overdrafts, and foreign nations; yet tepayment of overdrafts, and foreign nations; yet to trace of these transactions can be detected in their brofit and loss accounts. In short, the bankers, while even imposity imposity accounts accountancy-principles on that they are bound by the same principles, are ready bolds are bound by the same principles, are ready bolds for the same principles. policy are bound by the same principles their them in private whenever it suits their

In the bankers who, as Major Douglas indicated this Speech at the Dinner, are exploiting the Rusther Pive-Year Plan, must be assumed to approve methods of the Plan. One of these methods

seems to be the provisioning of Russian workers with their needs on something like a system of payment in kind. Instead of wages, as in England, being paid in bankers' money, and, as such being accounted into cost of production; there are indications that Russian "wages" virtually take the form of a share-out of a part of the physical production itself, and therefore need not be accounted as monetary costs at all. In the nature of the case the evidence available to us is too vague to permit of a proof of this; but it is sufficient to justify this suggested hypothesis. What is clear is that such a thing can be done, and that there are ways in which the fact of its being done can be concealed from all but a handful of watchful observers—concealed even from the Soviet administrators themselves. It stands to reason that if you control the nation's plant and equipment and are able to impose a physical ration of goods on the working population, you can set production going ahead at full efficiency and get all the surplus products for nothing. These you can sell abroad at any price you like-or can even give them awaywithout disturbing your internal economy, provided only that your workers are content to accept the ration you have prescribed. Someone will say: "But if the Soviet Government is working on this principle it is really adopting a Social Credit discovery." In part this is true. The scheme does depend on the fact that the real cost of all physical production is no more than the fraction of it consumed during manufacture. To use a homely analogy—the "cost" of the Christmas pudding is the raisins the youngsters sneak out of it when stirring it. But such reflections as this would be more reassuring if the action of the Soviet Government could be accepted as evidence that it knew what it was doing. There is no evidence either that it knows, or that, if it did know, it wishes to use the Social Credit technique for the Social Credit objec-

Some of our readers will already have realisedand it is vitally important for all of us to realisethat it is within the power of the bankers to use the Social Credit technique to frustrate the Social Credit objective. As we have seen, they are able to use it to enable Russia to smash external Capitalism by exporting goods at under cost—i.e., under the cost as measured by the Capitalist accounting principles. But so long as the Russian Government and people are ignorant of the nature of this technique, of the fact that the bankers are exploiting it, and of the alternative objective for which it might be used, there is nothing to stop the bankers putting an end to the process and reverting to their traditional methods of financing directly the Soviet Government's immediate and misguided objective has been reached—the ruin of the Capitalist system abroad. To speak in general terms, so long as the bankers can work in secret, they can delay the permanent adoption of Social Credit by Governments for national objectives by intermittent applications of it by themselves for their own purposes. We may venture even to suggest that they could go the whole hog in Russia—with just-prices, national dividends and what not—for a considerable time and then call it all off. It would simply depend on whether the Russians woke up to the nature and implications of the policy. If they remained under the hypnosis of their hate for Capitalism, imagine how easily the bankers could persuade them, after the "victory," that they had forced the banks into unsound methods of finance in the process of fighting, and now that the external danger to Communism was finally overthrown, Communism must consolidate and sanctify its triumph by reverting to a "sound" system of finance. What answer could the people make?

Well, they could, of course, say: "We were prosperous when we were strangling the enemy with our exports; why should we be poorer now that we have no more need to do it." But it would be exactly the same question as the citizens of all the Allied nations could have put when they had got Germany beaten. The bankers did not give them time to ask it: they immediately announced that the war against Germany had impoverished the Allies-a lie which is still accepted as truth by an overwhelming majority. Similarly, in the hypothetical case we have put, they could announce in Moscow that the war against Capitalism had impoverished Russia.

It would interest us to have a peep at the picture which Stalin sees of the world-situation when Communism shall have won its victory. Has Communism the wit, the will and the power to convert its war-mechanism for destruction abroad to a peace-mechanism for reconstruction at home? To take an enemy position is one thing; but to consolidate the position afterwards is another. The first task may be successfully accomplished on the basis of observations taken from the ground (Marxian analysis); but the second depends on observations taken from the air (Social Credit analysis). Is Communism sure that the only guns trained on the Capitalists' position are those it is firing from its own front? Is it sure that there are no guns far in the rear of the position—guns whose existence and calibre are concealed by their own silence? If there are such guns, is Communism preparing in advance the means of silencing and capturing them? Is it preparing merely to occupy Capitalist territory or to march across that territory? Further, assuming the existence of a second position in the rear, is an attack on the first the only line of advance towards it? In terms of the last war, is the invasion of Belgium the only way to the investment of Paris? Belgium's decision to fight Germany in defence of her neutrality was not voluntary; she was virtually commanded to fight. And so, in the present economic war, is there a financial power external and superior to Capitalism which has ordered it to defend its "neutrality." Oh, but "Capitalism" is Finance-Capitalism, someone will say. Quite so at the moment but the union is not indissoluble: the financial element can at the state of t ancial element can at any moment detach itself from Capitalism and fasten itself on Communism. As a matter of fact there are signs of this process going on at the present moment. Bankers, as well as talking like parrots, climb like them. They never lift a claw from one bar until the other has firmly grasped the second. They have one claw on Capitalism and the other on Communism; and they will hoist themselves up or lower themselves down from one to the other as it pleases them. London-Moscow-it does not matter to them which perch they repose on: they will choose the most comfortable one irrespective of its name and its doctrineand to them the measure of the comfort is the degree of obedience which they can command from the political Government. Capitalism is in the situation of Sinbad the Sailor; and the problem of Communism is to put Sinbad on his back without getting the Old Man of the Sea on its own. We can only hope that Stalin has solved it-for there is no evidence to suggest that he has.

Short of action undertaken with the conscious objective of establishing Social Credit we have one standard test for assessing the value of any course of action. It is this: Is it drawing the bankers' fire and thereby compelling them to unmask their batteries? Measured by this test the Australian creditreform leaders are worth twenty Soviet Governments. They are compelling the bankers to dis-

close their strength, their dispositions, their strategy, and their objective; also, and more important than all this, they are forcing them, before the eyes of a watching world, to commit startling breaches of the rules of democratic warfare. These reformers have brought about a situation in which the accuracy of every detail in THE NEW AGE'S aerial photographs of the enemy's position is being attested by the enemy's accuracy. These leaders attested by the enemy's overt acts. These leaders have justified their leadership, for they have opened the first company. the first campaign in the world-war against a nonrepresentative and unprincipled financial oligarchy; and in a short time they will be seen to have won it, notwithstanding what immediately happens to them on the Australian sector of the world-front.

In support of this assertion we adduce the appropriate splection with the specific splection of the specific splection with the specific splection of the specific splection with the specific splection of the spl pended selection of news-items from The Times during last week; (The dates refer to the issues of that news-items) during last week; (The dates refer to the issues of that newspaper, not to the events and comments, most of which belong to the day before.)

(A.) BANKERS' INSINUATIONS, ALLEGATIONS, ARGUMENTS, ETC.

(1) Gibe at Mr. Theodore for calling the £18,009,000 new, currency he proposes to have created a "fiduciary issue —thus cunningly "adopting the vocabulary of the Bank of England." (April 7.)

(2) "The caucus, in theory, has definitely rejected repulsion and inflation, but has embraced both as a policy. (April 7.) The reference is to the Australian Labour Party Executive.

(3) Mr. Lyone's reach is "agrant in the general interpretation of the general interpretation of the general interpretation."

(April 7.) The reference is to the Australian Labour Party
Executive.

(3) Mr. Lyons's speech is "reflected in the general interpretation of Commonwealth securitis." (April 21.)

(B.) SO-CALLED SPONTANEOUS POPULAR MOVEMENTS

(1) Convention of 150 delegates from north of adopt a draft constitution for the State of N.S.W.

"adopt a draft constitution for the State of State of England." The people in that district want to "disgrade themselves from the policy of repudiation of the state of themselves from the policy of repudiation of the state of themselves from the policy of repudiation of the state of the state of Government within the Commonwealth unit of Government within the Commonwealth undistance of N.S.W. as determined by the High Court.

(2) Inter-State Nationalist Federation begins its Conference at Melbourne. (April 9.)

(3) Reference to "Mr. Lyons's movement." (April 9.)

(4) Reference to "various citizens" to sale of the state of the state of the state of the sale of the state of the state of the state of the sale of the state of the state of the sale of the sa

(2) Inter-State Nationalist Federation

(3) Reference to "Mr. Lyons's movement." (April 9.)

(4) Reference to "various citizens" movements."

(5) Adelaide. Five organisations are forming to body to be called the "Emergency Committee," for an ordinate efforts in the Federal Sphere in preparation, election." These are (1) the Liberal Federation, Political Country Party, (3) the Citizens' League, (4) the Moritical Committee. (April 9.) The convenience out of which this committee has guilder of ferences out of which this committee has guilder of ferences out of which this committee has guilder of the Grenfell Price, Master of St. Mark's College, University (1) Grenfell Price, Master of St. Mark's College, University (1) Grenfell Price, Master of St. Mark's College, University (1) (2) Mr. Lyons opens his "Australian campangent is apparently an academical innocent maneuvred in the committee of the streets, and "Australian campangent flipid laide. Entertained at lunch by the Committee of the people to hear the speech, which was praign overflowed into the streets, and "amplifiers analytical out Australia." Lyons's points:—ment expect, which was impossible "—there must be an "amplifier analytical out Australia." Lyons's points:—ment expect was impossible "—there must be an the foreign of the people of the sistence of the people of the people of the sistence of the people of the people

currency with a view to united action.

(8) Melbourne Argus calls upon all political position unite in support of Mr. Lyons as leader of the unite in support of Mr. Lyons as leader of the unite with movement to get back to sane government and the Citizens' movement the combers throughout and the Citizens' movement (embracing the citizens') and the Young Nationalists—a new and solonstand should be foliable to the citizens' statement of the citizens' leadership.

(10) The Riverina and kindred movements (i.e., general support' of Mr. Lyons's leadership.

(11) A proposal by "some electors (to proposal should 6,000,000 people want seven (constant form) (April 7.)

(12) A Convention of 100 delegates from the wastern from tricts of N.S.W. resolves to support the Riverina novembra tricts of N.S.W. resolves to support the Riverina movement in the constant form of the constant form of the constant in the constant form of the constant in the constant form of the constant

in "consummating the nationhood of Australia by endowing the Commonwealth Parliament with sovereign powers for the purpose of abolishing State Parliaments and substituting Provincial Councils with unfettered powers of local government." (April 9.)

(3.) See Lyons's proposals, B. 6 above.

APRIL 16, 1931

(D.) BANK-INSPIRED DISTORTION AND SUPPRESSION. (1.) The Commissioners of the N.S.W. State Savings Bank publishing two-page advertisements in newspapers to allay uneasiness about the safety of the Bank. Mr. Theodore, attacking the N.S.W. Labour Party Executive, refers to these advertisements to show that the Commissioners have been driven by it to reassure depositors that Mr. Lang "cannot lay his predatory hands upon their savings." (April 6.)

(April 6.)

(2.) Melbourne City Council refuses to let Mr. Lang have the use of the Town Hall for a public meeting. Excuse given is that since the Lord Mayor had encouraged people to subscribe to loans it was not desirable that the Hall should be let to an "apostle of repudiation." (April 9.)

(3.) Trustees of the Exhibition building (Melbourne) refuse Mr. Lang permission to use it for a public meeting on the ground that he "acted dishonourably and wilfully in defaulting in London." (April 11.)

(E.) BANKERS' HESITATIONS.

(E.) BANKERS' HESITATIONS.

(1.) The situation of the wheat growers is "undoubtedly grave," and they are "demanding relief of some kind without sufficiently appreciating the gravity of the whole financial position." (April 7.)

(2.) "Mr. Theodore sees in the distance . . . a double dissolution on the issue—'the people of Australia against the great financial institutions.' (April 7.)

(3.) The Melbourne Age, though backing the idea of a combined movement (i.e., anti-Lang) to solve the finance-economic problem, remarks that "Australians are not prepared to give Mr. Lyons a blank cheque.' Mr. Lyons's principles may sound well, but "what are his intentions regarding public services, pensions . . arbitration, the tariff?' (April 7.)

(F.) COMMONWEALTH GOVERNMENT'S (MODERATE

(F.) COMMONWEALTH GOVERNMENT'S (MODERATE LABOUR'S) ATTITUDE.

tabour's) attitude:

(1.) Mr. Scullin challenges the Senate to "do its worst"
to the Fiduciary Notes Bill. (April 7.)
(1.) Mr. Scullin challenges the Senate to "do its worst"

(1.) Mr. Mr. Schllankeous Deceptions.

Nationalist Senators, the Commonwealth Bank Board, and the Loan Council are "saving the Commonwealth from discredit and financial ruin." (April 9.)
(2.) Mr. Lyons says that never have the "consciences" ("everywhere I go" he finds the same reprobation of Mr. Lyang's policy. (Speeches during the week.)

Readers can form a judgment on the significance of these can form a judgment on the significance of these can form a judgment on the signment of these facts without any prompting from us. All we want to say is this: that even if the bankers smash with a say is this: smash right through our lines in Australia, the methods by which they will have done so will affront the political conscience of the world. "Remember Lusitania." Again, though they can be wilder and convulse all the Australian people some of the time. of the time, or some of them all the time, they can-hot do it to all of them all the time. Within a very short period the dust of the impending double dis-solution and them solution and election will have subsided; and then will visibility re-appear, and the true issues be distinguished from the false.

tains, and a great and strong wind rent the mountains, and brake in pieces the rocks before the after the wind an earthquake: but the Lord was not in the wind: and not in the wind an earthquake: but the Lord was not in the earthquake:

And after the earthquake a fire: but the Lord was not in the fire: and after the fire a still small have left me seven thousand in Israel, all the knees which have not bowed unto Baal, and every

mouth which hath not kissed him.' And it shall come to pass that him that escaped it shall lehu slay: and escapeth the sword of Hazael shall Jehu slay: and that escapeth from the sword of Jehu shall

The First Book of the Kings, the nineteenth chapter.)

Thus was the heart of Elijah strengthened in the breters of his imagined defeat and isolation. Interchosen of Social Credit are in the direct line of the it is a proper of the continuous property. losen prophets. They testify against Finance that acting in direct disobedience to God's primeval

Behold I have given you every herb bearing

seed which is upon the face of all the earth, and every tree, in which is the fruit of a tree yielding seed: to you it shall be for meat." (The Book of Genesis, Chapter one.)

To-day, when the courage and skill of man has "subdued the earth," the consequent abundance of herbs and fruits is become a cause why these shall not be to him for meat. No sophistries can conceal this blasphemous negation, nor prevent the fulfilment of the Divine Economy. The Law is one. Whether, as enjoined at the beginning of Genesis, a man anhungered eats of the herbs of the field freely; or whether, as summoned at the end of Revelation, a man athirst shall take of the water of life freely; it is the same thing. As in Heaven, so on Earth. The terrestrial was ordained to be a fore-taste of the celestial.

"Price Stabilisation."

By C. H. Douglas.

There is, perhaps, no more interesting question to which students of monetary problems can devote themselves, than to the tracing out of the fundamental ideas which lie behind various proposals for monetary reform, at present competing for the attention of the public

It is significant that the necessity for monetary reform is now admitted even by bankers-a considerable step, since it involves the admission that the banking and financial system is not, as has so often been contended, an embodiment of natural law.

At the outset, it is necessary to recognise two distinct conceptions of the financial system, the first being that it is a convenience developed by the requirements of the economic and industrial system, and that its defects are defects similar to those of an ingenious machine, which, while having reached a working stage still requires a good deal of refinement in detail. The second conception is fundamentally quite different. It is that, whether by origin or by capture, the financial system is now definitely a system of government, designed primarily to keep financiers in control of the world, and is only secondarily intended to facilitate the production and distribution of goods and services.

There is, however, a third method of regarding the financial system, which I think probably makes it a more effective tool in the hands of those who wish to turn it into a system of government even than it otherwise would be—that it is in some way linked up with a rigid and immovable system of morals and measurement-" values." It is astonishing how effective even, or perhaps especially, to men with a scientific training, is a comment to the effect that what is really wrong with the money system is that it is something like an elastic yard stick, or as Sir Henry Strakosch put it in his address to the British Engineers' Association, "like a measuring rod consisting of a mercury column used without any reference to changes of temperature," and that the "injustices" which this state of affairs produces would be rectified if some mysterious " standard of value

were set up.

Nevertheless, there is probably no shorter way of demonstrating complete ignorance of the true nature of the monetary problem which confronts the world to-day than to suggest that it arises from a lack of stability in price levels, which is the only meaning which can be given to the demand for a stable monetary unit. Both purchasing power, which we may regard as the numerator of the credit system, and prices, which we may regard as the denominator, are simply the numerator and denominator of a ratio, and it is just as silly to say that one sheep is a more satisfactory expression than "1"

as it is to say that we must stabilise the value of the monetary unit. The real problem of the modern economic world, which carries in its train untold economic, political, and philosophic implica-

tions, is the establishment of this ratio so that it corresponds to the actual facts of production and consumption, which are themselves unstable and do not necessarily vary together. The assumption of the orthodox economist and banker, although it will be noticed that it is not usually stated in words, is that sufficient purchasing power is distributed in wages, salaries, and dividends to buy the production available, presumably at any price level, i.e., that this ratio is always unity. Now in the first place we know that even the wages and salaries distributed in the course of production will not buy the product, at a stabilised price level, that is to say, the sum of the wages and salaries in the pockets of those people whose wages and salaries are counted into the cost of goods is never equal at any moment to the collective cost prices of goods for sale, because these wages and salaries have appeared two, or three, or more times in the cost of production. But in addition to this, goods are not sold at cost prices. It is quite evident that profits, which form the reward of the investor and the entrepreneur in the form of dividends, while they must be paid out of costs recovered from the public, were never distributed at any time to the public. To put the matter another way, it is impossible outside a closed area containing a fixed amount of money, for any money-profits to be made by industrial concerns, which are not exactly balanced by losses on the part of other industrial concerns, although the true profit in goods may be considerable. Consider what this means from the point of view of the producer, for whom the banking system always expresses such tender concern. The mechanism of stabilisation is that when prices tend to rise, money is to be withdrawn into the banking system, and when prices tend to fall money is to be issued from the banking system to the industrial system. The entrepreneurproducer, collectively, is to rely for his remunera-tion under these conditions on the continuous issue (which it must be remembered can only be in the form of a loan) of new money from the banking system at the discretion of bankers, and this must be so small in quantity that it drives prices practically down to cost by the fierce competition of unprofitable business. Or, to put it another way, costs must come down (and therefore the distribution of purchasing power to the working public must come down) at exactly the same rate as the distribution of new money necessary to provide the re-muneration of the entrepreneur who is to be under continuous pressure to accept as little as possible, otherwise stabilisation of prices is a mathematical impossibility. It is well known that under modern conditions of "Trade Unionism" and similar arrangements, it is practically impossible to drive down the numerical value of wages, and the result of a policy such as that I have just outlined is completely to remove any monetary inducements to the

bring it more effectively under the control of centralised banking. It will be seen, I think without much difficulty, that a stabilised price and an improvement of pro-

entrepreneur, which is exactly what has been happening in Great Britain in the past ten years. Recognising this, the Bank of England has been

definitely sponsoring a policy directed to driving the smaller undertakings either into amalgamation on

its own terms, or out of business altogether, not because any such policy possesses fundamental advantages either in regard to efficiency or social advantage, but because for the moment it appears to

further the main objective of international finance, which is to remodel the industrial system so as to

cess are fundamentally incompatible. Not only do the physical facts of the situation require that price levels should in the first place be established considerable below the price of the siderably below cost, which is a requirement for which stabilisation does not provide at all, but in order to maintain proper equilibrium between production and consumption it is necessary for prices continuously to fall in relation to the amount of purchasing powers that in the amount of purchasing powers and the purchasing powers are purchasing powers and the purchasing powers are purchasing powers and the purchasing powers are purchasing powers and the purchasing powers and the purchasing powers and the purchasing powers are purchasing powers and the purchasing powers and the purchasing powers are purchasing powers and the purchasing powers and the purchasing powers are purchasing powers and the purchasing powers and the purchasing powers are purchasing powers and the purchasing powers and the purchasing powers are purchasing powers and the purchasing powers are purchasing powers and the purchasing powers are purchasing powers and powers are purchasing p chasing power issued, a condition of affairs which, under orthodox financing, offers no inducement to enterprise. The arrange of the amount of product of the amount of th enterprise. The price stabilisation policy which is evidently to be adopted by the international banking fraterpity involves. fraternity to be adopted by the international ballacian steady issue of new money, which, however, cannot be issued to anyone but themselves, except as a loan. It can however be issued to themselves, and loan. It can, however, be issued to themselves, and used for the "purchase to the securities," used for the "purchase" of prior lien securities, such as have been issued by the Bank of England within the last two securities. within the last two or three years, but as has been previously explained in the previously explained in these pages, this process in itself introduces a mathematical complication which must become insured the process in t must become insuperable within a very short period of time.

I find it impossible to believe that experts of the and it impossible to believe that experts of the capacity of the official supporters of stabilisation do not recognise the whole of the foregoing implications of the policy, and it seems impossible to avoid the conclusion that the support which is being given the conclusion that the support which is being given to this proposal is based on the acceptance of a considered scheme which aims at handing over the to this proposal is based on the acceptance of a considered scheme which aims at handing over the whole economic organisation of the world to the final and irrevocable control of the banking system. If an insignificant body of half-starving and rundindividuals drill in Australia it is called treason what are we to call assistance by well educated men in a plot which aims at subverting the government of the planet?

Roman Holiday. By Upton Sinclair. T. Werner Laurie. 7s. 6d. net.

Reviews.

Roman Holiday. By Upton Sinclair. T. Werner Laurie.

7s. 6d. net.

Luke Faber, a rich American manufacturer, pilots his own are in the races; he sustains a bad smash, and suffers brain lesion. This takes the form of an hallucincarthage he is living in Rome just after the destruction of complete parallel between conditions in ancient Rome and in models parallel between conditions in ancient Rome and which heing used by the labour plebeians to make capital in much being used by the labour plebeians to make capital in much wild talk that the "rebels" are being furnished with wild talk that the "rebels" are being furnished with munist gold "from the revolted slaves of hairior race, hill himself as the victim of an accident in a chariot race, hill he himself as the victim of an accident in and Apollom wild talk that the "rebels" are being furnished with himself as the victim of an accident in a chariot race, hill he himself as the victim of an accident in a chariot race, hill he himself as the victim of an accident in a chariot with the priests of Aesculapius and Apollom wild the reality he is being subjected to the ministration Roman Episcopalians and Catholics! Meanwhile the fine old interest virtues are being corrupted by the mob of hostion and financial insecurity; the free farmers are himself and an another and the power of secret financial intigue. Sarding the driven into towns, unemployed; and behind it driven into towns, unemployed; and behind it story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire, and an apartic story adds interest to this social satire.

The way of tiple the story of social satire, and an ap

SEA-SUNRISE. Stretching her weary limbs in gesture free, The morning yawns upon her pillowy cloud, Rises and peers into her mirror the sea, A joyous girl, with laughter ringing loud.

Inquisitive, she peers through open shufter.

Or pierces the blue barrier of a blind; flutters.

Her hair is blown about, her red robe wind.

In the gay laughter of her lover, the WILLIAM HERBERT BLUES.

The Great Pyramid.

An Analysis of the Present Social System in relation to Economic (Financial) Control.

By John Hargrave.

The pyramidal structure of modern society is inherent in the present economic (financial) system. Working from the postulate upon which that system is based—that an adequate production and supply of goods and services depends upon a restricted consumption of goods and services—no other shape "could result. This pyramidal shape is kept intact by many of large and services army, navy. means of Law enforced by Force (police, army, navy, air force, etc.).

The diagram accompanying this article gives a rough and ready outline of the positions of the chief strata of society in relation to the chief strata of society in the chief strata of society in relation to the chief strata of society in relation to the chief strata of society in the chief strata of socie in relation to the economic (financial) control. It should be orne in mind, however, that such a diagram is no more

It will be seen that the following do not appear in the diagram: the remains of the Old Aristocracy (because they are in are in many cases being forced by economic pressure to sell out "and go into business as producers or distributors, or may be found functioning as part of officialdom); the Landed Gentry (for the same reasons); the Agriculturists (forming a sub-action of the Producers' stratum); turists (forming a sub-section of the Producers' stratum); the Smaller Producers (because they are rapidly being absorbed, or put out of business, by the great industrial combines); and the Rentier Class living on unearned incomes (because these themselves the company to the retired ele-(because these people are, as a rule, merely the retired elements of one or other of the strata shown).

At the left-hand side of the diagram is an upright column in which is indicated, broadly, the strata of the pyramid in terms of orthodox socialist analysis. This may be of use to those who to to those who happen to be more familiar with the pyramid as stratified by the usual "class divisions" of modern capitalist society, or who wish to be able to explain the pyramid in terms of the "class conflict." (The Great Distributors are shown as part of the bourgeois classes, but in reality they represent the capitalist top-layer of the bourgeosie.)

It cannot be too strongly emphasised that the diagram only expresses a particular and purposely delimited aspect what is, in reality, a confused and overlapping complex. It may be useful because it is of great importance, at the present time, to consider and to try to determine the possible

and probable reactions of the various strata of the social pyramid to the teaching of social credit. With this end in view one may examine the pyramid, stratum by stratum from top to bottom, and come to certain conclusions.

Beginning at the apex:

(1) Finance (Parking)

(1) Finance (Banking).

Those having power to "vaporise" and "condense" credit-loans form the capstone at the top of the pyramid. This credit monopoly concentrated at the apex has the effect of putting the whole of the rest of the community at the mention of a particular financial policy of restricted consumers. mercy of a particular financial policy of restricted consumption. The credit monopoly maintains its control in two ways:

mercy of a particular financiar policy of restricted consumption. The credit monopoly maintains its control in two ways:

(a) by what may be called a psychological "spell" by means of which a profoundly ignorant and uninterested general public throughout the world is kept in ignorance and accepts the axioms of "sound finance" as sound, and (b) by means of force (applied in this or that degree via the various governmental mechanisms).

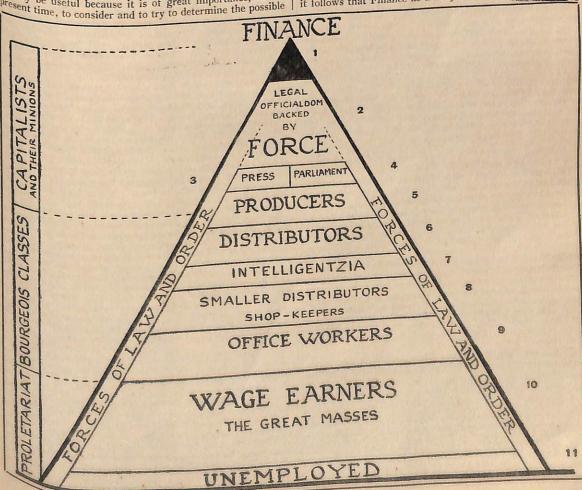
The truth of the old saying that "He who pays the piper calls the tune" can be applied. Although it is true that financiers and bankers do not give direct orders to the stratum of Force, for instance, yet all "the forces of law and order" are dependent upon financial policy. In each and every stratum the apex of the pyramid "pays the piper" (controls credit) and "calls the tune" (enforces artificial poverty). In the final, psychological, analysis this will be found to be due to a power complex: power for the sake of power. The apex of the pyramid is the embodiment of this complex.

of this complex.

It should never be forgotten that financiers and bankers, as such, are not free agents. They are themselves under the "control" of their own financial policy. They have each accepted a group of ideas embodying an economic contradiction, and may be said to be just as much (or even more?) under the influence of a "control" as any spiritualist medium. They are each held in check within the limits of their own orthodox, or "sound-"financial doctrine.

Since each individual financier and banker accepts, and works in accordance with, a particular financial doctrine,

works in accordance with, a particular financial doctrine, it follows that Finance as a body exhibits what may appear



to be a somewhat surprising outward unity and uniformity in action.

This, at any rate, seems to be the more likely explanation of facts that otherwise could only be accounted for by adopting the hypothesis of a conscious conspiracy working through an organised hierarchy of financial control.

Within the professional grouping (which we are calling Finance) there are, one supposes, certain individuals with a full knowledge and understanding of the social credit analysis and proposals. Thus, one can easily envisage a financier or banker being in complete accord with social credit teaching, and yet bound to act in unison with all other financiers in operating, and therefore maintaining, the present financial system. Such an individual can be "a social credit man "in private (in his own mind), but must be orthodox in all his professional dealings. This duality is inevitable in such a case. Should he attempt some heteroview, he would endanger his "integrity" as a financier, would automatically cast him out. He would then be like a fish out of water. He would be outside the pale—either bankrupt, or bankrupt to all intents and purposes.

If, however, he should attempt to convert his fellow financiers and/or bankers to his own social credit point-of-view, he would endanger his "integrity" as a financier, his financial orthodoxy would be in doubt. If the heretic persisted in his social credit proselytizing he would very soon be discredited (in more senses than one), dubbed as a crank holding unsound ideas, effectually isolated, sent to Coventry, and in one way or another squeezed out of the financial world altogether.

It is clear, therefore, why Finance at the apex of the pyramid does not-cannot-of its own accord respond to the teaching of social credit.

From these observations we conclude: that it is essential to make social credit known within the apex, but foolish to expect Finance voluntarily to abdicate its position at the apex of the pyramid.*

The introduction of social credit does not simply suggest such abdication, it makes it automatic and inevitable, Finance as the apex of the social structure would disappear.

(2) Force.

Immediately below the financial apex is the stratum of Force. The pyramidal shape of the whole social structure is kept rigid by "the forces of law and order" enforced upon the community in the interests of the financial apex. "law." That is to say, by force. It will be found, in the last analysis, that the law can only be enforced by the threat, or actual use, of Physical Force. Finance, in order to maintain its position at the apex, is forced to employ part or all of the means of "persuasion" at its command. These means include the voting system, and all other channels of mass suggestion, secret and open diplomacy, economic pressure applied in the form of credit restriction, and-in the last resort—the use of physical compulsion carried out (usually in strict accordance with "the law of the land ") by all sorts of agents. bailiffs, and police, reinforced when necessary by armed force at sea, on land, or in the air. These forces, lumped together, may be called Legal Officialdom backed by Force.

This stratum includes all officers of the Police, Intelligence, Army, Navy, Air Force, and the Crown, all Chiefs of the Civil Service, and all Officials of Government Department partments. In this, more so than in any other stratum of the pyramid, there is economic security for the individual.

the pyramid, there is economic security for the individual. Here one would expect to find the reaction to social credit of an "intelligently interested" kind, since officialdom, finding itself more or less economically secure, is able to strongly it may approve of social credit in theory, the comparative economic security enjoyed by this stratum must hold in check any expressions of opinion and any actions hold in check any expressions of opinion and any actions that might be looked upon as "subversive." Here again, a man may be a heretic in private, but is bound to carry out the particular routine of his department. In doing so he is, consciously or unconsciously, helping to maintain the

Of this stratum, the Officer Class (of the Army, Navy, Air Force) is the most likely to accept social credit, and to understand the practical needs of an effective politicoeconomic technique. Such men are specially trained to deal directly with Men and Supplies, without considera-tions of (a) democratic procedure, or (b) money. They are

* " I think it is increasingly recognised that the existing situation places the banker in a position of such commanding advantage that he would be more than human if he endeavoured to inaugurate any alteration until considerable pressure has been placed upon him." (Major C. H. Douglas, Tokyo speech, November, 1929.)

trained to command troops, and they know that, in time of war, it may be necessary to commandeer goods and services. Because of this very practical training they find an easy approach to the social credit outlook regarding (a) the futility of party politics and the voting system, and (b) the mythical nature of orthodox financial doctrine.

We conclude the party politics and the voting system, and (b) the mythical nature of orthodox financial doctrine.

THE NEW AGE

We conclude: that social credit propaganda can pene-trate Officialdom, especially the Officer Class, but that this stratum of the pyramid can hardly be expected to do more than wait, and watch, and "carry on" with its more than wait, and watch, and "carry on

The fact that this stratum may be classed as the "merofficial routine. cenary troops " of the financial apex should not be over-looked. They carry out their several duties because they are paid to do so. It is a matter of earning a living. cenary troops are, however, never the most reliable, never fight with the formula of the most reliable. fight with the fanatical zeal of volunteers, and are liable to desert, lose heart and "go over to the enemy," if the hardships of the companies hardships of the campaign are too severe. Being merely employed and paid to fight they lack any real faith in a civil or military, suffers from this defect in a pyramidal state.

(3) and (4) Press and Parliament.

Here we have two "pockets" in the pyramid rather than strata. The position of Parliament (shown in the diagram side by a little we have the stratage of the property of the pyramid rather than the diagram than the pyramid rather than th side by side with the Press) is important.

an institution that is bound to abide by its "own" laws.

Since these laws legalise financial policy and technique, it is obvious that Parliament is no more than an instrument of obvious that Parliament is no more than an instrument of ratification which, having spun a legal cobweb around itself, is unable to exercise any effective legal cobweb around in power.

ratification which, having spun a legal cobweb around itself, is unable to exercise any effective economic (financial) power.

It will be seen that, viewed from the position of the lower parts of the pyramid, Parliament (and the Press) form kind of "buffer State," or screen, behind which the ficial-tive control of the credit monopoly, acting through dom, operates without attracting public attention, and, to be present.

very large extent, in absolute secrecy.

Democratic Parliamentary procedure, that is, the with process and mathematical system, together which

Democratic Parliamentary procedure, that is, the whole process and mechanism of the electoral system, together with the Press, form the "safety curtain" in front of the various political and other puppets come and go.

Press and Parliament should be looked upon finance, "dazzle" and "camouflage" departments of the Finance, any more than the dazzle and camouflage of a poss are spots are and camouflage of a poss are and safe and camouflage of a poss are and safe and camouflage of a poss are and camouflage apex. Not that this is consciously organised by planting any more than the dazzle and camouflage of spots are consciously organised by the leopard. Parliament, as part of the social organisation economic system, have become the "protective of modern of Finance. Within the pyramidal structure society this is inevitable.

The reactions within the Political "pocket of modern of the politicians of all parties—to the teaching of society will be, automatically, and, for the most part consciously, obscurantist. The same applies to the the most protective of the political organisation. The reason for this is to be found in the fact that and the parliament and Press depend entirely upon pendence in the parliament and Press depend entirely upon pendence in the parliament and paress depend entirely upon pendence in the parliament and press depend entirely upon pendence in the parliament and press depend entirely upon pendence in the protective dependence in the parliament and p

Parliament and Press depend entirely upon means" (finance). How absolute is this dependent too frequently overlooked. It is an economic symbol which any attempt on the part of Parliament to (a) the financial appropriate to country that the country of the part of Parliament to (b) financial appropriate to country that the country of the part of Parliament to (a) the financial appropriate the country of the part of Parliament to (b) the part of Parliament to (a) the financial appropriate the parliament to (b) the parliament to (b) the parliament to (b) the parliament to (c) the parliament which any attempt on the part of Parliament to (a) by financial apex could be countered immediately: that the threat to withhold credits, or (b) by making that defective.* In any such struggle Parliament would itself powerless (i.e., financially bankrupt), and its take any effective action because legal Constitution. In order to overcome the finant force it would have to use—illegally—the stratum of the counterpart of the count legal Constitution. In order to overcome the financial arcelit would have to use—illegally—the stratum and frought to transmute itself on the spur of the momeratic constitutional, deliberative, representative, democratic into a non-constitutional, executive, dictatorial, autocase. We conclude: that it is necessary to penetrate all poper parties with the social credit teaching, not in the hold belief that parliamentary action could be effective, pointed by the power.

As for the Proceeding to action the financial credit teaching.

As for the Press, we conclude: that social credit marine ill be able to seep into its columns in many and as the guises. As for the Press, we conclude: that social credit tracking will be able to seep into its columns in many and the disguises, and that, as economic pressure increases a panic of the broken will plunge hither and thither in a panic of the broken. disguises, and that, as economic pressure increases, pressure pressure indicated the broken-winged "Empire Crusade that no newspaper or group of newspapers will realist social credit because the Press Combine is, upport the New Area financial combine.

The New Age, independent of advertising uppor as the kept going by its own readers, must be looked the present financial.

* The present financial.

* The present financial crisis in Australia demonstrates methods by which Finance is able to enforce cial policy along these lines.

only "break" in the system. Nevertheless, The New Age is itself dependent upon finance and might be forced to close down if the purchasing-power of its own small circle of supporters was drastically reduced. The issue of April 17, 1930, when The New Age had to appear with several blank columns, is an indication of the psychological power of the financial apex to make itself felt automatically in the readons? the readers' department of a great printing works.

(5) Producers.

These we divide into two main groups:-

APRIL 16, 1931

(a) Industrialist-Financiers (Merchant Bankers) and (b) Industrialist-Producers (Captains of Industry).

The class conflict at its height is seen as human beings tiven to describe the company of the co

driven to desperation by the economic struggle, grouping themselves into two main bodies—Capital v. Labour—and fighting themselves into the capital v. Labour—and fighting the capi fighting each other for the major share of an insufficient Pool of purchasing-power which neither group is able to increase or control.

That, however, leaves out of account the fact that Capital and Finance have become a kind of Siamese Twins: Finance-Capital. No doubt they are often unwilling and uneasy posterior. dieasy partners—like a camel and an ass yoked together. Nevertheless, they are yoked together, and in such a way as to make it next to impossible to say whether one or other is a capitalist-producer or a finance-capitalist.

The tendency towards bigger and fewer combines in industry brings the manufacturer (industrialist-producer) into the more rarefied atmosphere of Finance. The man who gan as a manufacturer of goods may end by manipulate ing the money market and so become an industrialist-finan-cier or "merchant banker." Producers of goods and ser-vices are always and services are always being sucked into the vacuum of "pure

On the other hand, the enforced rationalisation of industry by the banks brings the financier and banker, much against his will, into the cruder atmosphere of industrial organisation. Thus, men who have always done their utmost to keep strictly to banking and financing now find themselves saddled with the organisation and administration of productive plant. of productive plant.

The industrialist-financier is, so to speak, "on his way the the industrialist-financier is, so to speak, "on his way to the apex. Of the two great groups of Producers, (b) the industrialist-producer, who has little or no direct interest in Figure 1. est in Finance as such, and who is still chiefly concerned with the the actual processes of production, is the likely to accept the social credit teaching. knows from experience that he is completely at the hercy of overdraft accommodation by the banking system. the full a trained engineer he will not be long in grasping bosals.

happens to be doing well, the industrialist-producer is, as a redit unlikely to make any active effort in spreading social is so worried, while if (2) his business is doing badly he worried and harrassed as to be quite unable to do so, his hust of (3) his business is forced to close down, he may be deprived economic power, and, as an "unsuccessful" (possibly regarding economic (financial) problems would hardly carry weight in his way attatum, and certainly not in the weight in his own stratum, and certainly not in the

strata immediately above and belowlines who hope for effective action along social credit recognise her Producers' stratum of the pyramid fail to

Regnise how powerless the producer is. If e is, now, not even the real "owner" of the "means production," but has been reduced to the position of dusiness. Nisingulation, not even the real "owner" of the inleads hiss manager on an overdraft. dole "from the bank. organise and run one or more of the highly specialised units and run one or more of the highly specialised units depart modern productive system. In this he is a technical hope of the productive system and run one or more of the highly specialised units depart modern productive system. In this he is a technical hope of the productive system are already as a potential productive system. chon-organiser in a potential social credit state. He is and, as such, extremely valuable as a potential proand and does not pretend to be, an expert in the strategy tactics of non-violent insurrection against the financial Nevertheless, the moment an effective politico-lic technique for the introduction of social credit to de the technique for the introduction of social creditions of layed felt the industrialist-producer might be expected adjusting an important part either for or against such an important part either for or against such an or lack. This would be governed by his understand-proposals of understanding of the social credit analysis

known childe, therefore: that social credit should be the all the amongst the leading industrialist-producers, especially the engineers. engineers and technicians.

(6) Distributors.

may be divided into two main groups:—
Large Wholesalers, and
Large Retailers.

The great distributing organisations are, like the producers, part and parcel of the economic (financial) complex. and have even less power in making any effort towards an effective adjustment. These groups represent the large warehouses and great multiple shops. Some of them may also be producers. It should be remembered that the great distributing organisations rely more and more upon hire-purchase in selling high-priced goods, especially furniture. The idea of allowing consumer-credit by means of the hire-purchase system is well understood in this stratum. It is, of course, merely an extension of the well-known methods of loan-finance which must, in time, have the effect of enmeshing the great distributors within a network of finance corporations (or of forcing them to take on the functions of such finance corporations), thus linking them even more directly and inseverably with Finance as an outgrowth of the financial apex.

In the Distributors' stratum of the pyramid we should expect to find less understanding of social credit, and a stubborn (automatic) psychological barrier against the practical application of the Scientific Price Calculus

We conclude: that this is not the most fruitful stratum in which to propagate social credit, and that efforts should be concentrated elsewhere.

(7) The Intelligentzia.

In the diagram the intelligentzia are placed about the middle of the pyramid. That is not, perhaps, their intellectual position, but symbolises the position into which they are pushed by the interplay of economic forces.

The intelligentzia understand, to some extent, and in some few cases very clearly, what is wrong with the present social system, and how it could be adjusted.

The strength of the intelligentzia is to be found in their ability to take in and digest ideas, and in their ability to project ideas by means of the spoken and written word, as well as by other means of propaganda.

They are the propagandists of all new ideas. As such they are important to the social credit movement, since they are able to spread social credit teaching in almost every stratum of the pyramid.

The weakness of the intelligentzia is their inability, at a time of crisis, to discard individualistic and utopian dreams of freedom, and to develop focus, uniformity, and obliga-tion. At such a time more effective, or cruder, forces tend to ride roughshod over them. The process appears to be always the same. The intelligentzia sow the seed of new ideas, but are swept aside by the forces released by those new ideas. Thus, trained to consider "both sides of a question," and continually torn this way and that by coniderations of honest philosophic doubt, the intelligentzia find themselves in a position of midway hesitancy and are apt, first to be made use of, and then to be trampled underfoot by the less intellectual, simpler-minded direct-actionists.

We conclude: that the intelligentzia will play an increasingly important part in the spread of social credit ideas, but that they are, as a rule, unfitted either for leadership or for disciplined action under instructions.

(8) Smaller Distributors.

The smaller distributor, in more or less direct contact with the Consumer as such, sees the results of the economic (financial) stricture at first hand. He is always being asked for goods "on tick," and is frequently unable to obtain payment for goods supplied.

obtain payment for goods supplied.

Far removed from the apex, and also from the technical realities of production, we should expect to find the smaller distributor bewildered, narrow in his outlook, rather timid, and very much "between the devil and the deep sea." His provides to the teaching of social credit will reflect this reactions to the teaching of social credit will reflect this reactions to the teaching of social credit will reflect this economic position. He may agree that "something ought to be done to put things right," but he will be very easily scared by the idea of any adjustment whatever.

We conclude: That it is useful to spread social credit

ideas amongst the smaller distributors, but that this is not likely to prove one of the most effective channels of propaganda.

(9) Office-Workers.

This stratum includes bank officers and bank clerks, those employed in insurance companies, on the Stock Exchange, and all other such rank-and-file "agents" of the financial and an other such rank-and-file of the Civil Service and of all Government Departments. This stratum has sometimes been known as the "black-coated union." (It should also include shop-assistants.) Here the understanding of social credit can be rapid and, in many cases, technically accurate, especially amongst the accountants. A spread of social credit teaching in this stratum is of great importance since these workers often come into daily contact with the great distributors and the industrialist-producers. In doing

so they have opportunities of "dropping a quiet word here and there." Many of the younger men and women working in this stratum have direct contact with the intelligentzia in their leisure time and are able to make intellectual linkages that tend to reinforce the efforts of that stratum.

The stratum of the Office-Workers should be looked upon as that which can supply first-class Warrant Officers and N.C.O.'s for the social credit movement.

We conclude: That every effort should be made to spread the knowledge of social credit amongst office workers, especially bank managers, bank clerks, and accountants.

(10) Wage-Earners (the Great Masses).

This stratum is known as "The Workers." It includes all factory hands, benchworkers, machine-minders, and skilled and unskilled labourers. It consists of those called "wage slaves." Its outlines, like those of the other strata of the pyramid, are not sharply defined, either above, below, or on each side. It tends to merge into the Office-Workers above, and to dissolve into the stratum of Unemployed below. It includes the rank-and-file of the Police, Army, Navy, Air Force, and of Government Departments (such as Arsenal

Its economic power was in its ability to " withhold labour," but this power is now rapidly dwindling because of the introduction of labour-saving, and especially automatic, machinery.

For the most part this stratum of the pyramid is inarticulate and unable to understand its own social-economic position in relation to the financial apex. It has accepted the general ideas of "the struggle of the Working Classes against the Capitalist Bosses," but does not understand why its political efforts are always checkmated and brought to naught.

There is, at present, no way of explaining social credit to the Wage-Earners as a mass. But there are amongst those composing this stratum many intelligent minds, especially amongst the mechanics, benchworkers, and the mining populations of the North.

The reaction of this stratum (including its more intelligent sections) to the teaching of social credit is to confuse it with orthodox socialist economics. This complicates every effort to make social credit known amongst the great masses. We must remember that the Wage-Earning masses form the great body of Consumers upon whose spending-power industry relies. Therefore, this stratum is of great importance to the social credit movement, and should not be neglected.

If the Wage-Earners were consciously and articulately demanding a social credit adjustment it would embolden every social credit worker and propagandist in every other stratum of the pyramid. No greater mistake can be made than to look upon the great masses as being of no importance to social credit. Without their active support social credit has no chance of projecting itself from the realm of theory into that of politico-economic reality. Nothing could so shake the financial apex as a united demand for social credit by the Wage-Earners.

This is not due to their already waning power to withhold their labour, but to the fact that they are potential Surplus Labour, and, as such, cannot be left to starve. They cannot be left to starve because starvation, or even widespread semi-starvation in this stratum, could and probably would bring all the forces of violent social revolution into action.

The industrial engineer, by introducing new and better automatic labour-saving machinery and processes into the productive organisation, is continually transforming wage-earning Labour into Surplus Labour. As if to undo the work of the industrial engineer, Finance is continually theoretical bis efforts the continually and the surplus and the saveting bis efforts the savetin thwarting his efforts by credit restrictions entailing the "rationalisation" (scrapping and scuttling) of efficient productive plant and of consumable goods and services. This, of course, is inevitable in the pyramidal state.

There are many signs showing that the wage-earning stratum is beginning to lose faith (1) in Trade Unionism, (2) in the orthodox Socialist, or Labour, economic analysis and programme, and (3) in democratic parliamentary procedure.

We conclude, therefore: That every effort should be made, and every channel of communication opened, to gain direct contact with the Wage-Earning Masses, especially the mechanics, benchworkers, and miners.

(11) The Unemployed.

This stratum forms the base of the pyramid. Within this stratum the individual suffers an enforced leisure, but is unable to make use of it for lack of purchasing-power. Amongst the 2,500,000 unemployed men and women in this country there is a number of highly intelligent and highly skilled men and women. There is also a small residue of human wreckage, so weakened and battered by economic insecurity, so enfeebled in body and mind by the hopeless

struggle for existence, as to be "unemployable," but by no

Amongst the economically depressed proletarian masses means vicious. the most considerable pressure will come, of course, from those who are the most depressed; that is, from the Unemployed Those who are the played Those who are the played Those who have the played t ployed. Those who have little or nothing to lose are the most likely to exercise very considerable pressure.

It may be contended that such pressure does not affect those in control of the banking and financial system at the appex of the pure mid. Such a financial system and such pressure does not at the appear of the pure mid. apex of the pyramid. Such a view is short-sighted, and fails to recognise the nature of the forces in play.

It can be shown that

It can be shown that the very existence of the Unemployed preatens the position threatens the position and stability of the financial apex. The following facts will help to make this plain:

The cost of unemployment insurance to the Exchequer the vear 1028 20 minus of the Exchequer to the Exchequer for the year 1928-29 was £11,750,000. For 1929-30 it rose to £19,410,000. For the year now ended, 1930-31, has nearly doubled, the sum being £27,000,000. For next rose to £19,410,000. For the year now ended, 1930-31, if year, 1931-32, on the basis of present expenditure, it is year, 1931-32, on the basis of present expenditure, it is year to be between £50,000,000 or £55,000,000. Commission) to be between £50,000,000 or £55,000,000 or £55,000,000 or £55,000,000. These sums, however, according to The Times (March 25), are only the "revealed expenditure," so that during, for example, 1930-31, penditure, was the revealed expenditure, but there was a £37,000,000, was the revealed expenditure, but there was a £50,000,000, but £50,000,000 more will be borrowed. £50,000,000, but £50,000,000 more will be borrowed. The Treasury Memorandum on Unemployment Insurance (Jan. 30, 1931) says:—

"Continued State borrowing on the present vast scale without adequate provision for repayment from the Fund would quickly call in question the stability of the British financial system." (Jan. 30, 1931) says:-

British financial system."

The Memorandum also says that action must be, "if the situation is not to get utterly out of hand.

The Unemployed may be looked upon as the postate, stricken forerunners of the citizens of a social credit sum and the "dole" they draw as the very crude prototype of a National Industrial Dividend.

Mod Government of whatever party dare stop, nor even reduce, item to the postate of the prototype of a National Industrial Dividend. ment of whatever party dare stop, nor even reduce, "dole." That is a fact of vital importance. The transition from "dole" to National Industrial Dividend may be convulsive, but is possible

vulsive, but is possible.

The Unemployed and the "dole" are an ever-present and ever-increasing of the control The Unemployed and the "dole" are an ever-present and ever-increasing anxiety to the financial apex. to go or financing "bankrupt" industries within the system, so stratum for fear of a visible "break" in the system, so must continue to finance (by allowing further borrowing). From the point of view of the financial apex, social the pyramid is the weakest part. From the social struggle against the financial monopoly.

The reaction of the Unemployed to social creditive the will be far more direct and very much might expect the more direct and very much might expect the might expect the more direct and very much might expect the might expect the

The reaction of the Unemployed to social credit teacthan will be far more direct and very much might that of the Wage-Earners. Indeed, one might the the the stratum of the wage-earning masses.

It is clear that, at present, no effective darning the made by the Unemployed, partly because they are on any stant state of flux—in and out of work, on any teaching the tenered very deeply into the minds even of the flux way the ideology of the Trade Union, Labour, and septimates the serious regarding Work and Wages.

In this, however, the serious to social credit necessary the serious flux way to be serious forms.

away the ideology of the Trade Union, Labour, and set teachings regarding Work and Wages.

In this, however, the social credit improvement in the social credit in dealing with a stubbornly rooted Paganism. It will have to fix upon and "make over" to its own use cotal of the socialist teaching which are deeply rooted must of the masses.

minds of the masses.

Of all working-class groups the Unemployed is the first formless and chaotic.

Organisation is extremely out owing to the continual drift of individuals in and out of the continual drift of individuals in an article and out of the continual drift of the

work.

There are signs that the Unemployed (1) have distorded by their economic position towards a social credit parties of mind; (3) have no hope whatever in democratic position towards a social social mentary methods; and (4) show a tendency manual tendency ships the social credit parties of mind; (3) have no hope whatever in democratic position towards a social credit parties of mind; (3) have no hope whatever in democratic parties of mentary methods; and (4) show a tendency manual tendency ships the social credit parties of the or mind; (3) have no hope whatever in democratic reflection towards a social in democratic reflection mentary methods; and (4) show a tendency towards tive organisation, under willing discipline and the ship, aiming directly at the financial control at the pyramid.

We consider the product of the pyramid to the pyramid. the pyramid.

We conclude: That it is essential to strengthen deduction develop every line of communication by which social teaching may reach the Unemployed, especially employed mechanics, benchworkers, and miners.

Social Credit in the Australian Press.

To be just to the Australian Press we must record the fact that the Sydney Morning Herald published on February 17 an article of over half-a-column's length dealing with 18 and 18 article of the sydney of the syd with Major Douglas's proposals. The anonymous author of the article affords evidence, by the manner of his style and the angle of his criticism, that he is trying to give a true account of the Social Credit theorem, and to oppose it with reasoned technical argument. He does not, for instance, scoff at the idea of "price below cost," nor at the idea of issuing new credits to bridge the deficiency. What he fastens on is the absence of any provision for retiring the new "currency," as he describes it. He also thinks that—

"To obtain a vague estimate of the cost of total consumption of real wealth and the cost of total production of real wealth would be a task of time. To obtain accurate aggregate costs would be impossible."

His final sentence is this:-

APRIL 16, 1931

"The tangle production would get into through the calculations and aggregations to be made is inconceiv-

The writer gives no evidence to support these assertions. He has overlooked the fact that in a system where the incorporated industries use new credits for new production, the aggregate cost of production over a period is the sum of the cost of production over a period is the sum of the credits issued, and would be ascertainable at any time in the ledgers of the National Credit Authority. Similarly of the Company of the Samuel Credit Authority. larly the aggregate cost of consumption would be the total cost to retailers of goods actually sold during the same period. This is a rough outline of the position. By the time retailers of goods actually sold during the same period. time retailers got goods into their shops for sale, everybody along the chain of production would have been paid for his share in the making of them, and would have repaid his borrowings to the N.C.A. So the only debt owing to the N.C.A. in respect of those goods would be the total of the retailers' borner. retailers' borrowing, and this debt would be the total cost of the goods ready for sale. The total cost of the goods ready for sale. The total cost of the goods sold would become known to the N.C.A. because the retailers would repair to it the goods of debt outstanding on them, would become known to the N.C.A. because would repay to it the amount of debt outs get credited with and repay to it the amount of debt outstanding and would prove their sales in order to get credited with the amount of the just-price discount that they have allowed to their customs. to their customers. Thus the essential statistical material would be automatically recorded by the N.C.A. as industry proceeds. proceeded; and whatever other material might be wanted would; and whatever other material might be industry would be such as is already being recorded by industry under the present system. The national costing of production and consumption would be less, and not more, complex than it is not than it is at present. And we may add that while the writer is correct present. And we may add that would be a is correct in saying that calculations at present would be a task of time," the reason is chiefly because the required statistics. statistics are exclusively in the custody of the banks, who refuse to them. refuse to allow anybody to have access to them.

With regard to the question of retiring "currency" (he chooses this word), there is no need for a special "provision" for this end because the retirement will take place automatic. "There automatically by the same process as it does now. There will, it is it is true, be a difference in the rate of retirement, but is a difference in the rate of retirement. that is a different matter from no retirement. The writer seems to different matter from no retirement. steems to think that currency cannot be retired because it is currency, and not credit (cheque-tender). There is nothing in this. If all money were circulated as notes when lent, then all bank-loans would be issued and repaid in notes—and when repeated the parties would be just as effectively retire. and all bank-loans would be issued and repaid in notes and when repaid the notes would be just as effectively retired as when to-day a credit is cancelled. The only difference would be pushed as when to-day a credit is cancelled. repaid when to-day a credit is cancelled. The only difference would be that whereas when a banker's credit-loan is when it disappears (is "destroyed" as Mr. McKenna says) stock cash was repaid it would go back into the banker's bank. There: banker. There is nothing in the nature of a note to compel the it he to lend it again when he has it, and if he does not lend branks virtually again when he has it, and if he does not lend has virtually destroyed it even though it exists. In every he has virtually destroyed it even though it exists. In the practical sense all money, of whatever description, that is not in circulation, is not in existence.

critically, the writer has jumped a ritigised the ana On the writer has jumped ahead too last analysis which they are based. The position is quite simple. omer worth of goods reach the retailer's shop, his cus-his whave only, say, £80. Under a Social Credit system cascall still to will still be the case at that particular juncture, the being that the National Credit Authority, up to that will have financed the processes on the same principle retired (or destroyed) all the credits it has lent during the set of manufacture irrepresentation of the fact that not the "real wealth" resulting from the use of the credits

has yet been consumed by the public. Now, however, it has yet been consumed by the public. Now, however, it steps in to deal with the disparity which has been accumulating between the price of the finished goods and the income of the would-be buyers. For reasons already given, the retailer owes the N.C.A. £100 on the goods. The buyers have only £80. The retailer sells the £100 worth for £80, and the N.C.A. accepts the £80 as full acquittance of the debt. The just-price discount of £20 has been "retired" because it has not come out! What has been "retired" is the goods—retired by the legitimate retirer—the tired "is the goods—retired by the legitimate retirer—the consumer! There has been no creation of new credit: there has been an abatement of an old one. To say that the N.C.A., by taking all the available money from the community, and procuring the delivery to them of all the available goods in return, is flooding the country with surplus credit, does not make good sense. And whoever may say that this equation of consumption with production should be denied to the community because of the problem of recording the abatement of a credit in a book is talking bad sense and worse morals.

The Hon. Sir Charles A. Parsons. By James Golder.

V. THE ADVERTISER.

Co-operation is the test of intelligence in all living organisms. Maximum efficiency in co-operation shows, therefore, maximum intelligence.

Efficiency is a ratio, not a quantity. It is the ratio of work to waste, or, on the highest plane, the ratio of what you want to do to the necessary waste in doing it. The terms of measurement are immaterial so long as they accurately represent the facts.

Any man therefore having a big idea embedded in his consciousness is straitened until he sees it accomplished. That is why he needs must advertise. Parsons was such a man, and, being a natural genius, he was a natural advertiser. But advertisement with him was not the sounding brass and the tinkling cymbal of the bizarre publicity monger who would lead his fellows to hell so long as the leadership was but his. It was rather of the order of one who should say, "Come, let us reason together; behold, I show you a more excellent way."

The shyest, even the most retiring of men, he obviously hated publicity, but he needed co-operation, and necessity is ever the challenge of genius, as well as the mother of discovery and invention.

As his land turbine progressed steadily in electrical power development, several eminent consulting engineers reported unfavourably upon it. Others damned it with faint praise, or praised it as amiable, but futile caprice producing what at best could be but a freak steam engine. None predicted success. Several utterly condemned it.

The Spithead incident was the perfect answer.

It is extremely doubtful whether Parsons ever applied his mind to psychology, or gave a thought to mental processes as such. He needed no such adventitious aids, for genius seldom quotes, rarely capies, and never takes advice. Always more clear and eloquent in action than in speech, Parsons's appearance at the Spithead Naval Review was psychologi-

Publicity experts and advertisement managers to day tell cally irreproachable. us that success in these spheres depends upon four things in the following order. The advertisement must (a) attract attention, (b) excite interest, (c) create desire, (d) induce

action your way.

Parsons broke the law at Spithead by invading prohibited Parsons broke the law at Spithead by invading prohibited waters. That attracted attention. He demonstrated superior speed. That excited interest. He escaped pursuit. That created desire. He induced action, for he got his order for two torpedo boat destroyers. Q.E.D., and without the aid of a sales course. Thus was his market firmly secured.

After this period his best advertisement was the quality of his work. No standardiser, no mass producer, no card cataloguer could survive very long in the erudite atmosphere of his Heaton and Wallsend works. They were more like

Attention was maintained as the sizes of the machines colleges than factories. increased. Interest never flagged because new records were constantly being created. Desire was excited to expect still better results as the ideal cycle was approached, and the climax of action for him on the high seas were the "Mauretania," the "Lusitania," and the capital cruisers of the Great War, not one of which would have been physical possibilities

The climax of action on land was the installation in Chicago of the largest turbo electric power unit in the

world, manufactured at Newcastle and exported to the

United States against a huge ad valorem duty.

It need not be pretended that Parsons was alone in the achievements which have, so far, been credited solely to his name. Though without doubt he was the alter ego, it was a necessary part of his success as an advertiser that he keep himself surrounded with the right kind of help. In this he was not unsuccessful, but he was considerably less happy, for, as has already been stated, he was arbitrary and capricious at times.

The esoteric circle was diversity itself, and, if money had only had what is now known to be its proper function in industrial processes, life with Parsons would have been nothing but splendid for his whole orchestra. Working towards an ideal achievement himself, for love and not for money, it is simple truth, and not necessarily unkind at that, to say he misunderstood the motives of those in his group,

to say he misunderstood the motives of those in his group, who, like Oliver Twist, were obliged to "ask for more." In spite of this, as has already been said, he inspired enthusiasm and maintained a happy unity and loyalty among his technical assistants. To use the crude language of the cheaper salesmanship, "he kept himself sold" to his men as well as his machines to his market. He was quite conscious of the fact that while he was making turbines he was also making men. He claimed to have made several, and thought that fact sufficient inducement to hold them to him. Secure himself, after the earlier strenuous days, he

to him. Secure himself, after the earlier strenuous days, he could not understand the feeling of financial insecurity.

Under this head of advertiser there perhaps remains only this to be said; concentrating on the technical aspects of his work, he had no flair for the compagnity. work, he had no flair for the commercial. Consequently he was, in these matters, easily side-stepped and shepherded.

he was, in these matters, easily side-stepped and shepherded. Indeed, his humility was at times annoying to those who knew his greatness. There exists a Press photograph of the ceremony attended by the King when the great Barking Power Station was started up by His Majesty.

In the foreground appear the backs of the heads of the distinguished audience. Standing on one of the turbine bases is King George, on his left a pompous looking gentleman, obviously delivering a speech with notes in his hand. Where is Sir Charles? Where is the man whose solitary genius and diligence made such a place possible? Standing meekly among the onlookers, in an attitude almost of meekly among the onlookers, in an attitude almost of apology for his presence.

Who was it that wrote "Verily, he that is diligent in business, shall stand before Kings; but he that delivereth the goods shall stand anything?"

Yes, Parsons was a great advertiser, but no publicity man.

LETTERS TO THE EDITOR.

THE AUSTRALIAN POSITION-AN APPEAL.

Dear Sir,-May I ask you kindly to publish this letter, in case it meets the eye of any Churchman in Australia, who happens to be a believer in Social Credit, or, at least, is against the efforts of Finance to obscure the issues?

are disturbed at the way in which Dr. Head, the Archbishop of Melbourne, has not only played into the hands of Finance, but has apparently done so as an open

ally.
Whatever various friends in our Movement may think
Whatever various friends in our Movement may think
'Yes ally a suident that if the "Head" Whatever various friends in our Movement may think about the Church, it is surely evident that, if the "Head" of the Australian Church is going to be used to make ordinary Christians follow him in his financial "ramp" we should try to counteract, as much as possible, such a sinister attempt. Seeing that there is a fairly numerous body of New Age readers who are both Churchmen and Douglasites, we might be able to get in touch with our friends in Australia with a view to some kind of educational action.

PAUL STACY. PAUL STACY.

NEW SOUTH WALES'S DEFAULT.

Sir,-The default on the part of the Premier of New South Wales is the first serious move in the struggle for financial sanity. Mr. Lang had to commit a crime against the financial oligarchy to be just to the poor of his State; and I am confident that the opposition of the reactionaries will finally redound to his honour. SEARCHER.

GLASGOW SOCIAL CREDIT MOVEMENT.

A public educational lecture will be held in the Christian Institute, Bothwell-street, Glasgow, on Tuesday, April 14, at 7.45 p.m. Subject: "The Douglas Social Credit Proposals and Scottish Affairs." Speaker: "H. M. M." (author "Outline of Social Credit.")

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