NOTES OF THE WEEK.

The Times and the Daily Telegraph both publish accounts (May 20) of a crisis on the Japanese railway system caused by the opposition of railway officials to salary-cuts proposed by the Government. These officials had been prepared, not to "strike," but to resign in their resignations. The significance of their action is commented on by one correspondent who points out that they are the very men on whom the Government had hitherto been able to rely on to carry out the railway service in the event of a strike by the ordinary railwaymen. Their resignation would leave the railwaymen like an army without officers, and therefore it would make no difference whether the men went on strike or remained on duty.

The men, so it appears, were solidly behind the officials, and were prepared to remain on duty but to stand to attention and obey orders. Reports were current in Tokyo that in the event of a "walkout" by the railway officials other employees of the Ministry of Communications, including the postal officials, were preparing to throw in their lot with them. According to the Times, all departmental officials serving the Government are protesting against the reorganization scheme, including even the judges in the Tokyo District Court. There is one exception to this general protestation—a significant one. The Treasury officials are behaving correctly and saying nothing. This development is all the more interesting because, insofar as the scheme affects railway employees, not more than 20,000 out of 200,000 were to suffer reductions: so that for every one who might be charged with being motivated by personal interest in fighting the cuts there are nine who prepared to fight on a general principle.

According to the Sunday Express of May 24, rumours have been floating in New York forewarning that the Macmillan Committee will recommend a further dose of cutbacks for this country. The rumour is antecedently credible; but we are inclined to the hypothesis that, if these rumours are not mere Press-manufactured stories for sales-purposes, but have been fed to the Press from outside, they are intended to be regarded as a general hint that Wall Street expects every member of the Macmillan Committee to do his duty. For if the United States, as appears to be the case, is itself faced with the necessity of swallowing a dose of deflation, then it is necessary for the U.S.A. to point out to Britain that if it is to achieve the real forces of Britain also, it must do so as well; otherwise there would be a disturbance of U.S.A. trade balances. "Deflation" and "inflation" are relative terms. There is no definite quantity of circulating credit, nor any definite price level, which can be fixed by the Press from outside, in order to prove that a country is in a state of deflation or inflation. If every country doubled its circulating credit, credit and its prices, every country would be in a state of deflation measured against its own state before the credit-expansion took place; but so far as international trade balances were concerned the consequences of all these "inflations" would be just the same as if every country had halved its circulating credit and prices; i.e., had gone in for deflation. If it does not matter which policy these countries go in for so long as they go in the same direction at the same time and at the same rate of expansion or contraction, their export-opportunities remain what they were before: they all start from scratch just the same; the only difference being that they have marked the scratch-line further forward or backward along the circular track, and measure their endless race from a different point.

But when any country or countries expand or contract ahead of the rest, the race for markets becomes a handicap-race. Mr. McKenna has pointed out that in such circumstances the country that inflates its credit ahead of the rest tends to gain an advantage in the race for a favourable balance of trade, achieving a higher ratio of exports measured against imports. Granting this, then if the U.S.A. alone were obliged to deflate, the consequences to her export trade would be the same as if the rest of the world had inflated while she had not...
The bankers are at their last gasp when they can only retain their power by promoting resistance to their policy—resistance which must be sustained at that elusive point, between the two extremes of danger to be dangerous and not so weak as to be dangerous. Some navigators of these gulls are sure—and steer a course which breaks the bank. If a wonder they have not been pushed overboard before this.

Reverting to the Macmillan Committee for a moment, we want to remark that, whatever the Report, it will be an out-of-date and decrepit document—extracts of it will amuse the Whitehall humorists who will share with them the thought of the committee that he is tender of the £6,000,000, the population has lost all power of saying what the money should be used for. If so, then they are only a fraction of the Committee's carefully recorded the evidence presented from and to the point now. As an indication of any action it is worth nothing. It will be considered by the Economic Advisory Council, and then passed on to Mr. Snowden (of his) and from there to Mr. Snowden will take action or not according to what the bankers tell the Treasury officials to advise him. And that's all about that.

It should stimulate our loyal supporters to reflect that the conversion of our Union at the present moment is not only our duty but it is also the way to win the support of the people. The Bank of England is the only institution which has national support and it is the Bank that must take the lead in this important work.

The average person, when he thinks of the matter at all, will be apt to think of that works out all right in the long run—that's what in reality means. They certainly know what they want, and how to get it. But they have not yet solved the problem. They are dealing with the consequences of the act of getting it. These are to-day reduced to the necessity of publicizing the workings of the capital in horning people on moral grounds. We must now turn to the consequences more bareheaded without the help of any imaginary power of privation. They are fighting a rear guard action and they are not in the mood for a big battle. The government is not in the mood for a big battle. The government is in the mood for a series of minor battles. But the government is not in the mood for a big battle. The government is in the mood for a series of minor battles. But the government is in the mood for a series of minor battles.

The collective proceeds of this saving inevitably revert to the banks in the last analysis. And even if the banks subsequently let out fresh credit to the whole world, it is all the more dear that we should not get more beer for our money. If we get more beer for our money, we have a parallel to the theory. The Macmillan Committee recommended the regulation of "repression." For every reduction of wages, prices, profits, dividends, and other forms of personal income, a fraction is definitely paid into the banks' reserves.

The report of Drink Traffic Commission is antecedently suspect, and whatever it recommends must be rigorously scrutinized. Imagine an inquiry into the Drink Traffic being conducted by a Committee containing a majority of members not drinking. And you have a picture of the Macmillan Committee. At the same time, I imagine this Drink Traffic Commission reporting that the only way to increase the sale of beer in this country is to introduce a new form of beer which will be more popular. And you have a parallel to the theory. The Macmillan Committee recommended the regulation of "repression." For every reduction of wages, prices, profits, dividends, and other forms of personal income, a fraction is definitely paid into the banks' reserves.
Frederick Richmond, the legal proceedings commenced by Lloyds Bank some time last year were brought against the Company in connection with fraudulently certified Transfers and Transfer Receipts of the Company's Preference Shares. (Our italics.) This was a virtual confirmation of our guess on May 21, which was that the spurious documents were forgeries of the Drapery Trust's own share certificates. However, we were not given this information last year as soon as the Bank entered proceedings, for then it would have been possible for other companies as well as ourselves to have voted to guarantee the costs of the action. The Chairman reported that the meeting that “fuller information could not be furnished at that time because it was subject to a litigation which we have been constrained to keep under cover.” He continued, “I do not think that any useful purpose would be served by going into the details of the transactions which have led to the claim. The first argument is curious, for the fuller information in question consisted partly of facts on which the Bank proposed to rely in its submission to the Court. We have yet to learn how the communication of those facts to the shareholder, who were the people actually being proceeded against, could have been construed as "Contempt of Court."

As to the facts of the case, Sir Frederick Richmond’s second argument, that the shareholders had not been properly informed of the proceedings, is the first that Sir Frederick himself must be content to admit. Having first said that to tell them anything beforehand would be to prejudice their case, he now seems to think they may have been told something.

Sir Frederick’s arguments on the defence will be dealt with later in this article. It is not our present concern to try and figure out what these proceedings mean, but to consider the consequences of a breach of trust which is public property, and ought to be created and distributed as national dividends over the whole population. These invisible and inerent sub-nominal reserves, so to call them, are all that these banks have that makes them, as banks, safe and sure, while half the producing power of perhaps two or three times the collateral value of which these assets are valued at banks’ balance sheets. This margin represents what is unaccounted for as the banking hidden reserves. They are the invisible and inviolate capital that makes them private property, and they have no right to them. Of course, as a point of honour with the shareholders, we must not bring these matters to light; as persons there is no breath of suspicion that there is any hidden reserve. Sir Frederick’s next argument is that the public, and the precedent set by the compensation act, affects the present interest of shareholders.

We are not suggesting that the directors act against the public interest of shareholders by accepting the terms of the offer. We are simply suggesting that if a shareholder has not been fully informed of the nature of the proceedings, he cannot be said to have consented to them. This is not an argument for the Bank, but it is an argument for the shareholders themselves.

The first argument is that the shareholders have not been fully informed of the proceedings. The second argument is that the shareholders have not been properly informed of the proceedings.

Reflection on the foregoing will explain why the shareholders are not prepared to accept the terms of the offer. They are not prepared to accept the terms of the offer because they are not prepared to accept the terms of the offer.

For example: If you act in the capacity of a trustee, you have a duty to act in the best interests of the beneficiaries. This means that you must act in a way that is fair, just, and reasonable. This is a common law duty. It is also a duty under the Trusts Act 1925.

The Trusts Act 1925 requires trustees to act in the best interests of the beneficiaries. This means that they must act in a way that is fair, just, and reasonable. They must also act with care, skill, and diligence.

The courts have said that a trustee who breaches their duty must compensate the beneficiaries for any loss or damage caused by their breach. This is known as the duty of care, skill, and diligence.

In summary, if a trustee breaches their duty by failing to act in the best interests of the beneficiaries, they must compensate the beneficiaries for any loss or damage caused.
Mr. Franklin had asked for his £15 back nothing would have been said about "absurdity." Sir Patrick Hastings, who appeared for the Bank, submitted that there was no case to answer.

Sir Patrick said the claim was so outstandingly absurd that he was at once going to submit that there was no case to answer. He submitted that "everybody had a claim against the Bank for £3,000,000,000,000, and if you added to that the minds of people whose grasp of facts was not perhaps quite accurate, and who perhaps knew the circumstances of the case, it was essential that it should be realised that it should not be considered as absurd that such a ridiculous claim should be seriously entertained on any account whatever."

Sir Patrick said there were innumerable defences that could be raised.

"His case is that a mark is always a mark, and always has been a mark," commented the Judge. "No doubt the case is a strange one.

Look at the italicised passages. Sir Patrick was suggesting that it was against the public interest not to take the claim to the Court, even for the chance of having it heard. Probably we shall have a law soon for holding anybody using any action at all against a bank. The Judge's comment to Mr. Hastings amounted to saying that the Court was prepared to play on the facts in evidence without hearing it.

"You could give judgment," Sir Patrick said, "for only an infinitesimal portion of a farthing."

The Court dismissed the case with costs.

At one juncture during the hearing Mr. Franklin remarked that "The Bank tried to go round the auditors."

That's not surprising," commented the Judge. "Their very existence was at stake."

Quite so; but it is clear that the Court ought to have been surprised by so much the more. The whole point on making the Bank produce proofs justifying its denial. Mr Frankland had been denying the amount of his claim, that his object was "justice and the sanctity of a contract." Well; he has got the proof of the Garthus. That the Court of Law can dispense under existing circumstances. Sir Frederick Arthur, President of the Royal Commission on some months to survey all the relevant facts and figures in this case."

"For the convenience of readers interested in the Social-Credit analysis of the legal situation generally, a summary of the facts is here set out at which the subject has been discussed at length:"

November 6, 1939. "The Bank's attack on lawyers.

While we are thus digressing let me mention that there is not a little monotony entitled An Enquiry of the Bankruptcy, there is a reference on p. 6 to the "Bankruptcy Act, 1872," which is among other things that an examination of an entry in a banker's book shall be regarded as evidence of entries therein.

One of our readers will look up this Act and report other "finds" he comes across. On p. 15 is a list of "Findings." A witness is not permitted to answer any question which involves a matter which is not within the ordinary responsibility of the witness, in which respect it should be contrary to public sense.


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"The Banker's Cloak-Room."

"A correspondent, G., sends me the following letter from the Times London Engineering Supplement to illustrate the remarks in his letter appearing elsewhere. There is a seven leading articles on the subject of bankers being the holders of large overdrawings, but apart from the fact that the bankers are the holders of large overdrawings, it seems, represent 'property' and the tickets, money, or 'credit.' It has not just, but perfectly 'hanged' the exposure of the 'fallacies' of advocates of inflation and consumer credit.

"The Banker's Cloak-Room."

"Where did you get that hat?"

"Oh, don't ask me."

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"We will leave the answer to the lawyers and look at this from another angle. A third party forges a Bank of England note, forgers goods from it to John Smith, and buys £5,000 worth of goods from John Smith. Then the Bank of England cannot possibly detect it. Has John got a claim against the Bank? He has not. But why not? It is true that he was not legally bound to sell his goods, but as he was under the economic necessity of selling them for the Note, not only to make his profit but to discharge debts resting on the goods. Apparently the sole reason why Smith would stand the loss is because he failed to detect the forgery. Why then, should not an identical failure in the Bank be enough? That again is a question which we leave to the lawyers."
Drama.

Salome: Gate.

The Gate Theatre Salome holds its place as the theatre in which the plays that one most wants to see are produced. At every recollection of Wilde's "Salome" in a little theatre, I go to the playhouse, I go to the theatre, and I go to the play. I go to see. I go to hear. I go to hope.

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LETTERS TO THE EDITOR

FORERUNNERS OF SOCIAL CREDIT

Sir,—At this distance I have been following with ingenuity the arguments in your columns, initiated by Mr. Symons, under this heading. Various names have been mentioned in connection with the proposition, which I trust will be enough to add, as a tribute from the living present to the illustrious name of J. B. Crocker, the author of that magnificent construction of social credit, of which we have enjoyed the benefit of the book, "Wheel of Wealth." It seems to me, this great pro-social theorist was not the precursor, but the actual philosopher of "credit," the true originator of the idea.

So far as my knowledge extends, Crocker was the first to establish an economic system of a philosophic basis, to clearly see and demonstrate the overwhelming importance of "consumption."

F. J. Saward

East London, South Africa.

The discovery of the importance of "consumption" has had a very long time, but the discovery of how to apply it to our everyday needs, is a problem to which the credit proposals have been directed. The credit proposals, if they had been known of them.

No one who is familiar with the work of Mr. Crocker, who has helped Mr. Douglas to thicken the barrows and not to help him to read these, has not understood, good faith.

To the Deputy Governor,

The Legion of Unemployed.

London.

Sir,—On behalf of the organised unemployed of Coventry, I thank you for your letter of the 14th May. You have expressed the true feeling of affairs of all the unemployed. It is not a matter of the time and attention of the Governor of the Bank of England.

We hope that you will be good enough to put this matter before the Governor on his return from the Continent.

Yours faithfully,
G. HICKLING.
Legion of Unemployed.