

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2181] NEW SERIES Vol. LV. No. 9. THURSDAY, JUNE 28, 1934. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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## NOTES OF THE WEEK.

### The Bankers' Crime Calendar.

On June 14 the evening newspapers had a story from South Africa. It appears that a bandit descended on the manager of a bank at his private house one night, made him get into his car under threat with a revolver, made him drive to the house of the assistant manager who had certain keys, forced the assistant manager to accompany the party to the bank, made both of them open the safe and give him the money, and finally made them drive him to a certain hotel, deposit him at the entrance, and drive on. The report said that he had escaped with his booty. If this story is true it raises some curious points of law—or would do in this country. For latterly the Scotland Yard authorities, and certain magistrates, have been impressing on citizens their legal duty to assist in the prevention of crime. As to attempted bank robberies it goes without saying that bank officers are expected to fire pistols at the intruder (if provided) or throw inkpots, without consideration of the risk to their bodies. Of course it is possible to argue that whereas it is wrong for a servant to fail to protect his master's property it is not wrong for the master to fail. But the banker holds himself out to be the minder of other people's money; and in that case ought to protect it. If he loses their money, they lose it—or do they? Suppose they do not; then how is it replaced? Can there be a method of replacement which does not inflict a loss on any person at all?

Well, students of the credit question in general and the Waterlow case in particular know that the answer is in the affirmative and is based on high judicial authority. Notes of the central bank and of the Government are "printed stationery" replaceable at the cost of reprinting. It would therefore appear that the practical problem for judges to decide in cases where people are charged with failure to prevent robberies of banks, is the simple one of ascertaining whether, at the time of the offence, they were aware of the real nature of paper currency and the "property rights" attached to it.

Ignorance of this would, in effect, constitute their crime of playing for safety. 'Twere folly to be ignorant where wisdom meant immunity. This is a new argument for inducing the public to look into the money question.

### The Drought Scare and Others.

The Court Jester of *The Times* (June 16) was evidently commissioned to say something funny about water, but in such wise is to induce solemnity about the shortage of it. He did his best. He headed his composition with the title "Little Drops of Water." This effort apparently brought on a drought of humour; for nowhere thereafter did he make a bid for a laugh. He pointed out how difficult it was to make people realise the serious position, the reason being that although farmers may be ruined by the absence of rain, there are a lot of "open-air joys" that would be ruined by its presence. Then he remarks that here and there a "rare individual" takes in the true situation, but, also, he is treated as a "crank" and a "croaker." "It is a pity that he does not get a better hearing."

Yes, it is a pity. And in this lies the opportunity for our Jester to come out of his surplice and resume his cap-and-bells job. He could write a brilliant article round the fable of "The Boy and the Wolf." The "boy" is the Press—including even *The Times*. How many scares could this writer not adduce as themes for his playful wit and fancy. The great Gold-Standard scare comes to mind at once. Why should any person trouble about the drought-scare after the way in which events have discredited the gold-cranks and gold-croakers? But apart from major issues like this, there is not a day upon which one does not see in heavy headlines on newspapers and posters one or more of the following stereotyped adjectives:—"Sensational," "Amazing," "Astounding," "Grave," "Tragic," "Portentous," "Dramatic," and so on, not to speak of a parallel list of nouns of "dramatic" import. We are told that all the world's a stage; and since it is only through the Press that people can see the play, this distortion of perspective in the newspapers destroys all knowledge of what the play is about. Thus the village fool in Act I. is Socrates in Act II., and might be any other character in Act III. The audience takes lessons in economics from film stars. "Nonsense," said a reporter once to a friend who complained that the newspapers

were boycotting Social Credit; "it is all a question of news—Douglas's views are not news—that's all—now, if he would jump off the roof of the Bank of England or something like that we'd give him all the publicity he wants—we have to think of our public and give them what they like to read about"—and so on. The evil implications of this plausible answer are opportunely illustrated by a complaint we read of from the United States recently, namely that in spite of the abrogation of the Prohibition law, a large number of people still insist on getting the doped liquor with which the bootlegger used to supply them: they are so accustomed to the flavour, and crave so much for the particular kind of "kick" they got out of the crude, corrosive concoctions, that nothing else will satisfy them. It should be noted, by the way, that finance comes into the story as well. The bad liquor is cheaper than the good in spite of its higher alcoholic content ("kicking power") because it escapes duties, being manufactured surreptitiously and transported by smugglers. This helps one to see that the above newspaper man's argument was nothing other than a statement that the Press was obliged to administer to customs and tastes which it had itself formed, and the public demand reflected the exigencies of newspaper competition. The more desperate the scramble for pennies by the newsmongers the more depraved the taste of those whose pennies are scrambled for. Nothing seems able to break this vicious circle, nor, in truth, is able to do so, but the adoption of the Social Credit principles of finance.

#### Preservation of Industrial Records.

A letter in *The Times* of June 21 announces the formation of a Council for the Preservation of Business Archives. The signatories point out what a wealth of old records made by "business men and firms" is being lost to the would-be student of economic history by reason of the absence of a central place where they could be assembled and examined. They are being destroyed accidentally (e.g., by fires) or purposely (elimination due to shortage of office accommodation). The first object of the Council, say the signatories, is to "compile a register of all business records over 100 years old . . . by means of questionnaires, and the council may be able to offer help and advice to such owners of documents as are unwilling to incur the labour of exploring and classifying their own papers."

They also say: "If any firm is in doubt as to which of its records deserve preservation and which may without disadvantage be destroyed, the council will be glad to furnish expert advice."

There are eleven signatories, Stanley Baldwin heading the file, F. C. Goodenough being No. 5, and J. C. Stamp modestly taking the rear. One other name only need be mentioned, that is, A. F. Pollard, Hon. Director, Institute of Historical Research. (We have a vague recollection of this Institute's having been discussed in *THE NEW AGE* in connection with some alleged anomalies in the selection, etc., of records: perhaps some reader will remind us what it was.)

We need hardly elaborate in these pages the suggestion that independent records by business men and firms made and compiled up to within ten years of the Bank Charter Act of 1844 are likely to contain information of special interest to students of the politics of High Finance. And with all respect to the good faith and the erudition of the people (not yet named) who will be invested with the responsibility of discriminating between the valuable and the worthless records that will be submitted to their "experts," we should feel more easy in our minds if Major Douglas, or someone nominated by him, were invited to join the proposed Council. Anyone versed in Social Credit knowledge will instantly realise that unless someone possessing it is in charge of the scrutines the value of the historical matter selected for

preservation is bound to be seriously impaired. Further, since the Council, according to the signatories, is to have the power of placing restrictions on the publication of information to be gained by "serious historians" who consult the records, the co-operation of Social-Credit experts on the Council would seem to be doubly advisable. The signatories invite communications to be sent to the Honorary Secretary of the Council (as described above), Malet Street, W.C.1.

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While this is in our minds, it occurs to us that we have never been told about what happened in respect of a statement made by one of our correspondents several years ago that certain volumes of Hansard covering debates on the Bank Charter Act were missing from a certain file, where, he said, they ought to have been. Was this verified? We understood that enquiries were going to be made. We shall be glad to hear with what result if they were.

#### Gilbert Islands Guano Concession.

On two occasions during the last five or six years we have commented on the allegations made by Mr. T. C. T. Potts (of 98, The Drive Mansions, Fulham, S.W.6) respecting the conditions on which the natives of the Gilbert group of islands were induced to assign the valuable guano deposits in those islands to the Pacific Phosphate Company, Ltd. On June 14 Mr. Potts, whose patient and almost single-handed fight for the righting of the wrong which he holds the natives to have suffered must command everyone's admiration, circulated to the Press copies of his latest memorial to the British Government in the form of a letter addressed to Mr. MacDonald. The letter recapitulated the main facts. In his communication to the Press he included a copy of some questions and answers in the House of Commons extracted from Hansard (Vol. 24, No. 17, Wednesday, December 13, 1933) on the subject. The latter is reproduced below.

22. Major Milner asked the Secretary of State for the Colonies on what terms the concession to export the guano phosphates from Ocean Island was held by the concessionaire company before it was bought out; what profit accrued to the shareholders during the latest year for which statistics are available; what amounts were paid of the profits during that period to the Gilbert Islands treasury and the natives of Ocean Island respectively; whether in royalties or in rent; and on what terms the labourers are now employed to dig and ship the phosphates and whether they enjoy any Government protection? Sir P. Cunliffe-Lister: The licence granted in 1902 to the Pacific Phosphate Company, Limited, provided for a royalty of 6d. per ton upon all exports of guano and other fertilising substances. From 1912 onwards the company paid an additional royalty of 6d. per ton for a trust fund to be used in the interests of the islanders, the amount of the profits made or distributed by the company, whose operations were not confined to Ocean Island, are not recorded in the Colonial Office. The native labourers on Ocean Island, in common with other British subjects, enjoy full Government protection. I do not know of any actual wages to the native labourers, but there is a minimum rate fixed by law. The other information requested is not available.

Major Milner: Will the Right Hon. Gentleman inquire and let me know.

Sir P. Cunliffe-Lister: It would take a good time to get the information, but I could write and inquire.

Major Milner: Many very serious allegations have been made of the exploitation of the phosphates in these islands and the very great mineral wealth there, of which the natives are receiving no portion. Would the Right Hon. Gentleman get all the information he can on the subject?

Sir P. Cunliffe-Lister: I will endeavour to obtain the information, but I think the Hon. and Gallant Gentleman is wrong in supposing that the natives get nothing. In my main answer I said that in 1912 the company paid the natives royalties for a trust fund for the benefit of the islanders and that there is a minimum wage fixed.

According to Mr. Potts's letter to the Prime Minister, the Secretary of State for the Colonies in 1902 granted the aforesaid Company the sole right to export guano

from Ocean Island for a payment of £50 per annum to the natives. This was to last for six years, after which, in lieu of the rent, a royalty of sixpence per ton on all phosphates exported was to be paid. This disparity between the rent and the value of the concession is measured by the fact that in one of the years the Company made over £300,000 net profit; and Mr. Potts declares the substituted royalty to be a "paltry" payment, complaining further that it went, not to the natives, but to the Imperial Exchequer. The Gilbert Islands are otherwise poor in resources, producing little but coconuts and pandanus, "and in bad seasons numbers of the natives have been starving." It will be noticed that Sir Philip Cunliffe-Lister admits that the "additional royalties" went into a "trust fund for the benefit of the islanders" and added: "There is a minimum wage fixed." Mr. Potts points out, however, that direct and indirect taxes are "levied on the meagre resources left to the natives," declaring that these imposts would have been quite unnecessary if the Colonial Office had secured a fair proportion of the Company's profits, which, he says, have ranged between 20s. and 30s. per ton. He grants an inquiry into the circumstances attending the grant of the concession with the view, presumably, of repairing the injustice done to the natives. He won't get it; and one of the excuses will be that he mentions the names of one or two ex-officials in Colonial Service as having taken up shares in the Company when formed. The reaction of the ordinary member of Parliament will be: "Why rake up an old scandal?"—Parliament who will reflect that if the Government allows old scandals to be investigated it cannot refuse investigations into new ones. The trouble is that the principle of justice and fair dealing which Mr. Potts invokes has been, and is, disregarded in all other directions. The trick of getting people to part with property of its actual or potential value is as old as the hills. The South African gold mines come into the picture here. It will be remembered that when the South African Government announced its departure from the gold standard, we pointed out in these "Notes" that the decision had been pre-determined by bankers and big market operators long before, and its main consequence foreseen by them, namely, the automatic appreciation of the financial value of exported gold with the consequential swelling of mining profits. It goes without saying that during the interval before the public announcement these financiers would take steps to secure the beneficial ownership of the means of intercepting and controlling the premium which was going to be created by the change in currency policy—assuming, of course, that they had not already been in a position to do so. There would be deals in debentures, liquidations and consolidations of properties, and so on. (If anyone has time to collect data of voluntary liquidations and amalgamations during, say, the two years preceding the event in question, and to trace subsequent events, he will probably find some illuminating evidence of the despoilment of ordinary shareholders in these properties.)

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Again, the people who were (or put themselves) in a position to control the premium were practically the same people who controlled the fiscal policy of the South African Government. On the basis of this fact we were able to prophesy (as could anyone who had studied high financial politics) that the South African revenue authorities would raid the profits. Apropos of this there is an amusing story to tell. An overseas reader of *THE NEW AGE*, a lady lately in London, told us recently that when she got her copy containing our forecast she showed it to her husband, who scoffed at it as nonsense. He, like most capable, practical business men, took it for granted that political policy was subject to economic policy, and that in South Africa the massed capital of the gold-mining companies was the dominating factor in economic

policy, and would operate to keep inviolate the windfall of profits accruing to the companies. He missed the truth that this and other great combines of capital are not primarily run for profit but are forged and used as instruments of government. Well, one day the inevitable transpired; squadrons of fiscal flying machines appeared from nowhere, darkening the sky, and littering the Reef with demand notes. So our lady friend (they will have the last word!) hunted up that *NEW AGE*. Whether she showed it to her husband or left it where he would see it we do not propose to relate, because—well, you remember the gentleman in one of Charles Dickens's books who would say to his wife: "Tell him my opinion, old gal," confiding to his friends behind her back that he respected her superior judgment but mustn't let her know it because "discipline must be maintained."

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Ocean Island was a working model of the Cape. The guano ramp was the more flagrantly impudent because it was worked against natives who were ignorant of the real nature of "sound" business and "paternal" government. To-day we can see that behind the trick through which the Company sought profits was the Government who sought "favourable trade balances," and behind both, the banking monopolists who sought "balanced Budgets" at home, and the dominant political power of creditors in the world of international finance. The moral in this case is the same as the moral in all others: it is that no matter how clearly such expropriations and injustices can be proved, there is only one source from whence the power to reverse them can come, and that is the potential fund of purchasing power secreted by the Money Monopoly. You can't grind corn with the water that has passed; and, in these matters, you can't undo thefts with the money that's been sneaked. Long before the War we and our fellow-veterans in our spare-time quest for justice were constantly dinning it into the ears of the wage-earners that the chief way (if they could only do it) to protect their standards of life was to push in and intercept high profits before the capitalists ploughed them into bonus shares. It was no use their complaining afterwards, for, as we pointed out, the shares were constantly changing hands, so that any belated appeal for justice would bring the workers face to face with new holders who had given "valuable consideration" for their holdings, and to whom, therefore, it would have been an injustice to be compelled to restore the money lost in the past or to foot the bill for higher wages in the future. The snag, as it appeared then, was that you could not find out which people had got the "something for nothing" that should be handed back or shared up. We did not realise that the something for nothing was itself nothing—that the distribution of bonus shares representing money was a distribution of an additional series of I.O.U.s cashable out of a pre-existing store of circulating money, and that whatever sum they would fetch would decrease the sum which the older ones could fetch. We did not know that all reserved profits were destroyed credits whose departure was disguised by the word "savings." Now we know these things: and look forward to the New Life through the resurrection of dead purchasing-power.

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The story that Mr. Potts keeps on telling is a graphic epitome of the technique of centralised government imbued with the morals and axioms of banking policy and technique. The natives get a White Treasurer to look after them. The Treasurer says to them: "Now, I'll get you some money for your guano if you will sign this paper." They agree, and sign the paper. The Treasurer does the deal with the Company, and begins to draw the money. He does not give it to them to do what they like with it: he holds it in trust for them. As Trustee, he consults the Company as to how to discharge the trust. Says the Company: "We need these fellows to dig the guano out for us as industriously and cheaply as possible: so don't you give them enough to enable them to refuse jobs or even to work only when and how they

please." "Right," says the Trustee: "you trust me." The consequence is that the natives get only a small part of the proceeds, and even what they do get is to supplement their wages. It is like a man calling at your house and saying: "I'll buy your furniture, and in return, I will give you the job of loading it on my van outside." What would you say?—but let's hope not! The natives entitled to dividend warrants, get employment cards, and have to pay for stamps to put on them. That at any rate is the position in principle. The Trustee devotes the balance of the proceeds to purposes of "wise government" as he calls it, consisting chiefly of financing institutions, persons and projects designed or chosen to regulate the conduct of the impoverished and helpless natives in conformity with the policy of the Company.

Let none of these words discourage Mr. Potts from pursuing his task in his own way. He has closed his eyes to all else than that these natives have been spoiled, and ought to be recompensed. He acts in obedience to a closed philosophy in which the apparent spoilers figure as possessing the means of making reparations. He disregards any secondary consequences of their being made to do so. He flouts, by the implications of his narrow mission, the paralysing doctrine that the section of the community ought to renounce its claims for the good of the whole. He has been a lone guerilla warrior in this cause for thirty years. If only there were a few hundreds more with the same fixity and continuity of purpose the coming change in the world order would be perceptibly hastened.

#### Maternal Mortality.

The Minister of Health recently called attention to the prevailing incidence of maternal mortality. Deaths in child-bed stand at much the same figure as that which was established when antiseptic methods were first introduced, in spite of the many and strenuous efforts made to improve results. Commenting upon this problem, the writer of a leading article in *The Times* of June 23, says that medical opinion is no longer unanimous about the cause of maternal mortality. The comparative constancy of the rate suggests that the cause is not altogether involved with methods of maintaining aseptis. There is a body of medical opinion which holds that the state of nourishment of the mother determines to an important extent her safety in child-bed. The writer of the article comments that the truth probably lies between this school of thought and that which looks to antiseptic methods, because, as he says, "it is clear that a faulty state of nutrition must contribute to the risk of infection." This leads him on to base his hopes on research into dietetics. Near the end of his article he says:—

"for although it is not yet possible to say that resistance to disease can be increased by any one food element, it is certain that it can be increased by a liberal diet balanced in accordance with the special needs of the body."

But there is a difficulty:

"Experience has shown that mothers are always much more concerned about the health of their infants than about their own health. But when it has been made plain to them that mother and child stand or fall together in the matter of health, they adopt, as a rule, a new attitude and become eager to learn."

Therefore, he says, the knowledge now available about food and foodstuffs makes the work of teaching a "new and most inspiring enterprise." He ends up with the hope that the solution will lie along dietetic and bacteriological research as an adjunct to antiseptic methods.

The general comment which this asks for most of our readers will be instantly ready to supply. Bearing upon this subject, we may mention that a few days ago we interviewed a man, whom we have known for a long time, whose son suffers from asthma. He was treated, and found distinct benefit from taking a certain brand

of tablets recommended to him by the specialist. But when he was passed over to the care of his panel doctor in the ordinary way the latter told him that he must take something less expensive. The young man tried the alternative, but found that it did him no good, and naturally protested both to the doctor and to those who would listen sympathetically to him. We advised the father, who was disposed to lay all the blame on the panel doctor, to give that up, explaining to him the penalty of "excessive prescription" under which these practitioners have to do their work.

The oddness, which may strike some readers, of comparing asthma with pregnancy seems to escape notice from the majority of sociological commentators. That is because they proceed on the assumption that the real factors in the problem must necessarily be adjudged relevant or otherwise according to considerations of cost. To take one instance: the very fact that attention is being concentrated on dietetic analysis proceeds from the assumption that choice of diet must necessarily be restricted by questions of price. With unrestricted choice the fancy of the pregnant woman would be a guide to the right dietary, but unrestricted choice means at least a moderately generous income. As things are, the expert first of all standardises a diet in terms of chemistry. He apparently takes it for granted that because hypothetically a chemical analysis of a large number of human corpses would yield evidence of chemical composition related to diet roughly approximating to the standardised dietary, the whole job is finished from that angle. Taking as an example some such formula as the following (the letters standing for the elements in the diet and the numbers for proportions): Ar B<sub>1</sub> C<sub>2</sub> B<sub>6</sub>, he would be able, if there was no narrow limit of cost, to make alternative prescriptions of foods so diverse in combination (not to speak of generous quantity) to provide that almost every individual fancy could indulge itself with the certainty of absorbing sufficient of the four essential elements laid down in his formula. But with the banker looking over his shoulder, what he has to do is to search round for the cheapest combination of foodstuffs (and to be obtainable at the cheapest price that combination must be a standardised one to facilitate mass production). As an example of the end of the search take, for instance, Chinese pork. Assuming that chemically analysis of this yielded comparative results to English pork, the Chinese would be preferred because it was cheaper. And so with other items of diet. No notice would be taken of the imponderable differences between foodstuff produced thousands of miles away, and in a lot of cases frozen en route, and months dead, and fresh grown meat bred in the neighbourhood of the consumer. Everyone realises that these imponderables must affect the metabolic processes which foodstuffs set up.

This line of comment could be elaborated indefinitely. But relevant as it is in regard to eating generally, it is much more closely relevant to the problem of the child-bearing woman. Cases of peculiar fancies and tastes among such women can be cited in number by the elderly mother or midwife. It used to be a recognised thing not so very long ago in country districts unsophisticated by civilisation that when Mrs. So-and-so was "in the way" all the neighbours in the district knew that they should allow her to indulge her fancies even to the extent of stealing the means of satisfying them. For instance, she might steal a pineapple or a peach, or something else outside the range of her ordinary dietary, so, and the proprietor of the article observed here would say nothing at the time but would just communicate the fact to her husband subsequently. If you like to say that these "longings," as the expression is, have nothing to do with the problem of the healthy nutrition of the child and the safe delivery by the mother, there is no further argument. And even with those who

## Financial Inquiries.

THE ESSENTIALS IN TERMS OF REFERENCE.

By Arthur Brenton.

[The following is a part of an article contributed to *The Realist* in 1929, soon after the Macmillan Committee's appointment. It has not been published in *THE NEW AGE* before. It is published now to put it on record, also because it may in some ways enable the ordinary public to distinguish between the superficial aspects of the system on which so much time is wasted by Committees of Inquiry and the fundamental aspects to which Social-Credit advocates call attention.]

The main purpose of this article is to distinguish the essential factors of the economic problem with the object of enabling readers to judge whether the terms of reference to be adopted by the Macmillan Committee are adequate or otherwise.

It will be useful to begin with a hypothetical example of the steps by which Britain's war-debt to America was built up, and of the financial results to American citizens. We shall refer to four chief parties to the transaction as follows:

The Bethlehem Steel Corporation, "The Corporation."

The Federal Reserve System, "The U.S. Bank."  
The American Government, "Washington."  
The British Government, "Westminster."

The process can now be explained in principle by the following example:

1. Westminster wants to buy a shell from the Corporation; Washington assents.
2. Westminster applies to the Bank of England.
3. The Bank of England consults the U.S. Bank.
4. The U.S. Bank agrees to provide the necessary credit.
5. Westminster orders the shell from the Corporation. The Corporation borrows 100 dollars from the U.S. Bank.

(Note A.—This 100 dollars is a new credit created and put into circulation. It is an addition to the amount of money previously circulating in the American markets. [Vide recent annual speeches by the Rt. Hon. Reginald McKenna, Chairman of the Midland Bank. "Every loan by a bank creates a deposit—and the repayment of every such loan destroys a deposit."])

6. The Corporation expends the 100 dollars on materials, salaries, wages, etc.
7. The Corporation ships the shell to England.
8. The Corporation makes out a bill, pricing the shell at 500 dollars.
9. The Corporation takes this bill to the U.S. Bank.
10. The U.S. Bank creates a further credit of 500 dollars and pays this sum to the Corporation to settle the bill.
11. The Corporation repays its 100 dollar loan to the U.S. Bank.

(Note B.—There is now 500 dollars extra credit circulating in the markets, i.e., two sums of 100 dollars and 500 dollars respectively, less one loan-repayment of 100 dollars. Of this sum 400 dollars is in the Corporation's possession as its realised profit, and the 100 dollars has become the revenue and earnings of various business concerns and individuals who have provided the Corporation with materials and services.)

12. The U.S. Bank provisionally debits Washington with 500 dollars.
13. Washington has to repay the 500 dollars to the U.S. Bank.
14. Washington prints "Victory Bonds" to the nominal value of 500 dollars.
15. Washington appeals to "patriotic" American citizens to buy these bonds.
16. The Corporation invests its 400 dollars in them.
17. The various holders of the other 100 dollars do the same.
18. Washington receives the 500 dollars.

see the relation but have reconciled themselves to the cost limit apparently necessary under the present system of finance, again there is no further argument. But to those who realise all that is contained in the promise of the National Dividend, such imponderables instead of being stones rejected by the builder become the head of the corner. In the case of the pineapple your bank-ridden sociologist would say: "Oh, yes, a pineapple: now let us see: its chemical analysis is such and such: now what cheap manufactured substitute can we find which yields the same analysis"! He might hit on, say, desiccated mealies from South Africa. Just imagine the pregnant woman who fancies a pineapple being told that mealies are just as good!

The necessary light on the remedy, even apart from Social Credit, cannot penetrate the statistical methods now in use; for they are in all cases patterned ultimately to give our financial rulers the kind of information they want or the information they wish to broadcast. Is there, for instance, any reliable record over a long period of years of maternal mortality in any country district where the mothers have been nourished on the produce of the district and in adequate quantity? In such districts it used to be a rare thing for a doctor to attend a child-birth case. In fact, he had no patients but such people who met with accidents and fractured bones. The bearing of children came almost as little into his sphere of supervision as the littering of cats. There is on record the case of a doctor in the West Country called Stoneham. The old man would ride them on horseback not to treat his patients but to visit as neighbours, and to ask if everything was all right. In fact doctoring was not a business; it was a hobby. His earnings, as we call them nowadays, would hardly have kept his horse in fodder (and this sort of thing will come back in the age of leisure). The old man used to have a saying which was long remembered. It was used to wave his stock at his friends and say: "If both you damned fools would buy 'em." At that time the flowers of sulphur and boracic powder were a guinea a lb. Together with senna and goose fat, they constituted practically all the pharmaceutical resources of the householdes managed to grow up and do men's and women's work in the world and die old.

Even living on home bred food, grown in the immediate neighbourhood, is no longer the guarantee of health that it was. The practical abolition of lime-kilns, the importation of chemical fertilisers, the dripping of petrol from tractors, have all combined to alter the quality of the produce of the land. It is no use anyone saying that the change is too small to matter; it has been proved otherwise by the experiments of treating land with dung or lime or other manures in a series of contiguous areas in a field, and turning sheep on the field to graze when the grass came up. The sheep made no mistake; cropping the grass on the naturally fertilised patches down to the soil and even then trying to nibble it some more, in spite of the fact that the grass on the other patches was growing luxuriantly. We live best on the sheep which has itself fared best.

It may be remarked that nothing was known on the countryside of complications following fractures. To-day we are constantly told about persons breaking, say, an arm and dying of pneumonia or septic poisoning.

### Notice.

All communications concerning *THE NEW AGE* should be addressed directly to the Editor:  
Mr. Arthur Brenton,  
20, Rectory Road,  
Barnes, S.W.13.

19. Washington repays the U.S. Bank.  
20. The U.S. Bank cancels the loan, thus destroying the credit.

(Note C.—At this point the total of the credits circulating in the American markets is back at the same amount as it was before the commencement of the transaction. There has been an addition of 500 dollars, followed by a subtraction of 500 dollars.)

21. Washington now becomes Westminster's creditor for the 500 dollars.  
22. Westminster ratifies a Debt Agreement acknowledging the obligation to pay 500 dollars.  
23. Washington, in the meantime, is under obligation to pay interest, say 5 per cent., on the Victory Bonds to the Corporation and other holders. Say, 25 dollars per annum.  
24. Washington levies taxes on American citizens to this amount, and pays the holders.

(Note D.—This transaction neither raises nor lowers the amount of credit in the country: it transfers 25 dollars from the community as a whole to the investors. The investors themselves, as taxpayers, have, of course, to contribute towards the interest which they receive. And supposing Washington has to repay the investors the principal sum of 500 dollars, American citizens (including the investors) have to pay the whole amount in taxes. Hence a default by Westminster in repaying either interest or principal to Washington would depress the general standard of life in America.

Summing up the net effect of all these transactions the essential facts are (1) a shell has been delivered to England priced at 500 dollars; (2) American investors have received Victory Bonds nominally valued at 500 dollars. *But the dollars themselves which were used for the purpose are no longer in existence.* The circulation of dollars is down at its previous normal level.

This last fact has a bearing on the American investment markets. On the one hand the money in America has not increased; on the other there are 500 dollars worth extra of marketable securities. There is a potential over-supply of securities against the potential demand. The consequential tendency is towards a general reduction in security-prices, in obedience to the "law of supply and demand." This tendency can be checked in two ways: (1) by people buying securities with money which they otherwise would spend on consumable goods; (2) by investors borrowing money on their securities from the bank (in this case borrowing on the security of the Victory Bonds from the U.S. Bank). That is to say, there must be either a *diversion* of existing credit from the consumption markets to the investment market or the *creation* and issue of *additional credit* directly into the investment market.

But the practice of the first alternative on a large scale would ultimately reverse its initial effect in this direction. The security value of the Victory Bonds depends on Washington's ability to raise taxes; that ability depends on the taxable capacity of American citizens; their capacity depends on general industrial activity in production; this activity depends, in the last analysis, on the activity of individual purchases for consumption. Therefore a diversion of buying away from products to investments, although it may immediately keep up (and even cause a boom in) the price-level of investments, must ultimately produce the opposite consequence. For instance, if every customer of Lyons Bakeries were to cut down his order for bread to one-half, and use his savings to buy their shares, no doubt the shares would look very healthy for a time, but the dividends would soon begin to droop, and the shares to slump.

So the investment market has to be supported in America by the second alternative of bankers' loans and (or) investments. To revert to the illustration; the holders of the 500 dollar Victory Bonds would be allowed by the U.S. Bank to borrow, say 400 dollars on them. In that event there would now be 400 dollars more money

in circulation as against 500 dollars worth more of securities. This would go a long way to feed the investment market without starving the consumption market. So also would an outright purchase by the U.S. Bank of these Bonds from their private holders, if it chose to create a new credit for this operation without withdrawing previous loans. That it has the legal power to make such purchases is undoubted, as also is the fact that by making them it expands its power of issuing more new credit.\* Let us here resume our recapitulation of the financial consequences of the transfer of this shell.

(a) A shell priced at 500 dollars is shipped to England.

(b) The U.S. Bank creates and issues new credit in the form of 500 dollars to Americans as purchase money.

(c) The U.S. Bank withdraws the dollars from Americans and cancels the issue.

(d) In exchange, Victory Bonds priced at 500 dollars are issued to Americans.

(e) New credit to the amount of, say, 400 dollars is issued to Americans. The issue is partly the result of the Bank's purchases of Victory Bonds and partly the result of its loans on such Bonds. Thus, the whole 500 dollars worth of Victory Bonds are owned by, or pledged with, the Bank.

Relating items (a) and (e), the initial act of selling the shell to England has caused the issue of dollars in America to, very roughly, the equivalent of the price of the shell. Americans are handling more dollars because England owes for the shell. England's debt is, so to speak, the basis of trade and investment activity in America.

## II.

The foregoing analysis is, of course, not presented as an exact or a complete survey of the general financial situation in America. It is an attempt to isolate and examine a sequence of effects arising from a particular international transaction under the rules of orthodox finance. The lay public do not want to study in detail how the bankers apply their technique, or in what sequence they ring the changes on securities and credit. What is essential is that the public should get a general idea of the way in which the ultimate consequence proceeds from the initial cause.

It would be futile to attempt to confirm the token figures adopted in this isolated analysis by reference to authenticated statistics, but at the same time it will not be irrelevant to point out that in August last the amount of outstanding credit represented by "brokers' loans" in America reached a new high record of 7,800 million dollars—say £1,600 millions. Such a sum is of the same order of magnitude as the total debts owing to the United States by the British and other Governments of the world combined, also it is roughly equal to the whole of the deposits (representing credit in circulation) in the British Banks. That is to say that America is using as much credit in her investment market alone as Britain is using for financing all her productive and Stock-Exchange activities put together. The comparable figure for deposits in American banks was some thing like the equivalent of £7,000 millions in 1926. Three years previously, the figure was about £5,000 millions—showing a rise of £1,400 millions, or 25 per cent. during the period 1923-6. (The figure at the present moment is not known to the writer.)

Let us now consider the problem of repayment by reference to the above hypothetical loan. Since the debt owing by Westminster produces the financial

\* It is expressly provided that the (U.S.) reserve banks can themselves go into the market and on their own initiative, or at any rate on the initiative of the Federal Reserve Board, buy bills or Government securities. A purchase creates the supply of 'Bank Cash' and a sale diminishes it.—Mr. J. F. Darling, in *The Economic Unity of the Empire*. ("Bank Cash" in this context is any sort of security which the law permits the banks to regard and use as a basis of credit-issues. Hence a purchase increases the banks' power to expand credit.)

sults shown above, the repayment of that debt ought to cancel them. If not, the reality of the alleged "laws" said to govern financial procedure becomes a matter of suspicion. That is to say, "laws" whose operation can be interfered with are not laws in the sense in which, for instance, a physicist would interpret the term. Take such a physical law as: "Every action produces an equal and opposite reaction." Either this formula means that when you have caused the action you are powerless to prevent the reaction, or it means nothing at all. But the administrators of the financial system are constantly asserting the automaticity of financial law in one breath, and assuming its modifiable character in another. For example, consider the 500 dollar debt in the above illustration. Since the existence of this debt by Britain automatically causes say 400 dollars to be placed at the disposal of American citizens, then its repayment and cancellation by Britain must automatically deprive those citizens of the use of the 400 dollars. But the attitude of the American financial authorities in demanding repayment, and ostensibly in securing the repayment while avoiding the "automatic" consequences. They do not say this explicitly, but it is implied in their argument that a default by Britain would involve monetary losses to American citizens. The corollary of such a proposition is that the repayment by Britain will replace dollars in the pockets of those citizens. Obviously there is a flaw somewhere, because otherwise one would have to suppose the existence of some magical device by which the extraction of dollars from Americans could put dollars into their pockets at the same time. Is it, then, true that a nation can become poorer in terms of money by receiving repayment of a debt?

From the point of view of the manufacturers and other producers in that country it is certainly true. The reason is because international debts are contracted and cancelled by the transfer of goods and services, and not by the transfer of money. Money does not cross frontiers. The amount of money circulating inside any country depends entirely on how much of it is put into circulation by the banks of that country.† This fact cannot be over-emphasised, because there is an almost universal delusion that the production of goods governs the supply of money; that, for example, if someone grows an extra ton of potatoes, extra money will automatically appear from somewhere and confer on the grower a financial reward commensurate with his economic enterprise. That such a delusion should have persisted so long is a matter of surprise in face of the growths as wheat, cotton, sugar, and raisins. During the last few years there have occurred at various times abnormally large harvests. In every case the phenomenon has been regarded as a financial misfortune by the growers. To them these increases in physical wealth did not involve increases in financial wealth, but, on the contrary, the risk of heavy decreases through a slump in prices. They avoided this risk—or rather they were enabled to avoid it—by the action of the bankers, who created and issued extra credit (or refrained from calling the negative aspect of the same principle) for the express purpose of holding the surplus off the market. Not only so, but in most cases the bankers made their assistance conditional upon the growers' sowing a smaller acreage for the next harvest. That is to say, there was a direct causal relationship between restriction of enterprise and the maintenance of money-supplies.

The provision of credit is a matter of bankers' policy. The question that they ask themselves when considering applications for loan-accommodation is not "How much physical wealth can this borrower bring into existence?" but "Can he sell it at a price which will defray the loan?"

† The Rt. Hon. Reginald McKenna has explained this in his book *Post-War Banking Policy*.

We are now in a position to consider the effect of Britain's paying back the hypothetical 500 dollars debt for the shell. In principle the repayment involves the selling of a British shell (or something else equivalent in price) in the American market. But whoever, in America, buys the British-made goods necessarily leaves unbought an equivalent value of American goods. Some American producer "loses a market," hence collects less revenue, makes a smaller profit and declares less dividend; the shares of his concern fall in value, and to the extent to which these shares are pledged by holders for bank-loans, to that extent the banks step in and request the repayment of commensurate proportions of the loans. In the last analysis the receipt of goods from Britain will have caused the withdrawal and cancellation ("destruction" as Mr. McKenna terms it) of dollar-credits in America. Accompanying this general withdrawal of money, there is a curtailment of production by the particular producer who has lost his market, leading to unemployment. He, like the growers, "sows a smaller acreage."

Now, imports into a country, and harvests within a country, are identical in the sense that they are additions to the physical wealth in that country. One would therefore reasonably say that such increases should be accompanied by commensurate increases in the amount of money put into circulation. Conversely, when a country exports goods, thus subtracting from its physical wealth, there should be less money in circulation. Financial figures should reflect physical facts. But, as has been seen, the reverse happens. The logic of financial law seems to be that a country becomes more prosperous in proportion to the degree to which it exhausts itself of its physical resources. "We live by our exports" is a saying familiar to everybody. So is another: "Produce more and consume less," which implies the duty of a country to produce an unconsumed surplus to be exported.

Any reasons advanced in support of a financial policy and technique that creates such an anomaly ought to be the subject of rigorous examination by the Macmillan Committee. The controllers of the present system have been giving many reasons of a sort, but these reasons do not form an intelligible synthesis. In every case they derive their apparent validity from assumptions which have not been proved and are frequently mutually contradictory. Nothing will resolve this confusion short of a new examination of the primary axioms on which the system rests.

It is useless to discuss the relations between finance and economic activities without having first arrived at a clear idea of the purpose for which an economic system is organised at all. Is the ultimate object of production consumption? If not, what is it? Is it a system devised to keep us all out of mischief by making us work? If we agree that financial policy shall promote the moral, rather than the physical, well-being of the individual, then it is a waste of time to criticise the system on the ground that it imposes material abstinence on the community. It would be no use to say to the bankers: "You ought to assist us to secure greater economic advantages," for they would be able to reply, "The greater your advantages, the less incentive you will have to do work."

The importance of raising this fundamental issue is that the non-technical man is as well able to form a judgment on it as is the expert. Nobody needs a special training in order to decide whether he wants to co-operate in an economic system for what he can get out of it, or for the purpose of undergoing a moral discipline. The fact of the matter is that practically everybody in this or any country works to improve his standard of living, and, if asked, would decide that the policy of the bankers ought to be directed to that end. Moreover, it can be shown that an economic system which fails to attain this end has no *raison d'être*, and is self-destructive. If, for instance, work for work's sake is taken as a principle, the adoption of labour-

saving devices contradicts it. Logically we ought to follow primitive methods of production. The only intelligible reason for our perfecting processes of production is that we desire to make more things with less human effort. If one observed a small community kept continuously at work making sausage-machines, but prevented from eating more sausages, he would justly infer that their rulers were at cross-purposes about where they wanted to get. This is not an exaggerated picture of the modern industrial world. Every great manufacturing nation possesses plant and equipment of far greater capacity than it can call into use. It is claimed for America that she could, alone, keep the rest of the world in tolerable comfort. There was an amusing item in a list of modern inventions recently published in America: it was "an automatic machine designed to make automatic machines." This is an exact micro-graphic reproduction of the functioning of modern capitalism. The whole world is at work making productive plant, and using it to make more productive plant. The reason is that there is an obstacle to the flow of productive energy in its natural direction—into the consumption markets. The obstacle is financial in its nature. The one problem of producers is how to sell their products; and the one problem of consumers is how to buy these products. These two problems are one, because the two parties are one, and the problem is, how a population can consume all the goods that it is capable of making. The reason why it does not is that the money available in the consumption market of any country is never sufficient to meet the cost of the total production. Producers, as such, try to make up the deficit from abroad. Their attempts to do this bring them into conflict with foreign producers; and, carried beyond a certain point, this economic conflict becomes a military conflict—war.

The fundamental laws of finance must be assumed to have a universal application, or they are not laws at all. Suppose, then, that the nations of the world become federated in one political and economic unit under a single centralised banking system; these "laws" would require the people in the world to export goods out of the world.

### III.

We now come to the question of a remedy. Formulated in financial terms it is this:—Can Credit be so dispensed that the personal incomes of a population shall be collectively equal at all times to the total price of the consumable products which industry is able to put on the home market? In physical terms:—Can the quantitative rate of domestic consumption be raised to the point of equation with the maximum quantitative rate of domestic production? In popular terms:—Can we so arrange our money affairs that we can buy all that we can make as fast as we can make it?

Now, the diagnosis of the trouble being a shortage of money, the logical remedy is to put money where it is wanted. Hence the majority of critics of the Bank of England's policy concern themselves with the impediments to its creating and distributing more credit for production. Thus arises the controversy about the gold-standard. In principle the issue can be simply stated. There is so much gold in the world: the banks, by agreement, fix a certain ratio—say 10 to 1—as the limit of credit which they can safely issue against their holdings of gold. Were it not for this check on the issue, there is no limit to the quantity of credit which could be put at the disposal of manufacturers. It is only paper-money, and is therefore practically costless. It is just as cheap to print ten £1,000 notes as ten £1 notes. So, if the available supplies of credit are less than the available gold will permit on the given ratio; and if there is no prospect of the production of gold being speeded up; the remedy must be one of two things, either to widen the ratio, or else to make some other metal, or security, the basis of credit, in addition to gold. Essentially the second alternative embodies the first, because

it would result in expanding credit in the absence of an increase in gold-holdings.

Now no orthodox banker will deny the antecedent possibility of expanding credit indefinitely. But as representative of a national banking system he may plead that the expansion cannot be permitted by the central bank of one country without reference to the policy of central banks in other countries. This is not a final answer to-day, because it is open to critics to point out that the central banks are intimately federated, and that they could mutually agree to permit expansion of credit in all countries together if they wanted to. In fact they all did so during the war. The English banks, which in 1914 were maintaining a credit supply in this country of £900 million, created another £1,100 million in addition during the war; and we declared peace with £2,000 million in circulation. Notice that in terms of money England was twice as "rich" as she was before she entered on this four years of destructive effort. And the same thing happened in all the other countries.

The challenge of the critics has to be met a stage farther back, and the question is this: On what grounds do the banks decline to agree on a policy of credit expansion? The orthodox answer is prompt and formidable. It is that the more credit put into circulation, the higher will prices rise. As one prominent financier expressed it: "The more money in circulation, the less it will buy." And the defenders of credit-restriction inevitably call up the experience of Russia and Germany as an example of the chaos created by ungoverned credit-expansion. In these countries, as the quantity of money increased, so its purchasing power declined, with the result that anybody depending on a fixed income could not live on it, while everybody's savings declined rapidly towards practical worthlessness. There is a story told of two young men in Germany, who each inherited the equivalent of £1,000 before the war. One of them saved his legacy, but the other squandered his on wine and women. After the war, when the inflationary period was at its climax, the frugal young man was ruined, but his profligate brother realised more than his original inheritance as the proceeds of the sale of his empty wine bottles.

But a large and influential body of critics will not accept this evidence as proof that inflation is a necessary consequence of credit-expansion. Some of them even urge that the country could do with a little inflation, and point out that whatever evils may lie in inflation, equal and perhaps greater evils have actually been encountered under the opposite policy—deflation. They suggest that, with certain safeguards, the supposedly inevitable consequences of credit-expansion need not arise, or, if they do, that there will yet be a balance of economic advantage to the country. Moreover they can point out that when England was expanding credit so rapidly during the war, she was maintaining five million soldiers who had ceased to work, and that the civil population wielded more purchasing power, and had a better time, than they had previously, and far better than they have had since. They can further point out that, with merely skeleton staffs of workers, England, additionally, expanded her productive capacity by between 25 and 50 per cent. during the war period. They can reasonably ask why it is that the banking system can let out plenty of money while destruction is the order of the day, but must withdraw it when the destruction ends and reconstruction is due to begin.

It will now be seen that the essential problem is not how to increase supplies of credit, but how to control prices. In the last analysis defenders of the gold-standard can demonstrate that it ultimately does control them. Its critics must therefore join issue on one of two propositions, either (a) that no control at all is necessary, or (b) that a more effective method of control is possible. Both propositions have their supporters. One school maintains that if the banks will issue credit in adequate quantity to producers who are able and willing to employ it in expanding production, and will continue

to do so while this condition is fulfilled, the resultant increase in the output of goods will lower the price-level by reason of the operation of the law of supply and demand. If, for example, an industry were producing 100 articles by the use of £100, but were able to produce 200 by the use of £150, the issue of a further credit of £50 would lower the cost per article from £1 to fifteen shillings—a reduction which, it is said, would accrue to the general body of consumers in the form of lower prices. These critics admit that there would be an initial rise in prices, but declare that such rise would be more than compensated for by the ultimate fall. Their complaint against the bankers is that they withdraw their credits prematurely in an attempt to cure the initial "evil," and that thereby they nullify the ultimate good. They ought, so to speak, to "let the thing work out."

Another group of critics, who have been very active in America, assert that the price-problem is not causally related to issues of credit, and cannot be solved by increasing them. They ascribe the trouble to the widespread custom of business concerns and private individuals of investing profits and incomes instead of spending them on consumption—of ploughing in their harvests instead of reaping them. This is a startling proposition, because investments out of earnings represent the "savings" of a population; so that these critics are challenging a basic financial axiom and a generally acclaimed moral virtue in the same breath. Nevertheless, their challenge cannot be dismissed. The essence of their argument can be expressed fairly simply. Money, they say, fulfils two functions. First it is spent on the making of products, the amount spent being the cost of the products. The individuals who draw this money out of industry as wages and salaries cannot buy all the products unless they spend all their money on them. If they invest any portion of it, an equivalent portion of the products is rendered unsaleable. Thus the phenomenon of "over-production" appears, with the result that subsequent programmes of production are cut down, whereupon the phenomenon of unemployment emerges. The only method of averting these consequences is to sell the surplus products in some external market. But since the practice of investment is universal, every market has a surplus to sell, and the only conceivable "external" market must be, as was suggested previously, somewhere outside this world! It is a ludicrous paradox that people can put themselves out of work by investing their savings; but the conclusion is inescapable within these terms of reference. It demands strong support, too, from another angle. Investment process, which means that the money is deliberately used to substitute mechanical energy for human energy. In this way savings are employed to disemploy the savers. Imagine, for example, all the navvies in England investing their savings in the pneumatic-pick industry.

Briefly summarised, the reforms indicated by the two lines of criticism are, respectively, (1) more credit must be lent by the banks; (2) credit must be used for consumption purposes instead of being invested out of income. The two are not mutually contradictory; in fact, the second is an extension of the first. Both rest on the principle that individual consumption is the proper objective of collective production. So far, so good. But it is one thing to prove a proposition sound in theory and quite another to get people to work it. For instance, the first proposition is open to the practical objection that directly the expected fall in the price-level began to take place every manufacturer would regard it as a signal for him to reduce his output. Manufacturers do not display enterprise in face of a falling market; it is a rising market that stimulates them. The practical rule in commerce is that total price must at least be equal to total cost, and should be as much above cost as the goods will fetch. No industry is going to sell, say, 200 articles for £150 if it can collect the same sum for only 100 articles. The objection applies also to the

second proposition. If every individual stopped investing any of his income, and used it all to buy consumable goods, the result would be a large increase in the amount of money in the retail market, all of which would be absorbed by a rise in the retail price-level. In both cases the problem of expanding the total volume of personal consumption would remain unsolved by merely expanding issues of credit.

There is a third proposition which takes this difficulty into account. It is the proposal of Major C. H. Douglas that supplementary credit should be created for providing revenue for industry. Instead of being issued as a loan to producers, it should be, so to speak, a gratuity to consumers. To ensure that it was used for consumption purposes its issue would be made conditional upon a reduction in the retail price-level. Using token figures as an example, suppose it be granted that industry required to recover £100 (cost plus profit) for a given quantity of retail goods, but that the total sum of money which consumers could bring to the retail market were only £80. The banks, acting for the Government, would issue £20 of new credit gratuitously to industry on the condition that consumers were allowed to buy the £100 worth for £80. To ensure the fulfilment of the condition this £20 would be payable to the industry concerned only after proof of the sale at the reduced price.

Leaving aside the question of the rationale of the scheme (which is to be found in Major Douglas's works) there is no doubt that if the Government and the banks adopted it, there would be no difficulty in getting people to work it. To begin with, since every member of the population is a consumer in his private life, a proposal which aimed at making his income go farther would win his assent. And in so far as these same people are producers in their business life, a proposal which secured them a financial reward in return for their making and delivering the maximum quantity of goods into the consumption market would command their co-operation. It would be more profitable for them as collective sellers to put goods on the market than to hold them off. The scheme would therefore cut along the grain of human impulse. The only question is whether it is inherently unsound as a scientific proposition, and would therefore break down in spite of the concerned attempt of the economic community—masters, men, and customers alike—to make it work. The answer must obviously come from financial authorities, for it must be derived from the principles on which the banks account loan-credit; and on which industrial borrowers account costs; and particularly does it involve an examination of the present inter-relationship of those principles.

There has as yet been no answer from any responsible financial authority. The appointment of the Macmillan Committee affords the occasion for the answer to be given. The question is whether the terms of reference will exclude the opportunity for its submission and investigation. If they do not, the Inquiry will be futile.

### The Christchurch Oration.

We regret to inform guarantors who responded to our notice of May 3 that owing to circumstances beyond our control we shall be unable to reprint the version of this address which we published on that date.

Those who sent remittances will have been prepared for this announcement through our private communication of June 1 returning their money. The rest will understand that their kind offers of financial assistance are hereby cancelled.

### "The People's Right."

Will correspondents please note that the small parcel of copies of this pamphlet which we reviewed last week has been exhausted. They came from Australia without notice, and we do not know yet whether any more are on the way. We will make a further announcement later.

## "Fateful Years."

Spengler's new essay in *Weltpolitik*\* is as remarkable as his "Untergang" even though it be considerably shorter so far as concerns the first volume. It is a general review of the political condition of the world—the world political includes economic as well as aesthetic—and a clear statement of the author's views of the future as exemplified in the events of the past. It is hardly possible that he will meet with any in England who will agree with him; that, however, is unimportant for a book, such as this, which bears the imprint of sincerity, of acute powers of observation, of wide reading and serious thinking, is acceptable as a monument to the continued existence of that human faculty that we call reason and of whose precise habitation we were beginning to doubt. Spengler sees in the present condition of affairs the realisation of that Bolshevism that began, not with the Russian Revolution in 1917, nor with the collapse after the peace of 1919, but in the year 1770 in England. This was the beginning of the materialism which has ultimately substituted economics for government and finance for quality. Everything is now a question of quantity because everything is measured in cash and, as Oscar Wilde ought to have said, a financier is a person who knows the price of everything and the value of nothing.

Spengler begins with some acute remarks on the position of Germany in *Weltpolitik*, and observes that the peace between 1870 and 1914 was really exceptional and hardly likely to occur again. We must realise that his outlook is basically national and that he is totally without a sense of what our cheaper Press prizes as humour. Possibly this is a good thing for a sense of humour has nowadays become film-conscious and has no connection whatever with a sense of proportion. What is taking place is a "white revolution from below," that is, the worm's eye view is at present triumphing over the aeroplane view. This is due to the excessive importance attached to the worker belonging to the great cities. Everything is done for him by all governments; he walks about in a halo of sacrosanct ignorance and incapacity and the real leaders of the world, with rare exceptions are the professional agitators. Spengler sees a great resemblance in our present condition to that of Rome under the Gracchi. We may, perhaps, pause to explain what the Germans really seem to mean by race. It has nothing to do with physical purity of blood for no nation in the world has this purity. Even the Jews who have often been cited as pure are on the contrary most mixed. The Chazars, for example, who lived in South East Russia and were renowned for their military abilities, embraced Judaism in the eighteenth century A.D. and continued to be Jewish in religion and custom until the end of the tenth century. But the Jews are pure in that they are a psychological sect, even as the Jesuits, and it is their psychological purity that the Germans now claim as the basis of their new state. Mussolini fought Bolshevism in Italy by adopting its own tactics; Hitler is fighting the Jews by adopting their own type of race purity, and naturally those from whom the system is borrowed are likely to be unpopular. Hence all the letters of suburban professors of this and that who point out that race purity is impossible are quite correct and quite irrelevant. It seems fair to put forward this point of view which, even if not expressed in so many words by Spengler, is clearly to be read in the *Weltanschauung* that he expounds. He says, page 161, "Race, which one has, not to which one belongs. The one is ethos, the other

zoology." He uses the English phrase "To be in form," and this is again an intangible tangibility in everyday life. The book is full of acute observations. He is definitely Heracleitan in his outlook on war, for he says (page 7), "The history of man is the history of War," and if we regard economic peace as physical war and physical peace as economic war, his belief is not without foundation. "Man," he says again, is "a beast of prey," and with few exceptions history seems to support him; witness the extermination of the Morioris by the Maoris in the year of grace 1835, or the Seminole War in the States of the years of disgrace, 1835-1842, or the Opium War of 1839. Adam Smith, he writes (page 29), "the founder of the materialist system, treated economic life as the only human life, and money making as the meaning of history." "The war of 1914 was fought by England not for the sake of France or Belgium, but for the 'week-end,' in order to exclude for ever German economic competition." The Dawes and Young plans are "attempts of financial groups to crush whole nations into penal servitude on behalf of the Banks" (page 41). Moscow he regards as the decisive factor for Europe since 1812, and for the whole world since 1917. It is the re-capture of Russia by Asia, the reversal of the process whereby Europe annexed Russia through Peter the Great. England is economically, diplomatically and morally on the downward grade. Who, to-morrow, he asks, has eyes and feeling for the inner, almost metaphysical difference between property and money? Socialism he defines as merely Capitalism of the lower classes. Marx welcomed the Manchester Free Trade policy because it would hasten the social revolution. This was the period when England definitely and deliberately sacrificed her agriculture to the metropolitan lower classes. "The world economic crisis of this year (1933) and of many another to come, is not, as the whole world thinks, the passing aftermath of war, revolution, inflation and reparations. It was intended. It is in all essentials the result of the conscious work of the leaders of the Proletariat." There has been a revaluation of economic values, and since all value in the eyes of the masses is mirrored in cash payment, mass production must be better paid than the work of the leaders and this has taken place. Spengler makes an acute analysis of Mussolini's power, and the steps by which he rose. Yet amid all this gloom, *the latet scintillula*, there is a gleam of light. "The Keltic-German 'race' has the strongest will that the world has ever seen" and it is possible that world salvation may come from a revival of the old Prussian spirit. Armies and not parties are the form of future Might, armies with selfless devotion, such as Napoleon never had after Wagram."

The last section of the book is devoted to a consideration of the "Coloured World Revolution." Russia and Japan are to-day the only active world powers whereby Asia has become the decisive factor in world history. The coloured races of the world had up to now been twice as numerous as the white. But the excess of births in Russia in 1930 was four million, in Japan two millions, and in ten years the population of India has increased by thirty-four million. The negro in Africa is astoundingly fruitful.

We hope that the above quotations and remarks will serve to demonstrate the profoundly interesting nature of Spengler's book. Who, in England, is capable of such a *tour de force*?

G. W. H.

## Directory of Key Articles in "The New Age."

**Boycott.**—Particulars of evidence appeared in issues dated November 19 and 26, 1931, in answer to a correspondent. These link up with recent announcements of and allusions to, the death of THE NEW AGE.

## The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

On Wednesday, June 13, a squad of nine Green Shirts marched to Lambeth Palace to deliver the following letter to His Grace the Lord Archbishop of Canterbury, Primate of All England:—

"My Lord Archbishop,  
On behalf of the British People we beg you to receive a deputation to place before you the basic principles of a Sane Economic System as propounded by Major C. H. Douglas.  
We are assured by earnest Christians of all denominations that you have the welfare of the nation at heart, and, therefore, we trust that you will accede to our request.

I remain, my Lord Archbishop,  
Your Grace's most obedient servant,  
FRANK GRIFFITHS,  
General Secretary,  
The Green Shirt Movement for Social Credit."

We are able to say that a most courteous and encouraging reply reached us from Lambeth Palace on June 16, and it is expected that a Green Shirt deputation will be received either by the Archbishop of Canterbury or by the Archbishop of York.  
A Green Shirt squad of men, and another squad of women, marched to Lambeth Palace on Monday, June 18, to deliver letters to the Archbishops of Canterbury and York.

On Thursday, June 21, a deputation of twelve Green Shirts was received by Lord Strabolgi at the House of Lords at 4 p.m. The following are excerpts from the formal Address read by the spokesman of the deputation:—  
"Apart, therefore, from the principles (of Social Credit) to which we have referred, we desire to draw your Lordship's attention to the growing body of public opinion that seeks to see those principles carried into effect without delay, and that is making itself known in the form of Three Demands. These Three Demands are usually formulated as follows:

1. That the Government shall:—
1. Open the National Credit Office.
2. Issue the National Dividend to all.
3. Apply the Scientific Price.

On behalf of the British people as a whole, and especially the wage-earning masses on the borderline of poverty, and the unemployed who are in dire distress (we do) beg of your Lordship to do all in your power to expedite the institution of the National Dividend . . . which appears to be the only sound means of relieving a situation which is rapidly becoming acute. . . .  
In reply, Lord Strabolgi said, "I promise you that I will give this address my most careful and earnest consideration, and you may rest assured that I will raise the matter of the National Dividend at the earliest date."  
The deputation then marched from the House of Lords to No. 10, Downing Street, to deliver a letter to the Prime Minister.

Informal and unforeseen incidents often light up a situation with the sudden brilliance of a Vercy flare in No Man's Land, and that is why it has always been our practice to record these small matters. Two such incidents occurred on June 21.

As the Green Shirt deputation marched into the courtyard of the House of Lords, a cultured voice was heard to say:—

"Ah, the Green Shirts! These are the fellows I like—they're much better than Black Shirts."

During the interview with Lord Strabolgi in the lobby of the House of Lords, while the members of the deputation were in consultation with his Lordship, a Member of Parliament strolled up and said, with a grin on his face:—

"Hullo? going to set up a dictatorship here now?"  
The Green Shirt officer turned upon the interrupter at once, and said:—

"You already have a dictatorship here—the dictatorship of the Bank of England!"  
Lord Strabolgi roared with laughter, and the interrupter took himself off without another word.

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

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

June 13.—Green Shirts at Lambeth Palace.  
June 15.—Green Shirt Women at No. 10.  
June 18.—Green Shirt Men and Women at Lambeth Palace.

June 21.—Green Shirts at House of Lords.  
June 21.—Green Shirts at No. 10.

On Sunday, June 17, a contingent of sixty-four Green Shirts marched to Hyde Park to attend the anti-Fascist Demonstration. Five Green Shirt speakers spoke from the G.S. platform erected in the park. There was full and continuous support, and no opposition. The following resolution was carried with acclamation: "That we, on behalf of the Green Shirt Movement for Social Credit, and the crowd assembled here, pledge ourselves to fight against every form of Fascism in this country."

The police pointed out that collections were not permitted in Hyde Park. Supporters in the crowd at once shouted in reply: "They can't stop us from throwing up money to your platform!" Thereupon, a regular hailstorm of silver and copper coins was thrown up to the final speaker. This spontaneous gift from the crowd totalled 12s. Over 400 copies of *Attack!* were sold. The Green Shirts left the park at 8.40 p.m., and marched back to headquarters.

The following tabloid account of individual initiative has just come to hand:—

Shoreditch Green Shirt on holiday in Jersey.  
Takes uniform with him, puts it on, and starts selling *Attack!* in the street.

Man taps Green Shirt on shoulder.  
"Will you come along with me?" he says.

Green Shirt, a little taken aback, but game for anything, says, "Yes, all right."

The friendly stranger takes him to an office.  
G.S. finds himself among Jersey Social Credit men!

"Are you willing to address a meeting?"  
"Yes," says the Green Shirt.

June 11, Green Shirt speaks to about forty Jersey Social Credit advocates in St. Helier. They say, "We've been studying Douglas for some time, and have felt the need for action."

Therefore, Green Shirt spoke on the methods of propaganda—Be Seen and Heard—stressing importance of being seen. Then dealt with questions. Some members expressed wish to become Green Shirts.

Secretary of Study Group then asked meeting to "assist the fighting members of the Douglas movement on the mainland with the only assistance they could, as yet, give."

Green Shirt's beret taken and passed round.  
Result: contributions to Green Shirt Fighting Fund amounted to £3 13s. 0d.

All Social Credit advocates should get into touch with Mr. Rossborough, of St. Aubyn's, who is now organising an active propaganda squad.

Social Credit advocates who happen to run a car, but who, for some good reason, are unable to take an active part in Green Shirt uniform, can help the Green Shirts very considerably if they will transport propaganda squads from one place to another, so that our men can hold open-air meetings all over the country.

Will Social Credit advocates, able and willing to help in this way, be so good as to communicate with the General Secretary, Green Shirt Headquarters, 44, Little Britain, London, E.C.1.

F. G.

## LETTERS TO THE EDITOR.

WEST RIDING, D.S.C.A.

**SOCIAL CREDIT SUMMER SCHOOL, SKEGNESS.**

Dear Sir,—In a recent issue of your paper you were good enough to publish a letter from me drawing attention to the Summer School which has been arranged under the auspices of the above Association. At the time, arrangements had not been finally completed, and I should be grateful for an opportunity to inform your readers of the final arrangements with regard to speakers at the Summer School.

During the week commencing August 4, a series of four talks on Social Credit will be given by Mr. Reginald Kenney, who is particularly well-known for the good work he has been doing in East Lancashire, and who enjoys a considerable reputation as a clear, convincing and entertaining exponent of the subject. During the same week there will be addresses by Dr. Neil Montgomery, Mr. L. D. Byrne, of Southampton, Mr. Eimar O'Duffy, who will speak twice, Mr. John Hodgson, author of "The Great God Waste," and Mr. R. J. Scrutton. During the week commencing August 11, a series of four connected talks on Social Credit will be given by myself, while there will be addresses on individual aspects of the subject by Lady Clare Annesley.

\* *Jahre Der Entscheidung* (Fateful Years). Erster Teil Beck. München, 1933. By Oswald Spengler.

Mr. B. J. Boothroyd, better known as "Yaffle," Major Bonamy Dobree, Dr. Tudor Jones, and Mr. Scrutton.

May I trespass further on your space to the extent of emphasising the fact that although the arrangements for the School have been undertaken by the West Riding Association, it is hoped that the effort will be supported by Social Creditors throughout the whole of the country? It would very greatly assist the Conference Secretary, Mr. S. A. Staples, of Wellwood House, Fitzwilliam Street, Swinton, near Rotherham, if he could hear as soon as possible from those intending to be present. I understand that all single room accommodation has already been taken up, but that there is a certain amount of double-room accommodation still available at three guineas per person per week, and ample dormitory accommodation at two and a half guineas per person per week. These figures include Conference fee. For those who care to camp out, full board on the premises and attendance at the Conference can be had at the special rate of £1 17s. 6d. per week. Yours faithfully,

C. MARSHALL HATTERSLEY.

#### FREEDOM OF THE PRESS.

Sir,—I am directed by the Council of the National Anti-Vaccination League to send you a copy of a resolution passed at the Annual Conference of the League, as follows:—

"That this Conference thanks those Editors who maintain the freedom of the Press and give a hearing to the opponents of vaccination."

L. LOAT, Secretary.

#### Forthcoming Meetings.

The New Age Club.

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

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#### The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This, of course, cannot be done by the orthodox method of accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

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

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Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, W.C.1, England (Telephone: Chancery 6470), and printed for him by THE NEW AGE PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4. (Telephone: Central 3701).