NOTES OF THE WEEK

Rating of Empty Premises.

The London County Council’s move to get powers to rate empty premises is commented upon in The Times of June 11. The writer agrees that the Council’s appeal to “justice” in this matter is good in parts like the curate’s egg, but questions the ultimate revenue-producing value of the proposal. It would hold up new building enterprises; further, it would force owners of existing empty properties to let them on reduced terms, thus lowering the value of comparable occupied properties, and ultimately reducing their assessment values. It would “make the speculative builder hesitate to start large enterprises, and so decrease the rate of building and put a check upon prosperity.” (Sir. Our italics.) He sums up the position in the dictum: “The proposal must be shown to be not merely just but also financially prudent.” This is true enough under the existing system; but if a financially prudent policy is embarked on, such the bankers see to it that injustices result from it downstairs. Apart from that, the principle of rating empty premises is the same as would be the principle of taxing eggs—wheat, cotton, coffee, and so on. There must be acres and acres of empty office accommodation in London (even in Regent Street alone, so it was stated in the newspapers not long ago). If it be sound policy to tax the burning of coal and the ploughing-in of cotton, why not as sound to apply the “Leopold Harris” remedy to redundant offices?

Waterloo Bridge on the Rates.

The House of Commons refused, the other day, to grant the L.C.C. powers to borrow the cost of rebuilding Waterloo Bridge. As a consequence the cost will have to be paid off by London ratepayers during the next five years. This partly accounts for the L.C.C.’s search for these sources of rate-revenue (as instanced in their proposed rate on empty premises). The House’s adverse decision is attributed to the machinations of the Conservatives whose motive was (so the Labour politicians allege) to “lure” the ratepayers to return Toads on the Council. It may be so; but the dominant factor in the event is the fact that the Government left the issue to the free vote of the House. This constituted a “passing of the buck” to the Conservatives. Moreover, the Govern- ment had announced, before the voting took place, that it would not make any grant to the L.C.C. out of the Road Fund. This decision, which the House was not allowed the opportunity of debating (much less voting upon) was the originating cause of the L.C.C.’s defeat.

The Road Fund.

A writer recently pointed out in a newspaper that since the Road Fund was inaugurated the National Government had raised it for general purposes to the sum of about £60,000,000. Writing as representing the interests of the motoring public, he added that this information to make the point that the diversion of all this money from road-maintenance, road-widening, and road-building purposes to which it was originally hypothe- cated had been a large factor in accentuating the problem of road-casualties and necessitating the expensive remedy of signals, speed-limits, and so forth. The argument is no doubt over-driven, but it serves to point the important lesson that in matters of finance the House proposes but the Treasury disposes. And the Treasury’s refusal to finance the Waterloo Bridge scheme out of the Fund casts a vivid light on the anomaly.

Junior Ministers.

“New Junior Ministers.” This headline in the News- Chronicle (June 11) has reference to appointments being completed under the new Baldwin Administration. The reason why it is noticed here is that it recalls a remark made in a leading article in The Times soon after the election of the National Government. The writer said that from that time forward Departmental responsibilities would fall more to the Junior Ministers; and that the reason was because the over-riding function of the Senior Ministers—i.e., the Cabinet—would be that of restoring, consolidating and maintaining the country’s credit.
Ireland and the Statute of Westminster.

On June 6 the Judicial Committee of the Privy Council advised His Majesty: "that the Statute of Westminster gave to the Irish Free State a power by which it could abrogate the treaty and that as a matter of law, they had availed themselves of the power." At the time when Mr. de Valera got at loggerheads with the War Office in London for the treatment of the oath of allegiance we said that the banking community in this country were entirely indifferent to these issues, but were unable on their hostility to the Presidency to bear up with the will of our Lord, the proof being, as he said, that among the many apppellations by which our Lord was described in Holy Writ that of Field Marshall! From this angle of view there is no reason why we should not be prepared to defend the oath of allegiance, provided it is given with the full understanding of the Church with the war-machine, but to feel convinced as to the suitability of the appointment one has to play rather exaggerated selectiveness in Biblical exegesis. When one comes to look at it realistically there is nothing to bother about; for even when May 3rd the Cabinet is as much a Minister for other Departments as he is for his own. One might appropriately describe as a stand a Minister of Economic and Retrenchment at the War Office, for the description which assigns him a sacred function in a profane environment, and one which enables his admirers to reflect that a rose by any other name will smell as sweet. It is his Junior by date of militarism. And so with other Ministers. They are all Treasury Yes Men.

Over-Subscription in Excelsis.

The Manchester Corporation, who asked for a £43,000,000, received applications amounting to over £540,000,000, or thrice what they required. (Evening Standard, June 11) Which only shows you if you are aware whether this is a sign of prosperity or adversity. For it is a knotty point to be sure.

Race-Naturalisation.

Franz von Mendelssohn and his brother Paul, two senior partners of the famous Berlin banking house, have died within the last five weeks. According to "The Londoner" (Evening Standard, June 14), both were "of Jewish origin," but have not "practising Jews." They were "accepted at the German court in pre-War days." Lastly, they were "given a position in the Nazi regime." This last item should make any German in the West turn pale. Let us hasten to point out that a hallmark, by itself, is not a guarantee of definite quality except for those in gold. In respect of gold, Aryan metal, silver, and unadorned gold is better than all others; natural and specially printed, there may be some question about the quality. (In fact, the makers are given the hall-mark, e.g., 18-carat, 15-carat, or 9-carat, and unadorned gold is better than all others; natural and special printed. As a general rule, the hallmark is given in the sense that it has been found in the elements from which the alloy was made, and the hallmark is always struck on the back of the object. It is the hallmark that gives the sale as a hallmark."

Providence and Prosperity.

The Mans Budget shows a surplus of £8,000,000, and with Income Tax at 6d., as over a month ago when the budget was presented, according to the Evening Standard (June 7, 1935), a move in a downward direction, is what one would call it. "A switch from the mixed statement to the purely statistical one is clearly a cut shaving off it may not be so easily cut shaving off. God moves in a mysterious way. His wonders to perform, He Plants His footsteps on the sea. And rides upon the storm."
So far a strong case would appear to be made out for the "public control of credit," or the "nationalisation of the banking-system" and remedies of that sort; and it may be taken for granted that the Socialists will agitate thereafter. But unless and until the basic principles of orthodox finance are radically changed there will remain a real necessity for the regulation of borrowing on the rotation or priority system. There must still be some people in the queue who are longer to be dealt with, as at present, by differentiations between interest-rates, they will still have to be decided by some other discriminatory device. Whatever that device might be, the effect would be the same: some borrowers would have to be told that they couldn't be accommodated until later (or perhaps not at all). So the sole chance of improvement in the situation would depend upon whether the "Public Discriminators" (e.g., a Socialist Government) would adopt a more efficient principle of co-ordination to work upon than have the "Private Discriminators"—a most unlikely contingency, as any acute observer of Socialist technical qualifications and political methods so well agrees. The general conclusion of all this is that so long as the basic axioms of orthodox financial technique are granted (or given the benefit of the doubt) the banking community can prove their right to exist by an appeal to their capacity for creating or wasting the community's labour by an appeal to their own standards of economic efficiency. Nobody can improve on their methods of making their own principles work to the fullest extent of their inherent potential efficiency; and painful indeed are the results of the more meddlin with their methods would only intensify the pain.

**Glasgow As An Import Centre.**

However, this is not to say that Glasgow shouldn't chew the rag over its behalf. The more people said to keep the bankers in the centre of the line, the better for everybody in the community, no matter whether a clique of their own interest were in the stalls to hand them bouquets or a mob of their enemies were in the gallery to pelt them with good, bad, or cadet's eggs. For there is no knowing when, between their bucoling and squabbling,—they won't tear their breasts open and spread their pocket-books or fall iron in the hands of the people in other words when they see some of the kaleidoscopic changes in public controversy which will take us all another step towards a future of goods for sale. In this context it may be noted that another motion on Glasgow, besides the one under discussion, has to do with the port between that city and London considered as ports for the needs of the Dominion. The Scotsman of June 8 publishes a letter in which it appears that certain anonymous people have been crying Glasgow to sections as being an unsafe destination for goods intended for sale in this country. The Clyde Navigation Act has been invoked against these people, and are considering steps to refuse their propaganda, which is spreading the idea in Australia that strangers to Glasgow traders would have no doubt as to the risk. The instructions in the usual medals and so on—was a fine day and, from another viewpoint, the programme. I should imagine she had been a pupil of none other than Emily Sandford. She played with distinction. Of the four pupils a prominent rendering. Most of these pupils are girls. Some of them, some noted, were "taking up the piano as a drawing-room accomplishment: it would enhance their value in the marriage-market and might even continue as a less ornamental marriage. A year or two, since they were French, and France, the home of daintiness, which means that insignificant, not quite killed French culture. In this department came a young married woman who played beautifully; overhead a retired engineer performed..."
Surplus Purchasing Power.
By John Grimm.

Fears have sometimes been expressed by supporters of Social Credit that the relative size of the National Dividend usually contemplated (say, one-third or one-quarter of conventional price) will cause a glut of consumer income which, if it be not absorbed by special taxation, will produce inflation. Those who express these fears seem to be based on the expectation that the collective Dividend will progressively increase in size. And this expectation seems to be derived from the fact that, as much-deflation develops, the Dividend must progressively superease the wage.

The answer has been that it does not matter how fast the dividend expands, because, if (as must be assumed) its amount at any time is calculated according to Production-Consumption correlation that amount will exactly fill up what would otherwise be a deficit in the accounts of industry.

But leaving this aside, and assuming, for the sake of argument that the relative size of the Dividend may create a problem, something remains to be said concerning the calculation that there must be spectacular increases in its actual gross amount. And it is this: that there is no logical foundation for the conclusion that because the collective Dividend supereases wage, therefore there must be a step rise in the curve of the sums distributed period by period after Social Credit comes into operation. The reason is because the initial instalments thereof (either cash or by way of discount) will at once begin to cause a relative diminution in conventional price.

To illustrate this, take some token figures representing the position of industry at the time when statistical data are compiled preparatory to the declaration of the first Dividend.

Let industry’s total production costs be £1,200, and its cost of goods sold to consumers be £800. Let its capacity to produce be 1,600 articles per period, and that its actual delivery in the given period be 1,500 articles. Let its fixed charges (on capital debt) be £50 across the board. Let its variable charges, plus £500 variable charges. The price per article will be £1.

Now assume that the Dividend is distributed in full (on the basis of the 1,200: 800 ratio) and that in the ensuing period industry is able to bring production up to 1,600 articles at 1,600 articles. The conventional cost of the 1,600 articles might be £1,090 (150 fixed charges plus, say, £600 variable charges, or about 15s. each). Now the only variable direct charges possible to industry at a whole, are wages (including salaries and dividends). Hence whereas in the pre-Social Credit period £500 was conventional cost, now £600 of income would face £1,200 conventional cost.

This £600 is arbitrary and hypothetical. In practice under machine-production the extra wage-cost of the extra production would be a fraction of this figure, say, an extra £20. In that case conventional cost of the 1,600 articles would be £800 (500 plus 600) or £800 per article.

As to industry’s total production costs, whereas in the earlier period it cost £1,200, by 800 worth disposed of, there is no necessity to suppose that the figure is proportionally increased in the next period.
The Charter, supported by our provisional manifesto, will be found in paragraphs 5 and 6, page 23 of the pamphlet, "Prosperity Campaign," published at the beginning of the year 1935. In the following year a second and third pamphlet was published, the latter bearing the full title, "Charter of Economic Freedom and Security for all British Subjects," and explaining our demand in full detail.

In January of the present year the provisional manifesto was reprinted by our legal advisers, with provision for the presentation of the Charter and the collection of signatures to enable the people on their individual right to challenge financial representatives in a court of justice, and demand by mass pressure monetary readjustment through the necessities bearing their Charter.

Mr. Hargreave advises that the Charter must be as brief as possible. Again we are in agreement. Our Charter is a simple demand for monetary adjustment which shall include the three basic Social Credit Principles. This Charter, which does not differ fundamentally from the Charter of the Green Shirt Movement, is our ultimatum to a financial system which has failed in its true purpose. At the Judicial Convention the Green Shirt Movement, either as a supporting organisation or as a separate body, will have equal representation to present their own Charter.

ROBERT J. SCAWTON.

National Organising Secretary, Prosperity Campaign.

SECOND-HAND SALES.

Sir,—I note that you want to escape answering my criticism in June 13 issue by starting me on another hare. I am afraid I cannot do this for I see no restatement of the A + B Theorem in June 6. (p) The sentence which I quoted has been current for so many years that it should have carried to the reader what I intended, viz., that the attempt to cut the cycles up leads to confused thinking, and thus more so if the restatement has revealed the mistake.

If you refer me to your answer to R.S.S. in June 13 I would say that in it you have again done the same thing. For there are no stop and go signals on the cycles, and it is impossible (in the actual world) for £5 to get out of its cycle, for what is "present" for one manufacturer is "past" for another, and future for another. In fact, they "add" till it comes even," as the countryfolk say.

L. W.

In so far as we are able to understand the essential point of a question, we try to answer it (or publish answers to it) in a form which we hope will assist the questioner. Our difficulty is that it is rarely possible to gather from a question whether the questioner accepts the main conclusions of the Social Credit Analysis. In the absence of such guidance we cannot avoid the risk of giving unsatisfactory answers. And, in any case, limitations of space practically rule out the possibility of any answer being conclusive. Also, there is the language difficulty—the problem of conveying meanings from one mind to another through the bottle-necks of ambiguous vocabularies. Perhaps the Social Credit advocate will have to take up the study of Basic English, which we notice (June 12) discussing this subject, quotes a passage from an official diplomatic document as an example of the "nugget of precision" on the part of the author; and insists the following comment on it:

"It is not English; and although the original may consist of its jargon some meaning which those who understand that jargon might guess, language of that kind can never become a means of direct communication, etc...."

Mr. S.'s original question simply concerned the implications of second-hand selling, whereas L. W.'s intervention challenges the validity of the A + B Theorem. These two hares may be blood-relations, but it's a bit rough on the dog to set him coursing them both at the same time. Ed.)

Sir,—This question seems to be causing a spot of bother. Essentially, it is rather similar to that of the doctor or other person who requires payment for services and not goods. From the retailer's point of view, the question is, in the available purchasing-power, scattered among all sorts of potential buyers, sufficient to buy his goods at the prices he must charge?

A has received some wages, representing an industrial cost, and bought goods, liquidating, we say, an equal industrial cost. B has received wages which he wishes to sell here being a corresponding unliquidated cost. B buys A's goods at a second-hand price. Now A and B have, together, enough money to liquidate the outstanding cost mentioned above, if they both spend their money, but, in order that this state of things shall obtain, the money-value of the second-hand goods must remain in existence until the transfer is effected. In other words, some of B's money is reduced in its flow from B to the retailer, being diverted through A. Frankly, I am myself doubtful whether the importance of this particular time-lag is very great, although it has some secondary features which affect the question.

The splitting-up of money between two consumers probably means that, out of a given batch of wages, two people will spend something of for savings. Further, the sales-pressure exercisable by a manufacturer of new goods is greater than that which can be brought to bear on the disposal of second-hand goods, and, there being a general deficiency of money, the latter is commonly change hands at unwarrantably low prices.

As regards the "one therefore all" argument, I do not agree that it is axiomatic. The ease of such thought will lead to L. W. might profitably apply it to us. To assist him, may I suggest that "flow" means "movement from point A to point B"—a consideration which will be found relevant to his difficulties over the "A + B" Theorem.

As for the "example" of R. S.'s—well, really! Paragraph 9 says: "he spends this £s.oo, which is his profit and thus distributes £a.oo again!"

If he spends it all on second-hand goods, or his doctor, or his domestic staff, or in some other way, and each of the recipients spends all that he receives on new consumable goods, then R. S. may be right—but I leave it to him to gauge the probability. Surely, though, at this time of day correspondents of "The New Age" should not need telling that money spent on consumable goods is not therefore distributed for further spending. Yours faithfully,

G. F. L.

Forthcoming Meetings.

London Social Credit Club.
Blewcoat Room, Caxton-street, S.W.
June 21, 7.45 p.m.—"New Economics, or Myths about Money," by Reginald Kennedy, Esq., of Manchester.
June 28, 7.45 p.m.—"A New View of Social Credit," by M. W. Gordon Cumming, Esq., author of "Introduction to Social Credit" and "Money in Industry." Friday, 8th, 6.31 p.m.—Social Credit Literature Club and Library. Hon. Secretary: Dr. J. C. B. Mitchell, 303, Bromley Common, Kent.

The New Age Club.
(Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 365, High Holborn, W.C. (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.)

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