NOTES OF THE WEEK.

Abyssinia.

The South Africa Precedent.
The pseudo-democratic systems of Europe are the instruments of oligarchs, who use them to create mass approval for what they purpose to do and have begun to do. Back in the days before the War Mr. Orage, in The New Age, said of the citizens of this country that they were divisible into two groups — active and passive citizens. The active citizens were those who possessed the economic power of initiative as well as the political power of endorsing it, while the passive citizens were those (the vast majority) who were without economic power, and whose political power was therefore merely that of saying yes or no to accomplished facts. Since nobody can undo an accomplished fact merely by disapproving it, the mass of the country's citizens were in practice “yes-men” to the oligarchy. At that time Capitalism was looked upon as the oligarchy. Upon the publication of the Social Credit Analysis after the War it was seen that the economic initiative of capitalism was a federal derivative of the financial initiative of the Money Monopoly.

Manipulating the Mandate.

At the end of the Boer War the oligarchs, represented by the Government, went to the country asking for a mandate to consolidate the victory. In a wave of patriotism the country gave it. The Government, now free from interference, subsequently "put the Church on the rates" and sanctioned the employment of Chinese labour on the Rand. The anger felt by Nonconformists and Trade Unionsists resulted in the heavy defeat of the Government in 1906. But the Church was not put off the rates, nor did white labour supersede yellow at the mines. The Chinese were reimported, it is true, but only after they had served the purpose of the mineowners, which was to get black labour on their own terms. They never intended the yellow-cooie system to be permanent. So the final outcome of the imposing electoral "NO" to these policies left them still operative in essentials. The electorate had in effect merely said: "What a pity," and then consigned itself with the reflection: "Anyhow, we have got the Opposition in power." The outgoing Unionist Government had made a gesture of receiving punishment (!) and that paid for all, and everybody was happy!

The Political Pandemonium of 1906.

Our older readers will recall Mr. Joseph Chamberlain's reception by the City of London, which presented him with an Address of Welcome in a gold casket, as a mark of appreciation of his conquest of the Boer Republics. He was not even hailed, like His Majesty's recent visit to the Pearl Sword. And all our readers will see the significance of this in the light of their present knowledge of the sources of high policy. Looking back, there is no doubt that the subsequent heavy defeat of the Unionist Government by the Liberal-Radical Opposition was largely contributed to by that same City of London which had so honoured Mr. Chamberlain. For one thing, it can be laid down as a general rule that Right Wing "Reactionaries" fit better into schemes of military conquest, and Left Wing "Progressives" better into schemes of political consolidation. For another thing, Mr. Chamberlain had in the meantime, launched his Imperial Preference policy and got a large majority of his Party to back it and to seek a mandate for it at the election which was to prove so disastrous for them. This made the City cool off, and set up a flow of banker influence and co-ordinated funds into the counter-propaganda of the Cobden Club and Free Traders generally, and into the organisation of the Liberal Party. One consequence was seen in the emergence of Unionist Free Traders and Liberal Imperialists—hybrid rallying points for the Opposition forces during the election.

Our Death's-Head Constitution.

A survey of that situation presents a picture of the political system as something like a kaleidoscope, the fragments of glass in which are selected and shaped by the bankers, coloured by the capitalists, and twiddled...
about by the electorate. You can change the pattern, but cannot alter its components in number, shape, or colour. Like the famous equilateral tetrahedron, it stands up as a trilateral at all events, at least not in size, however you tumble it about. Or, to change a word analogy, any elected Administration, whatever its complexion, is like one of those little cork figures loaded with mercury which bob back over, instantly assumes a vertical position again. But the overhang of its party colour you like, and call it any pet-name you like, but you can't keep it down unless you hold it down. In such wise is the death-grip of Sound Finance fixed the centre of gravity and the pivot of political policy; no matter what flag floats over Administration. This is what is meant by the phrase "continuity of policy." It is a legerdemain under a flag which if unfurled would be seen to enter the death's-head of exploded financial theory surmounting the crossed bones of debt-deposit accountability.

Bankers and Depositors.

In the ultimate resort the bankers can bring any Government to an end by depriving it of the means of paying its Civil Servants. Last week the outstanding issues of Treasury Bills were given as about $5,000,000 a figure exceeding the Budget expenditure for a whole year. If these were not renewed they became due for repayment against the Government; and the clergy and laity of this country were advocating the war on the Boers as a war of the English Nation against the New Testament "Bootheid," a war to deliver the Boers to Christi." This is to establish the policy of giving the franchise to the Boers, fathers, husbands and brothers in the field, who were still in the field, and who get them there. Then, if you turn to the humorous side of the picture, there was the indefatigable syndicated picture of Lord Roberts, now known as "Two-Headed" Jingo, which every time a fresh campaign was to be launched a fresh call would be made of the Boers to rise, and in due course, the second question that to the same extent, no matter what, the preponderating weight of bankers' money was made itself felt in political campaigning.

Asquith, it will be remembered, had to go to the country twice in quick succession in respect of the House of Lords' obstruction of his financial legislation, the reason being that the King did not feel it was proper for him to sanction the creation of a crown of new Liberal Peers until the completion of the second reading of the bill on the particular issue. The King's decision was reasonable, and no comment on it is necessary.

The problem is, that Asquith found himself unable to effect to the people, and that to the country, the costs of the second reading, and Lloyd George's new anti-landlord financial policy adopted by the Government in tune with the City's policy. The City could afford to budge, knowing that whatever might be the constitutional checks, they could be removed in course of time by the continued financing of the popular and country sentiment in the constituencies.

The City was ready to barter, and the bankers' argument, particularly with the Royal Bank and Government, was that the exchange of the bargain the friends of the City were that at that time. Eking the "government" which automatically regulated trading opportunities on the fairest basis and with the highest possible friction. Asquith and Lloyd George had been proposing to encroach on bankers' prerogatives there might have been a different story to tell.

Diplomatic Bargaining.

The foregoing preamble forms a background for what is to follow on the question of Abyssinia. To begi

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Saturday Review assume, as it does, that just because Mr. Eden is called the Minister for League of Nations Affairs, he is working primarily in the interests of the League. Does Lady Houston know who are the ultimate paymasters of that institution—what interests inspire the nomenclature and appointments, and initiate the salaries of its officials and figure-heads? She now begins to say that it is: "The Paper that is not now permitted to Tell You The Truth." This appears as a corrected and shortened version of the front page, the original version in which the chief sticks in type are of words dotted by overprinted rules being as follows: "The Only Paper that Dares to Tell You All The Truth." One is accordingly invited to infer that the ability to tell everything is the measure of its power. But,}$
Financing the Next War.

By Arthur Breston.

(Perhaps it is advisable to warn newcomers to the movement that the views expressed in this article are not put forward as a practical scheme, but as clear terms of reference for a theoretical analysis. They make no provision for a practical solution of the question which, of course, relates to our expediency. — A.B.)

Let there be formed a body called the Federation of British Citizens corresponding to the Federation of British Industries.

Let the F.B.C. be granted a Charter giving it the exclusive right to buy Government securities issued in respect of the War. These securities may be comprehensively designated War Bonds.

The F.B.C. through the exercise of this right, will become the holder of all War Bonds in existence at the end of hostilities.

The F.B.C., by reason of its constitution will hold these Bonds as trustee for the general body of taxpayers. (All taxes are ultimately paid by individual citizens.)

Let the procedure of acquiring the Bonds be the same in principle as was followed in the last war—namely by negotiation with the banks (central and joint-stock combined). Under this procedure the F.B.C. would, in form, buy the Bonds with one surrender from the banks. It would become, in form, debtor to the banks and creditor of the Government, to the same amount of credit.

Since the F.B.C. would be the only buyer, the Bonds could be of indestructibly high denomination—i.e., the whole of each period's dividends payable on the Bonds would equate with the periodic interest receivable by the banks. It could be paid (a) in one lump sum; and (b) directly by the Government to the banks. This again would save huge amounts of interest, needed for bookkeeping.

The selected rate of interest could be any figure reasonably necessary to cover the cost of the Banks and in view of the economy of energy pointed out, an insignificant 3% of 14.67%.

There would be no reason why the banks should retain custody of the Bonds as they did in the last war. The F.B.C. could hold them, and could give the bonds a receipt for them as a matter of form. (This point is immaterial.)

Thus, at the end of the War the Government would owe the F.B.C., the amount of the Bonds, and the F.B.C. would owe the same amount to the banks.

But the F.B.C. would represent the general body of taxpayers who would owe the same sum to the Government.

So the F.B.C. would be at one and the same time a debtor to the Government and a creditor of the Government in respect of the amount of the Bonds.

The F.B.C. and the Government would effect a final settlement through the action of each other as in the last War, by the first party and the destruction of the Bonds by the second.

This would leave the banks and the F.B.C. as the sole remaining parties to settle with each other. The banks would have a nominal right to demand money from the F.B.C. equal to the value of the Bonds.

Two questions would arise:

1. Why do the banks need to receive the money?
2. Where is the money?

The answer to the first question would be that (a) the money was to be cancelled; or (b) if not cancelled, was to be credited to some clients or other of the banks.

Otherwise the money would accrue to the banks themselves as a surplus distributable to other shareholders—or be absorbed. The answer to the second question would be provided by an inspection of the banks' accounts.

Taking the second answer first, what might these accounts be expected to disclose? Let the total value of the Bonds issued be represented by the token figure of £5,000.

Then the F.B.C. would have borrowed this sum from the banks to buy the Bonds and there would have been no other buyer, the whole of which would have accrued to British Industries when expended to the extent of collective Deposits by £5,000. Let these industries be designated the Federation of British Industries, or F.B.I.

Now the F.B.I. would represent citizens considered as consumers, whereas the F.B.C. would represent citizens considered as producers. For the sake of simplicity let it be assumed that the Banks would purchase the whole at prices all less money it distributes as personal incomes to consumers.

Then the F.B.C., at the end of the war, would have the money as a corporate body, nor will it, in practice, place any debt of £5,000 due to the Banks. There would be no need to deposit £5,000 in the Bank, nor have the F.B.C. the £5,000 shown in its balance sheets as deposits in the banks. In that case, if the F.B.C. was disposed to repay its debt, it would first have to withdraw £5,000, as a free gift from the F.B.I., or, by shortening the process, the F.B.I. would have to suffer the cancellation of its deposits by the Banks. Hence the time, trouble and expense of the police are put to use on these petty matters.

Studied to be Figure—Police Suspications of Pupil at School of Engraving—Painting Press. (Emp. News, 14.7.)

Young man and associates charged with making and selling to-day under one year a course of public by a class to learn how to do it. Tutelary. Sheffield Common Council. Sheffield, August 31, 1919. August 31, 1919.

Immeasurable—defending counsel who, in the event of conviction, will address the Court on the question of whether the accused (a) that seeks to establish by evidence the crime, it would have been the accused to be returned to the accused, and (b) on whose behalf the accused would have been the accused. Upon investigation it would become clear that whereas the F.B.C. would have the $6,000, the only deposits amounting to $6,000, the Banks could only count on the $5,000 deposits, and that the only deposits would belong to the F.B.C. commemorating the deficiency would belong, not to the F.B.C. but to the banks.

But in the circumstances postulated no deficiency would appear, because on technical grounds it would be impossible for the banks to show an outstanding loan of $6,000 to the F.B.C. without showing an equal amount of deposits on the other side of the account.

What is the reason for the discrepancy between the financial figures of the last war and those who seem to follow above suggested financing of another war? It lies in the fact that under the conditions of the last war the last war money was lent in instruments and in the money that was in the first installment was served to provide the second, and so on.

The Point of the Pen.

By R. Langler.

In Tahiti there lives—or did, recently—an old native who, when he walked ships, always wore two hats. He wears them one on top of the other—and thereby hangs a tale. For most of his life this old man never wore a hat; he had no use for them; he scorned them. Then came French rule and he was willed in the sim with these two hats, to protect him from sunstroke; such was the case. The old man declined to wear a hat, and refused to pay a fine, and he was imprisoned. He came out again and was willed in the sim with two hats. He went to prison. And so it went on, with the old rebel in prison oft, but sticking to his point, yet annoyed no doubt by his domicile. Then one day, in the solitude of his cell, the old rebel decided by a great idea. He could save his hat, yet not give way to the Government. So, when he was released, he walked the streets in two hats, one perched upon the other. He would not wear a hat: he wore two. Victory was his.

I hope you like this little story? I confess that it appeals to me. Its hero is possessed of that sublime idiosyncrasy which all rebels require; a little more of this, and we may adjust ourselves and survive our domination.

It is only a man who is more idiotic than the commander, given to an old man, that he should protect his hat from the sun a girl adore. This for sixty years has proved to be a most satisfactory to him. No. A plurality of heads is inertly eccentric; it is charming in these 

Everybody's Bets on the Tote—Office Bookmakers as Agents of the Machine. (N.W., 14.7.)

Article on Abyssinia. Reference to unpracticed premises. A great deal of the money which goes into Abyssinia, however well equipped, has been wasted, disease, raised atmospheric condition, high altitude.

I have drawn these columns together in order to emphasise the fact that the expenditure of the money which has been spent on the expedition. The money which has been spent on the expedition has been spent in a manner which has been calculated to satisfy the desires of the people of Abyssinia, and the expenditure has been calculated to satisfy the desires of the people who are interested in the expedition.

Headline News-Notes.

What Mussolini's Men Will Face. (Emp. News, 14.7.)

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Dinner to Major Douglas.

This dinner will be held at the Cambray Rooms, Great Queen Street, London, W.C.2, on Tuesday, July 19, at 8.30 p.m. Lord Tankerville will be in the chair, Tickets, £2.0.0, by H. J. S. Lord, from the Social Credit Secretariat, 163, Strand, W.C.2, or Lady Beaman, 18, Palace Gardens Terrace, London, W.8.
If you attach a value to the contraversy, say, inscribing on each the figure of $f$, the black counters will now represent each $f$ worth of material and the white counters $f$ value of money. The black counters will measure costs; and neither these costs nor the original figures of the contraversy are moved about on the board, and not off the board.

Inside each square, however, there will be variations. Inside some there will be more white counters than before, and an equivalent number less of black counters—so to describe more or less value; and certain other square-costs increased as the consequence of the transfer of the square-counter. But when you total up the various squares, the total cost of the board-costs and board-squares are unchanged, whether the two are equal to each other or unequal at the square.

Now the purpose of this illustration is to show that an industry as a whole cannot turn costs into money, nor can it money into costs, through the buying and selling transactions of its constituent business enterprises. Industry turns money into costs only by paying money external i.e., to private individuals as personal income; it turns cost into money only by collecting external, from the inside, off the board. The analogy, board-costs are incurred and recovered by moving white counters off the board and back again. Certain square-costs may be incurred and recovered. The board-costs and funds remain unaffacted.

Now since industry turns money into costs with the object of turning costs into money, its success depends on what happens outside. In terms of the illustration, if the industries are to be successful, the board must turn the black counters round among the squares inside the board.

There are two "outsides." One is represented, not just mentioned, by the general body of private consumers. Taking to you as a head of the bankers, you may picture the two seated on opposite sides of the board. The second is represented by the various people who move in and out of the squares. These may be imagined to be located on the board along with their materials; for they are the intermediaries between the users of the counters and the bankers and consumers. They are the intermediaries between the growth of the industry, and which nobody else may make. The closer they are to the original supplies of materials, the more likely they are to be located on the board.

In this way the squares could collectively return the black white counters to the bankers, who now put their surplus into the board. But, then, the board will be black. It is not the fact that all the white counters and placing them in different squares and different amounts. The industrialists and business groups, each location, and are responsible to the white counters for the white counters.
carried forward from one game to the next. The recovery of a cost by a squareholder does not extinguish an equivalent cost on the board. Nor, when a squareholder incurs a cost, need he create an equivalent cost on the board. The board-costs that are created and extinguished are those equivalent to payments made and received back from consumers. Accordingly the rules of the game would be corrected if, at the end of each, as many white counters were distributed to consumers (or set aside for them to draw on when wanted) as there were black counters on the board, but without any extra black counters being placed on the board.

(To be continued.)

The Social Credit Library.

"MONEY IN INDUSTRY." The C. W. Daniel Co. (6, Bernard-street, W.C.1) have just published a book under this title by Mr. M. W. Gordon Cunningham, M.Sc. It costs 2s. 6d. The author gave an address under the auspices of the London Social Credit Club recently, in which he outlined the arguments which are elaborated in his book. The following synopsis of his address will, therefore, serve as a preliminary review.

1. It is important to distinguish between money classed as "income" and money classed as "capital." The spending of capital money can never finally remove a cost from the books of industry. It can move costs down nearer to the consumption market, but the fact of the recovery of the capital being expected automatically leaves a cost in existence.

2. Are the incomes paid by any industry likely to be sufficient to buy the goods produced by that industry? What incomes? The incomes paid now—say this week—can be added up, and it is in respect of every process contributing to the production of the goods.

What goods? The finished goods appearing now—this week.

S.B.—The public buy only finished goods (that is the definition of "finished goods"). The cost of all intermediate processes is carried forward and recovered in the prices charged for the finished goods.

We therefore want to compare the flow of incomes available for buying finished goods to the flow of prices charged for the goods. That is, we must consider each over the same period, a day, or week, or month (the "time of productivity" of the goods being the correct time to take).

1. The Argument. Consider any article which is manufactured, e.g. a motor-car tyre.

Visualise the great number of processes which have contributed towards building up its price—the production of raw materials, steamship and railway transport, factories, etc. Some fractions of the price may date back to the planting of trees in the rubber plantation, to the laying down the railway, or building the yard which built the steamship, and so on.

It is ridiculous to suggest that all the incomes paid for manufacturing the tyres will have been retained to buy them this week; so if they are to be sold, we must look to incomes being paid this week (for work on tyres to be completed in the future).

The argument then follows:

1. All costs, however numerous and complicated, can be divided into two main classes.

Class I.—Those costs which will have equivalent income payments this week.

Class II.—Those costs which will have no such equivalent payments.

It is contended that to maintain a constant output from industry it is unnecessary to have all processes of manufacture in continuous operation, e.g., the erection of factories, building harbours, railway embankments, etc., are comparatively rare events, and it is very unlikely that new ones will be being erected this week. It is argued, therefore, that Class II. costs will always exist, and that in an industry of constant extent there is always, therefore, a deficiency of purchasing power to some greater or less extent.

5. Why do we criticize the system? Because mechanical production has made the necessary rate of expansion very much higher. Every time a man is replaced by a machine a wage cost is replaced by an overhead cost, which is generally a Class II. cost, and as the proportion of Class II. costs increases so must the rate of expansion of industry increase.

This rate is now so high as to outrun the possibility of new inventions, the increase in populations and other factors making for the expansion of industry. Moreover, over the fact of the whole planet being now more or less developed leaves little scope for physical expansion; and it is only by expansion that the system can be preserved.

The remedy is to devise a new system of distributing incomes and of accounting prices which will enable the people to buy the products they have made without compulsory expansion. It is at first difficult to realise that prices and incomes are only part of a man-made system, and are not concerned with the laws of nature. With a little thought one can see that the price and money system could be altered as easily as could the laws of cricket or croquet provided enough people are convinced it is desirable.

Such a reformed system is the Social Credit system devised by Major C. H. Douglas.

Social Credit Reception.

An informal reception has been arranged to take place at the Hoborn Restaurant, Kingsway, W.C.1, on Saturday, July 29, from 1.30 to 3 p.m. or 3.30 (if desired) to provide an opportunity for supporters of Social Credit to meet the leaders of various local organizations and active workers therein. Visitors from London are especially invited. Representatives of the London Social Credit Club will be present. Mr. John Hall, leader of the Great Shirt Movement for New Credit, will also attend. The editors of "The New Age" and "The New English Weekly," with their associates.

Lady Clara Am Stickley has kindly consented to be hostess. Measure, Stanley Not and other publishers will provide a display of Social Credit literature.

There is no programme, but short addresses may be given by representatives of Social Credit organizations. The proceedings are destined to be short in duration. Otherwise the programme will be a conversational kind.

The Hoborn Restaurant is a few yards distant from the tube station (Central London and Piccadilly lines) and interesting fare can be had, and can be reached by buses travelling between the City and Oxford Street or from North London through Kingsway. All these pass the doors.

The New Age Club, London, is to meet at the Academy Cinema, Oxford Street, W.C.1, this evening, at 8 p.m., to discuss the play, "St. Petersburg," written by M. W. Gordon Cunningham.

Forthcoming Meetings.


The New Age Club. (To be announced.) July 29th, 3-9 p.m., at the Academy Cinema, Chancery-lane, W.C.1, opposite the First Avenue Hotel, near to Chancery-lane and Hoborn tube stations.

ACADEMY CINEMA, Oxford Street, W.C.1.

New Russian Drama based on Dostoevsky stories "ST. PETERSBURG" and SIMON SIMON in "LAC AUX DAMES" (A).