THE

NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Italy and Sanctions.

Mr. Garvin, in *The Observer*, has been consistently attacking the League of Nations' policy of coercion since we last referred to him in connection with the Abyssinian crisis. It is interesting to note, by the way, how much less resort he has been making to the rhetorical padding which at one time distended his articles. The reason is, of course, that in the present case he is taking a definite stand on a clear issue posed in a frame of reference narrow enough to exclude confusing irrelevancies in matters of fact and argument. He is speaking to a brief in terms which reveal to the public what the brief is—a forensic phenomenon which is not to be detected when journalistic advocates are set to work moulding public opinion to the deeper policies of the bankers. For example, when the Press has had occasion to emphasise the duty of citizens to "balance the Budget," or otherwise to "preserve the financial stability of the State," it has always framed its exhortations as if the fulfilment or not of this duty was a matter simply of morals and conscience, and that insofar as a dereliction of duty would be followed by unpleasant consequences this meant nothing more than a special application of the saying: Be sure your sin will find you out. No hint of external compulsion has appeared (at any rate not since the classic warning by the *Financial Times* just after the war)—nothing to show that the bankers could evict a Government which neglected its duty, and by the same drastic means as those by which Mr. Lang's Administration in New South Wales was got out of the way by Sir Philip Game under the aegis of an *ad hoc* improvisation of constitutional law perpetrated at Canberra.

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In contrast to this evasion Mr. Garvin's brief allows him to import realistic considerations into his advocacy. His main emphasis is not on the question whether Italy is right or wrong in attacking Abyssinia but on whether it is expedient or not to attempt to stop her by economic pressure. Will it hurt the saints to constrain the sinner? ! A terribly low basis of calculation, is it not?—but oh how cogent! Mr. Garvin unhesitatingly declares that to apply sanctions is to ask for trouble. And it is only against those who may be inclined to doubt his realistic warning that he brings up any appeal to morals. He is able to adduce evidence that Abyssinia lags behind other countries according to humanistic standards. And in any case he is able to affirm that Italy has as much (or little) right to annex that country as Britain had to annex the Boer Republics or "protect" Egypt. He could show that the League of Nations is a League of Poachers which has resolved itself into a League of Gamekeepers for the protection of the Ethiopian rabbits that have as yet escaped capture. And because of this fact, which every Chancellery in Europe appreciates, Mr. Garvin can pointedly propose, as he does in effect, that the Italian poacher should not be shot at but rather bargained with for a share of the coveted game. Why cut the fellow's nets or steal his ferrets while there is a prospect of dividing the bag with him?

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Older readers will recall the notorious cartoon in *Punch* at the time of the Fashoda incident. Colonel Marchand's expedition, under the aegis of the Government of France, had gatecrashed into British territory (for so it was viewed in London). *Punch* pictured the Colonel as an organ-grinder outside John Bull's house. John Bull was ordering him to move along up the street. "What will you give me if I go?" asks the organ-grinder. "I'll give you something if you don't," was John Bull's reply. In other words, John Bull would apply sanctions in defence of his property, actual or prospective. One may say that John founded the League of Nations at that time. It was then a British League of Battleships! To-day it is a Cosmopolitan League of Navies—and that is the only essential difference.

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Military power precedes financial power, financial power economic power, and economic power political power. It is true that financial *policy* dominates economic and political *policies;* but the dominance of a policy does not necessarily connote dominance of power. To illustrate: Smith may impose a policy on an unwilling Brown; and even assuming that both of them recognise physical force as the deciding factor, the spectacle of Brown's giving way to Smith does not prove Smith to be the stronger man. For suppose that before any clash of will took place where it became necessary for the two to fight it out, Smith had been able to hoodwink Brown into the belief that he, Brown, was suffering from heart disease, then it is almost certain that Smith would get his own way without putting his strength to the test. Yet Brown, if he were undeceived, might easily be able to slaughter Smith one-handed.

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Fanciful as this illustration may seem it accurately describes the device by which the bankers impose their will on militarism and capitalism. "If you do this, or if you don't do that, you will injure yourself. Remember your weak heart." Moreover they take care not to let it enter the head of the soldier, manufacturer or trader that any clash of will can take place outside the triangle that describes the mutual relationships of these three. Hence, but for the disclosures made by Social Credit advocates there would be no notion anywhere that the bankers, as such, are powerless, that all they possess is the aptitude and skill of directing the exercise of power residing elsewhere, and for ends which those who possess that power will employ it to resist when sufficiently enlightened.

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Italy herself has recently afforded an illustration of how the bankers in a country can accomplish things running counter to the prevailing current of high policy. Some weeks ago it transpired that there was a sum of £2,000,000 British credit locked up, or frozen up, in Rome. The problem was how to release it, or thaw it. Last week the papers announced that after prolonged negotiations with London (presumably the Bank of England) the Bank of Italy had agreed to release it. The problem had been solved. Very good, but whose problem? On the face of it Britain's; and by that token the transaction is a concession by Italy to a country engaged (with others) in mining and sapping Italy's economic and military strength. If it had been entered into by a commercial enterprise or private individual it would provide grounds for an indictment of treason. One must presume Mussolini to have been privy to the arrangement, and if so it would be interesting to know how he reconciles it with his announced immutable determination to answer Europe's acts of coercion by coercion with all the weapons at his command. Or is it that international credit-transactions are excluded from the Duce's armoury?

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Technically the transfer, or liquidation, of a foreign credit might be effected by a shipment of gold or goods. But at the present moment it is obviously against Italy's interest to export either, because her problem is to get imports. Exports in settlement of debt do not fetch imports. And apart from that the sanctions blockade would prevent her getting the kinds of imports she wants. On the face of it, then, there is no reason why Mussolini should have allowed the agreement to take place between the two central banks. Even if the implementing of it does not do Italy any harm (and nobody can say whether it will be implemented) it cannot do her any good; so why go through the form of conceding something to the "enemy" while formally denouncing and defying the same enemy? Of course the puzzle can be easily resolved directly we entertain the theory that the Central Bank Combine at Basle is doing a separate deal with Italy behind the backs of the League of Nations at Geneva. Few people are aware of the fact that for some weeks after the outbreak of the Great War Krupps were sending munition materials to England. We were told this by a director of a firm which imported them. Add to this another fact, namely that at a certain juncture in the War the bankers of the Allied and Central Powers assembled at Zurich to decide when to call it off as a growing menace to the stability of the Money Monopoly; and who shall say that it is unreasonable to imagine the Basle bankers offering Mussolini a *quid pro quo* for releasing the sterling credit alluded to? Every student of Social Credit can see that it doesn't matter to them how Abyssinia is partitioned (as of course she is bound to be whether she loses the war or not) provided that her "development" is financed and her output regulated in conformity with the international rationing principles already operating throughout the "civilised" world.

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At the close of the war America, or, strictly speaking, Wall Street, occupied the nearest position to the present Bank for International Settlements. While Washington was boasting that America was not asking for any territory in return for finishing off the war, Wall Street kept quiet, knowing very well that no matter in what way the territories or colonies of the Central Powers were divided and redistributed, the real fruits of victory lay in the dominant creditor relationship which the United States banks had achieved through the finance of the war. The American bankers knew that provided deflation was inflicted on Europe it would be impossible for Europe to pay off her debts. To pay off America it would be necessary for Europe to capture markets in America, but there was no way in which European goods could surmount American tariff barriers except through exchange-depreciation. So Montagu Norman, and afterwards Dr. Sprague, were planted on the Bank of England to set the process of deflation going, first here and then all over the Continent—the ideal end being to bring about an appreciation of European currencies up to their pre-war values in terms of gold. If that could have happened America would have been able to boss the world. She could, at will, have expanded her internal credit issues to the full multiple of the value of her enormous gold-hoard, while Europe pinched and scraped on the relatively small credits allowable on the basis of their own holdings of gold. Europe would have had to borrow American credit for purposes of development, meaning in practice that she would have to import American materials without exporting their equivalent in other goods. This rosy hope was never realised. What defeated it was the fact that no financial mechanism existed (or exists now) for enabling populations to absorb imports. That is the damning indictment of the existing universal costing and pricing system, namely that a population's power to buy goods inside a country expands in proportion as the goods to be bought go outside the country, and *vice versa.* Like the little figures which pop out of their huts to tell you what the weather is, so do *things* and *money* dodge each other in the domestic markets of the world. When the things are present the money is absent: when the money is present the things are absent. It must necessarily be so while the bankers make monetary awards for exports and inflict monetary penalties for imports. So Europe could not have fitted into the American scheme, nor come anywhere near doing so without precipitating revolution in every country. To-day the situation is worse than in 1918 in this respect. The problem then only involved the redistribution of more or less developed areas: but the problem now is that of finding room for the products of a country which has not hitherto entered the world market as an exporter. It will be seen to be immaterial whether Italy or any combination of Powers presides over the development of Abyssinia's resources: the mischief will reside in the development itself. That may be discounted as a long-distance risk; development takes time, and at first dispenses work, wages and profits: the problem of selling the products of the development comes afterwards. The immediate risk lies in the commercial, and therefore military, rivalries and jealousies which are likely to arise as to participation in the work of development. Readers who are familiar with the history of Europe's quarrels as to which countries should lend money to China will realise the nature of the danger in the present situation, particularly since the internal compulsion in every country to export goods without return is many times as intense as it was at the end of the last century. If we are not careful, Invention will yet prove herself the Mother of Catastrophe.

Cancellation of Dividend.

The correspondent whose letter was quoted in the article entitled "The National Dividend: Does it Cause Useless Credit Expansion?" in our issue of November 28, writes to say that this article does not answer his question. If that is so, presumably the sequel to it, entitled: "The Cancellation Controversy," published in our issue of December 5, will have seemed to him equally inadequate (he has not had time to comment on it at the moment these words are being written).

His original argument can be restated in this form: Assume that when Social Credit is introduced the sum total of Debt Deposits (meaning deposits created by bank loans or investments) stands at £2,000. Assume that Non-Debt Deposits (meaning National Dividends and/or Price-Discount compensation accruing to retailers via the consumption market) are created at the constant rate of £1,000 a year. The consequence will be as follows over a term of years:—

Year.	Debt Deposits.	Non-Debt Deposits.	Bank Loans, etc.
1.	2,000	1,000	2,000
2.	2,000	2,000	2,000
3.	2,000	3,000	2,000
4.	2,000	4,000	2,000

and so on. Or, alternatively, supposing Non-Debt Deposits to be used in the first two years to replace Debt Deposits cancelled through repayments to (or purchases of securities from) the banks, the consequence will be as follows:—

Year (End of)	Debt Deposits.	Non-Debt Deposits.	Bank Loans, etc.
1	1,000	1,000	1,000
2	nil	2,000	nil
3	nil	3,000	nil
4	nil	4,000	nil

and so on. In either case there is disclosed statistically a progressive accumulation of Non-Debt Deposits against which the banks cannot establish the claim to recover loans.

This is his case, and he now asks us to look at the question from this point of view and "leave Smith, Brown and Jackson out of it for the time being."

But since Smith represents consumers, and Brown and Jackson the industrialists, our correspondent is virtually inviting us to consider the figure of Non-Debt Deposits without reference to any human agency except the banker. Well, suppose we do. We have, let us say, £4,000 Non-Debt Deposits recorded in the banker's ledger. Right. Either somebody owns them or not. If nobody owns them the banker is in the position of a trustee for property to which there are no claimants. It is treasure trove, and the Government can confiscate it.

So we are compelled to call in Brown and Jackson as claimants in order to compose a problem to be solved. Without them, and their proof of claim there is nothing to argue about. One might just as usefully discuss the subject of taxable capacity without reference to a taxable entity. What has to be done is this. We have to search Brown (representing, it will be remembered, price-making industrialists) to see if he has captured the Dividend, and if so, whether there are grounds (moral as well as technical if you like) why it should be taken from him and confiscated.

The conditions on which it should be confiscated would appear to be these:—

(a) That he does not owe it to the bankers.
(b) Nor to Jackson, or others behind him.
(c) That he does not require it for use in a new cycle of production.

If "c" happens to be the case, either he has collected financial capital without having disbursed any; or, if he has recovered capital previously disbursed, he proposes to go out of business and hoard or live on the money.

The Social Credit Party of Great Britain Parliamentary Bill.

We are informed that the Social Credit Party of Great Britain are issuing this week the text of a "Bill to Equate Consumption to Production in Great Britain." It is a short Bill drawn up in proper legal form. It lays down the essential principles of equation without going into administrative methods. It will be published in the next issue of *Attack* and also as a separate document. Copies will be available at Headquarters, 44, Little Britain, on Thursday of this week. Mr. John Hargrave, who is responsible for drafting it, states in a footnote that it must not be taken as having Major Douglas's sanction, although it embodies in its vital clauses Major Douglas's own words as far as possible.

Alberta Notes.

Aberhart on Douglas's Visit.

[The following report appeared in the *United Farmer* of November 8.]

Announcement by Premier Aberhart as reported in the Press last week that Major C. H. Douglas, reconstruction adviser to the Alberta Government engaged by the U.F.A. Government, will not make another visit to Alberta this year, though it was hoped to have him come before spring, occasioned a cable despatch from London to the effect that Douglas has not yet been invited by Mr. Aberhart to come to Alberta.

Social Credit, of London, it was stated, commented on the fact that R. J. Magor "should have been appointed to make a financial survey of the Province without any word of his selection reaching Major Douglas."

Premier Aberhart was quoted in reply as stating that he had communicated with Major Douglas soon after the elections, and that Douglas had replied that unless there was a decided opposition to the introduction of Social Credit, an early visit would not be necessary. The Premier stated, said an Edmonton despatch, that Mr. Magor's visit had nothing to do with Social Credit. His advice was sought upon placing the "general financial condition of the Province on a solid foundation" prior to deciding the date of Major Douglas's visit. It was also desired, as part of the Government's economy plan, not to make expenditures for his visit at the moment if these should not be really necessary at present. That there was no breach between Major Douglas and the Government was stated by Mr. Aberhart, and later on the radio by Hon. Ernest Manning.

Fame as Fuel for Financial Ramps.

When a person makes his name in any field of activity the bankers enter him on their list of publicity agents. (Examples: H. G. Wells and Professor Einstein.)

In cases where a person has inherited a big name, and tries to make one for himself in addition, the bankers will help him to do so. (Example: young Churchill, whose silly "maiden" views on Egypt at the Oxford Union a year or two ago would never have been boosted in the bankster Press if he had not been the son of his father and the bankers had not foreseen contingencies in which the *name* could be exploited for their own purposes.)

In short, every man who "arrives" (as the vulgar vernacular has it) on an ambition of his own qualifies for departure on a mission for the bankers.

The classic example of this ploughing in of an innocent achievement to guilty purposes was provided by Einstein, who was mysteriously persuaded that his space-curvature discoveries fitted him to teach people how to prevent war. You'll remember his scheme: what the workers had to do was to demand Peace, and to back the demand by going on strike on the outbreak of war. The logic was impeccable—and that's what fetched him. But the feasibility!—oh dear, dear—well, even Einstein's astro-physical preoccupations were powerless to disguise the absurdity of the idea for more than a few weeks. Einstein quitted—and by doing so saved his reputation. If anyone suggests that he was trapped by Communists the answer is that Communism is as much a waiting-list agency for bankers' purposes as is Conservatism. It is the Scots who secretly create stories against the Scots; it is the Jews who often secretly finance anti-Semitism; and it is the bankers who are now accrediting pressure against themselves and planning to shape its form.

The Goldsborough Bill For Social Credit.

74th Congress, 1st Session—H. R. 9216.

In the House of Representatives, August 22, 1935, Mr. Goldsborough introduced the following bill; which was referred to the Committee on Banking and Currency and ordered to be printed.

A BILL

To restore to Congress its Constitutional power to issue money and regulate the value thereof; to provide monetary income to the people of the United States at a fixed and equitable purchasing power of the dollar, ample at all times to enable the people to buy wanted goods and services at full capacity of the industries and commercial facilities of the United States; to abolish the practice of creating bank deposits by private groups upon fractional reserves, and for other purposes.

Whereas the Constitution of the United States in article I, section 8, clause 5, provides that Congress shall have the power to coin money and regulate the value thereof and of foreign coins; and

Whereas the present practice of issuing book credits by commercial banks, and transferring the title of said credits by check provides a supplementary means of payment subversive of the said Constitutional provision and establishes a separate, private, and independent money system; and

Whereas the permanent welfare of the people and the protection of the economic life of the Nation are dependent on the establishment of a monetary system wholly subject to the control of Congress that will promote the interests of agriculture and labor, of industry, trade, commerce, and finance for the economic well-being of all citizens by the maintenance of an adequate supply of money with a unit of fixed average purchasing power, which will avoid excessive expansion or disastrous contraction: Now therefore

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

TITLE I—NATIONAL CREDIT.

Declaration of Policy.

Section 1. That it is hereby declared to be the policy of Congress to provide such issuances of certificates of national credit as shall be requisite so to increase the purchasing power of the consumers of the United States as to make it conform to the capacity of the industries and people of the United States for the production and delivery of wanted goods and services, which capacity is declared to be the measure of national credit.

Sec. 2. In pursuance of such policy, the said certificates of national credit to be issued are for financing: (1) a discount on prices to consumers at retail, and (2) a national consumers' dividend.

Sec. 3. As used in this title—

(a) The term "national credit account" means the money valuation of the annual unused capacity of the industries and people of the United States to produce wanted goods and services.

(b) The term "credit certificates" means non-interest-bearing United States Treasury credit certificates issued against the national credit account, which are to circulate as money throughout the banking system only, as legal tender between all banks in settlement of interbank balances through clearing house associations.

(c) The term "retail discount rate" means a decimal figure to be published by the Secretary of the Treasury, as determined by the Federal Credit Commission as hereinafter provided, to be applied as a discount on the price of goods and services offered by retailers.

(d) The term "compensated price" means the retail price of goods and services after the application of the retail discount, the amount of which discount is reimbursed to the retailer as hereinafter provided.

(e) The term "retailer" means any seller of goods, including dwellings, and/or services to ultimate consumers for their individual and family use, and not for resale, provided that the seller shall have contracted with the Secretary of the Treasury to dispense the retail discount. The term "retailer" includes all service corporations insofar as they supply services to the public at retail for personal and family use.

(f) The term "services" means passenger transportation, distribution to homes of gas and electricity for light, heat, power, and telephone transmission, rentals of homes, services of amusement and educational agencies, medical and hospital treatment, and such other services to ultimate consumers as are rendered under code agreements with the Agricultural Adjustment and National Recovery Administrations, or other agency or agencies authorised by law.

DETERMINATION OF RETAIL DISCOUNT.

Sec. 4. Beginning ninety days after the passage of this Act, the retail discount rate for each month shall be determined by the Federal Credit Commission and proclaimed by the Secretary of the Treasury on the first day of each month. Upon the passage of this Act and until the retail discount rate is determined and proclaimed as above provide, the retail discount rate shall be 25 per centum.

Thereafter the retail discount rate shall be that percentage which unused productive capacity bears to total productive capacity. In determining such percentage, productive capacity shall be ascertained by estimating the total capacity of the industries and people of the United States for the production of wanted goods and services for the next preceding three months' period for which figures shall be available; to this shall be added an estimate of imports for the next preceding three months' period for which figures shall be available.

Unused productive capacity shall be reckoned as the difference between total consumption and productive capacity. Consumption shall be ascertained by estimating the actual domestic consumption of goods and services for the next preceding three months' period for which figures shall be available, plus an estimate of exports for the next preceding three months' period for which figures shall be available, plus a fixed percentage for capital depreciation, to be determined according to estimates of the Federal Credit Commission. The level of values used in ascertaining consumption and productive capacity shall be the same, and as far as possible shall conform to the average of prices recorded by the Federal Bureau of Labour Statistics in constructing its index of wholesale prices.

No retail discount rate shall be determined or proclaimed unless productive capacity, ascertained as above prescribed, shall exceed consumption ascertained as above prescribed by at least 20 per centum.

The retail discount rate proclaimed by the Secretary of the Treasury shall be the date determined by the Federal Credit Commission: *Provided*, That the rate proclaimed shall not exceed the next preceding rate by a figure of more than 5 per centum.

It shall be unlawful for any member or employee of the Federal Credit Commission to disclose the retail discount

rate or any information received or employed in connection with the determination of the retail discount rate before said rate shall have been proclaimed by the Secretary of the Treasury. After such proclamation the data used in the determination of the retail discount rate shall be made a matter of public record.

APPLICATION OF RETAIL DISCOUNT RATE.

Sec. 5. On and after the passage of this Act, the retail discount rate shall be applicable to purchases of goods and services from retailers as defined in this Act, made by consumers who are natural persons: *Provided*, That said purchases are for personal use of the consumer or his family and not for resale trade, or manufacture.

The retail discount shall be paid in the manner prescribed by the regulations of the Secretary of the Treasury, and the disbursals of said retail discount in trade shall be evidenced by suitable vouchers, or forms prescribed by the Secretary of the Treasury.

As herinafter provided, said vouchers shall be used in reimbursing the retailer for his disbursal of the retail discount by selling goods or services at the discount price. The intent of this Act is to provide a continuous settlement through the banks to the retailers for the disbursals of the retail discount as provided in this title.

CONTRACTS AND REGULATIONS.

Sec. 6. Retailers, wholesalers, manufacturers, and prime producers are hereby authorised to make voluntary contracts with Secretary of the Treasury under their respective codes, as authorised by law, or under the regulations of their respective trade and professional associations: (1) in the case of retailers, in order to qualify them to dispense the retail discount and reap the benefit thereof; and (2) in the case of wholesalers, manufacturers, and prime producers, in order to qualify them to dispense their goods and services to retailers, sharing with them the benefits of increased trade under said codes or regulations. Said contracts shall specify in each case that the contractor agrees to such regulations as to cost accounting, fair trade practices, and professional ethics as shall be prescribed by said trade and professional associations or other agency or agencies authorised by law. Said contracts with retailers shall provide in each instance, that the retailer agrees to deal only with wholesalers, manufacturers, prime producers, and purveyors of services, who have entered into contract, as aforesaid, with the Secretary of the Treasury.

The Secretary of the Treasury may suspend or abrogate any contract made as above prescribed, after due notice and opportunity for a hearing, for violation of the terms or conditions thereof.

Any person who falsifies or causes to be falsified any account relating to a contract with the Secretary of the Treasury made as above prescribed, shall be punished, upon conviction thereof, by a fine of not more than $10,000 or by imprisonment for not more than two years.

SETTLEMENT FOR DISCOUNT ALLOWANCES.

Sec. 7. In order to compensate retailers for their disbursals of the retail discount, all banks in the United States, its Territories and possessions, engaged in interstate or foreign commerce, are hereby authorised and directed to accept all vouchers evidencing disbursal of the retail discount, as if they were legal tender, and to honour such vouchers as deposits in the amount of the disbursals evidenced thereby. Credits entered to depositors on account of retail discount vouchers shall be charged to the national credit account, and the banks, upon application to the Secretary of the Treasury or such agency as may be designated by him, shall be reimbursed for the demand deposits allowed by them under this Act by the issuance to them of a like amount of Treasury credit certificates as hereinafter provided.

Any bank receiving retail discount vouchers as above prescribed shall be entitled to make a service charge to the depositor for handling said vouchers, at a rate to be fixed by the Federal Credit Commission; but in no event shall such service charge exceed one-half of 1 per centum of the amount of the retail discount disbursed.

Any person who makes a false entry on a retail discount voucher or who presents a false retail discount voucher to a bank for deposit or any retailer who manipulates falsely his sales totals in claiming settlement of compensated price shall be punished, upon conviction thereof, by a fine of not more than $10,000, or by imprisonment for not more than two years, or both, and in addition, if he be a retailer, he shall suffer abrogation of his contract with the Secretary of the Treasury and shall be prohibited for a period of two years from the date of his conviction from engaging in business with any retailer, wholesaler, manufacturer or prime producer who shall be under contract with the Secretary of the Treasury.

NATIONAL CONSUMERS' DIVIDEND.

Sec. 8. A national per capita consumers' dividend amounting to $5 monthly shall be paid on the first day of every month during one year after the passage of this Act, to every citizen of the United States and to every bona fide resident of the United States, its Territories and possessions. The payment of said dividend shall be administered under the direction of the Secretary of the Treasury, and shall be made pursuant to regulations prescribed by him. All payments of the national consumers' dividend and all expenditures in connection therewith shall be met by the issue of Treasury credit certificates, as hereinafter provided. Such certificates shall be issued to banks or other agencies designated by the Secretary of the Treasury, and shall be accepted by them as a Treasury deposit against which checks in payment of the national consumers' dividend and all expenditures in connection therewith may be drawn.

It is the intent of Congress to determine the amount of the national consumers' dividend from year to year by making it approximate such percentage of the national credit account as may be available and not otherwise appropriated, as deemed advisable by the President of the United States, but said dividend shall in no case amount to less than 5 per centum of said account.

TITLE II.—FEDERAL CREDIT COMMISSION.

ORGANISATION OF COMMISSION.

Section 201. To effectuate the purposes of this Act there is hereby created a Federal Credit Commission (referred to in this title as the "Commission"). The Commission shall be composed of seven Commissioners who shall be appointed by the President by and with the advice and consent of the Senate. No person shall be eligible for appointment as Commissioner unless he is a citizen of the United States, and in the judgment of the President qualified to develop expert knowledge of industrial, economic, and statistical problems and to perform efficiently the duties required by this Act. Not more than four of the Commissioners shall be members of the same political party. Terms of office of the Commissioners shall expire, as designated by the President, one at the end of each of the first seven years after the passage of this Act. The term of office of a successor shall expire seven years from the date of the expiration of the term for which his predecessor was appointed, except that any Commissioner appointed to fill a vacancy occuring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Commissioners shall be eligible for reappointment and shall receive a retiring pension of $1,000 per year for each year of service, provided that no pension shall exceed $7,000 per year.

The President shall annually designate one of the Commissioners to act as Chairman of the Commission. Each Commissioner shall receive a salary of $20,000 a year. No Commissioner shall engage in any other business, vocation, or employment than that of serving as Commissioner.

DUTIES OF THE COMMISSION.

Sec. 202. There is hereby created an account in the Treasury of the United States to be known as the National Credit Account. Upon the passage of this Act the Commission shall determine annually the value of the unused capacity of industries and people of the United States for the production of wanted goods and services, which amount shall be credited to the National Credit Account. Each year the amount in the National Credit Account which shall not have been drawn upon in that year shall be written off. The level of values used in determining the amount of the National Credit Account shall be the same as in the determination of the Retail Discount rate. The decisions of the Commission as to the National Credit Account shall be final. Said decisions shall be reported by the Commission to the Secretary of the Treasury, and said reports shall be used by him as the basis for the establishment and maintenance of the National Credit Account.

The Commission shall use all reasonable ways and means to determine the retail discount rate as accurately as possible strictly in accordance with the methods prescribed in section 4 of title I. of this Act and without any extraneous influence or advice. The decisions of the Commission as to the retail discount rate shall be final.

The Commission shall have authority to employ and fix the compensation of such special experts, examiners, statisticians, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties.

The Commission shall establish and maintain a statistical bureau to collect and co-ordinate the data necessary for carrying out the provisions of this Act and shall be guided in its decisions by the facts disclosed. All statistical departments of the Federal Government shall furnish such aid and information as may be required by the Commission.

The Commission shall have authority to call for data and statistics from all economic organisations, trade associations, and private businesses which may be required in the judgment of the Commission for carrying out the purposes of this Act, and any refusal to furnish such data or information shall be punishable, upon conviction thereof, by a fine of not more than $1,000, or imprisonment for not more than one year, or both.

It shall be the duty of the Commission to fix the service charge for the handling of retail discount vouchers by the banks, as prescribed in this Act.

The salaries of the Commissioners and all expenses of the Commission shall be paid by the issue of Treasury credit certificates in the same manner as provided in this Act, in the case of the national consumers' dividend.

INTERFERENCE WITH THE FUNCTIONS OF THE COMMISSION.

Sec. 203. It shall be unlawful for any person—

(1) to prevent or attempt to prevent, by force, intimidation, threat, promise, or in any other manner, any member or employee of the Commission from exercising the functions imposed upon the Commission;

(2) to induce, or attempt to induce, by like means any such member or employee to make any decisions or order, or to take any action with respect to any matter within the authority of the Commission;

(3) to induce, or attempt to induce, by like means any such member or employee to disclose any information whatever except through the channels provided in this Act.

TITLE III.—NATIONAL CREDIT CERTIFICATES AND FRACTIONAL RESERVE.

Section 301. The Secretary of the Treasury is hereby authorised and directed to issue through the Federal Reserve System or other agency designated by him Treasury Credit Certificates in such denominations as may be deemed advisable by him, and in such amounts and at such times as may be required in order to effectuate the purpose of this Act. Said credit certificates shall be charged against the national credit account, and shall be issued without regard to the provisions of any law governing the expenditure of public funds. Said credit certificates shall be issued to the banks or other agencies herein provided (1) as authorisation to the banks for the credits established by them to the accounts of their customers pursuant to the requirements of this title, and (2) as authorisation to the banks, or other agencies, for the establishment of Treasury credits to be used for the purposes specified in this Act.

Sec. 302. The said national credit certificates shall be issued by the Secretary of the Treasury in such amounts as shall be called for by the banks in the course of the writing up of the deposits of customers who are retailers within the meaning of this Act. In no case shall the face value of the national credit certificates be issued in excess of the total write-up of the said retailers' accounts.

Sec. 303. The banks shall furnish to the National Credit Commission, under oath, at the time of applying for said certificates a statement of the amounts credited under this Act to the said retailers.

Every bank having depositors whose business is that of dispensing goods at retail, as provided in this Act, is hereby directed to open a National Credit Certificate Account and to charge this account with the face value of all certificates furnished to it by the United States Treasury through such agencies as the Secretary of the Treasury may designate, and to credit the same to its customers who dispense the said discount at retail in accordance with the retail discount vouchers deposited by them.

(*To be continued.*)

"In view of the fact that Major Douglas has given his cachet to the Green Shirt Movement by allowing the use of the Douglas tartan, it ill becomes individuals to ridicule this Movement."—From a letter to THE NEW AGE of March 9, 1933, by Mr. James E. Tuke, now Treasurer of the Social Credit Secretariat.

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

Australian Affairs.

[Reprinted from *The New Economics*, Melbourne.]

Banking Inquiry.

The Prime Minister has announced the appointment of a Royal Commission to inquire into the banking system of Australia. Its inquiries will commence this year and will probably continue throughout the greater part of next year (unless, perhaps, we should in the meantime become involved in the present military conflict between Il Duce and His Majesty Haile Selassie). In our last issue we referred to a report that the Government was encountering difficulty in its search for a suitable personnel. Many people approached by the Government had declined appointment, owing, we suggested, either to pressure of the business of making a living, or to an appreciation of the truth of the ancient Japanese proverb that he who confesses his ignorance proclaims it only once, whereas he who will not admit his ignorance proclaims it a hundred times. The late Lord Northcliffe is reported to have held the belief that the best way to expose something callous, brutal, or shameful was to put it in cold print. The same applies to the stupidities of orthodox economics—in cold print they will form a superb monument for the amusement of posterity (if any). We are willing to hazard a guess that the "stimulation of investment" panacea of the Laughing Cavalier of Carlton (Professor Copland) will one day take its appropriate place amongst recognised stimulators of uncontrollable mirth.

Personnel.

In his announcement to the House of Representatives, Mr. Lyons stated that his Government had given very careful consideration to the selection of the personnel and "had been fortunate in securing the services of men of such high standing and wide experience." "The personnel would," he said, "command the confidence of the public and would ensure an impartial inquiry." In enumerating the personnel we shall make some short reference to the past affiliations and achievements of some of the members. The Chairman is Mr. Justice Napier, a member of the Supreme Court Bench of South Australia. The members are as follows:

(1) **Mr. Henry Arthur Pitt.**

Formerly Under-Treasurer of Victoria until he received an Irishman's rise and became known as "Director of Finance," which post he still holds. Has ensured "continuity of policy" in Victorian public finance for many years. Very much concerned as Treasury expert with the Financial Agreements and the Premiers' Plan, the Loan Council and Financial Emergency Legislation—("Whereas at a conference between Ministers of the Commonwealth and Ministers of the States convened in Melbourne on the twenty-fifth day of May, 1931, to devise measures for meeting the grave financial emergency existing in Australia and thereby averting disastrous consequences, a plan was agreed upon for re-establishing the financial stability of the Commonwealth and States and restoring industrial and general prosperity **by means involving a common sacrifice, etc.**") In the "Herald" of March 5, 1934, reported as advising that the quickest way to financial recovery was to cut expenditure of all kinds, the only alternative being to increase taxes and thereby balance the budget. Privately interested in the ideas and proposals of Henry George, the violently deflationary potentialities of which need not be stressed to readers of this journal.

(2) **Professor Mills.**

Dean of the Faculty of Commerce of University of Sydney. Also concerned in Premiers' Plan, and in 1932 report on unemployment by committee under chairmanship of Sir Wallace Bruce. Has in the past laid great stress on the need for a rise of export prices and a cut in local costs.

(3) **Mr. E. V. Nixon.**

Chartered accountant, of Melbourne. Member of recent Royal Commission on Taxation. Connected with Taxpayers' Association activities. Member of Faculty of Commerce of University of Melbourne for years 1925-1929 inclusive.

(4) **Mr. J. B. Chifley.**

Formerly Minister for Defence in the Scullin Government (under which disarmament proceeded apace). Now active in Federal Labour interests in New South Wales,

which interests are bitterly opposed to the State Labour (Lang Labour) interests.

(5) **Mr. Joseph P. Abbott.**

President, New South Wales Graziers' Association (successor to and for years in close association with Sir Frederick Tout, of the Sugar, Tobacco and Banking Monopoly, whence Sir Claud Reading emanated).

Sir Otto Niemeyer himself could scarcely have chosen better.

Terms of Reference.

These have been made as wide as possible "in order that the Commission shall not be in any way restricted in its important task." The terms are:

"To inquire into the monetary and banking systems at present in operation in Australia, and to report whether any, and if so what, alterations are desirable in the interests of the people of Australia as a whole, and the manner in which any such alterations should be effected."

It is clear that the terms of reference will not preclude discussion of the Social Credit analysis and principles of reform. Neither will they preclude discussion ad nauseum of the Eisler plan, the Evans plan, the Gesell plan, the Smith plan, the Jones plan, and the Brown plan. In this respect we refer readers to an article entitled "Action and Counter Action," from THE NEW AGE of August 1, reprinted in this issue. It is important to note that whereas Social Credit has been expounded since 1919, the appearance of a plethora of other plans did not occur until the lifting of the boycott on discussion of Social Credit some two or three years ago. The multiplicity of plans affords an avenue of escape to those who do not wish to see the truth. They can throw up their hands in pious confusion and murmur, "Quot homines, tot sententiae."

The Secretariat's Accounts.

ANALYSIS.

1. Revenues from Donations.

Only the collective sums are disclosed to subscribers. No list has been issued enabling any donor to identify himself and his contribution. Information is withheld concerning the total number of people making donations and the range of amounts of individual donations. Of the £1,972 odd acknowledged, there is nothing to show whether it was put up by one person or 1,972 persons, or any number in between. A little light is let in by the separation of the proceeds of the "de Castro" appeal, given as approximately £430. This appeal was published early this year, and was based on Miss de Castro's voluntary undertaking to subscribe £1 per month on the condition that 200 did so in all—ensuring a revenue of £2,400 in a full financial year. Apparently this condition was not fulfilled.

Revenue from the Weekly Journal.

The proceeds of sales of *Social Credit* total £1,273 (excluding advertisements). The circulation is said to have risen from 5,000 to 11,000 in the financial year. Taking the mean of these figures, 8,000, the total revenue at the full price of 2d. per week per copy would come to £3,466, or getting on for three times the sum actually received. The missing £2,200 is presumably accounted for by discounts granted to the Groups or exacted by the Trade. This is on the assumption that the circulation figures refer to *net* sales (i.e., gross sales less returns). The report is not clear about the distinction.

Circulation Figures.

In the letter, to which Major Douglas attaches his signature, attention is drawn to the fact that the circulation of *Social Credit* is four times as great as that of any other journal advocating Social Credit. That is interesting, but only in the same sense as would be the statement that the circulation of *Popular Science Weekly* was so many times that of *Nature*. Moreover, since the journal entitled *Social Credit* no longer claims to advocate Social Credit, the comparison between it and journals which continue to do so is meaningless.

The real significance of the circulation of *Social Credit* depends upon the objective of the proprietors. The objective is to build up a body of pledged electors sufficiently numerous to put a majority of "Dividends" candidates into Parliament at the next election, that is, in 1940, or earlier. The object of running the paper at all is that of forming a permanent linkage with people who sign the pledge-forms. If the signatory to the pledge to demand Dividends on "the Day" is not sufficiently interested to pay his twopence a week for *Social Credit* up to "the Day," the prospect of his honouring his pledge when the Day comes looks remote. Now, in fifteen months' publication the total number of copies of *Social Credit* sold is 11,000 weekly: and this figure includes all pre-*Social Credit* members of the Movement. It is this figure, not that of the number of pledges signed, which provides the index of how the Electoral Campaign is making progress. The 11,000 ought to be nearer 110,000 per week if the campaign is to succeed inside the next three and a half years.

Literature Account.

Sales of literature are £468, and costs of buying or printing literature £325. These figures, presumably, cover income and expenditure on receipt books, pledge-forms, leaflets, etc., comprising the canvassers' outfits for electoral campaigning—although the expenditure item: "Printing and Stationery" (£132) may cover some of these things. In any case, the figures show that the Electoral Campaign is a revenue-earning activity from the point of view of the Social Credit Secretariat, Ltd., and is therefore worth while developing irrespective of whether or not it generates pressure on Parliament.

Cost of the Weekly Journal.

The items of expenditure clearly allocable to this account are: "Editorial Expenses" £312 and "Printing *Social Credit*" £1,798. It is not clear whether the second of these items includes: (a) the cost of the paper used by the printers, or (b) the cost of postages on subscribers' copies. It would seem that "a" *is* included: there is no other item under which it could come. As to "b," it may form part of the item: "Postages, Telegrams, Telephone," £302. (It should be noted that on a subscribed circulation of only 3,000 copies a week the annual cost of postage at ½d. per copy would come to £325.) Then there are other expenses allocable to the publication of *Social Credit*, namely, some proportion of Rent, Printing, and Stationery, Office Expenses, Lighting, and Heating, and Press Cuttings. The total of these five items in the account comes to about £410.

General Position.

If these and one or two other small items are allocated equally as between the general account of the Secretariat and the journal, the situation is broadly as follows:—

	Income.	Expenditure.	Surplus or Deficit.
	£	£	£
General Account	2,402	1,351	+ 1,051
"Social Credit"	1,368	2,466	— 1,098
Electorial Campaign ...	469	327	+ 142
Total	4,239	4,144	+ 95

The total of "Salaries" is £1,248. No information as to who receives them is afforded.

Under "Donations," the proceeds of capitation fees from affiliated groups are not shown separately as in earlier accounts.

No official statement is made of the total number of electoral pledges obtained to date.

LETTERS TO THE EDITOR

SOCIAL CREDIT AND USURY.

Sir,—I thank Mr. Joseph for his comments concerning usury. He says: "Both private usury and usury of institutions will be treated in exactly the same way under the Douglas scheme . . . they will be paid off." Does that mean that they will be paid off *finally* by, say, transferring holdings to the National Credit Office, or that they will be paid off recurrently and continuously as National Credit Office loans will be paid off? I ask the question because the point is worth establishing as part of Social Credit policy, especially as Major Douglas recently delivered himself of the opinion that it is "irrelevant" whether an individual is usurious or not.

This point is very far from irrelevant to several millions of followers of Mr. Gaitskell's line of thought, and it must be cleared of confusion if we wish to enlist those millions as adherents to a Social Credit scheme, for the idea of the socialisation of the country's credit and a Treasury monopoly of credit-issues, together with consumer-dividends to cancel such nationalised issues, is acceptable to many influential Socialist leaders. But the Douglas idea of issuing consumer-dividends on the nation's credit to cancel private loan-costs is the thing that keeps Douglas Social Credit without a leader, in England, to whom the *people* will listen.

Mr. Joseph's threat of a bank charging storage fees for a ledger entry is surely not necessary? We say money is a claim-ticket upon the communal energy (credit). If we do not wish to use our tickets currently, we can, surely, leave them at our credit (buying by instalments, as it were, a future car or diamond ring) in the Credit Office until we lay our claim to the goods we have saved for? An individual's withdrawal, pro tem., from a claim on a car will reduce its price to others. Others will benefit. The *car* will not be stored for him. He will come into the car market when he chooses to collect his tickets and claim his car, and so harms nobody.

Provided an individual will not be allowed to save his tickets and loan them at interest to enterprise, thus controlling potential National Credit and creating a false cost to the community, then his tickets do no harm when he accumulates them. Piled up currency is only absurd when its piling piles up goods. But it is a social evil when a ledger account empowers an individual to decide upon expansion or restriction of national enterprise and amenity (credit).

Douglasism is clear that the sale of goods is ensured, but, it seems, rewards money-power in the hands of individuals, where it is no less a social evil than in the hands of institutions.

The doctrine of the Socialisation of the Nation's Credit should be made clear on this matter.

GLADYS F. BING.

Forthcoming Meetings.

Manchester Social Credit Club.

Meetings on the first and third Tuesdays of each month at the Grosvenor Hotel, Deansgate, Manchester. 7 p.m. onwards. Visitors welcome.

CREDIT RESEARCH LIBRARY

Books and Pamphlets on Social Credit.

BRENTON, ARTHUR.
- Social Credit in Summary. 1d.
- The Key to World Politics. 1d.
- The Veil of Finance. 6d.
- Through Consumption to Prosperity. 2d.

C. G. M.
- The Nation's Credit. 4d.

DOUGLAS, C. H.
- Social Credit. 3s. 6d.
- The Douglas Manual. 5s.
- The Breakdown of the Employment System. 1d.
- Canada's Bankers. (Evidence at Ottawa.) 2s. 6d.
- The Nature of Democracy. 6d.
- The Monopoly of Credit. 3s. 6d.
- These Present Discontents: The Labour Party and Social Credit. 1s.
- The Use of Money. 6d.
- The World After Washington. 6d.
- Social Credit Principles. 1d.

DUNN, E. M.
- The New Economics. 4d.
- Social Credit Chart. 1d.

GALLOWAY, C. F. J.
- Poverty Amidst Plenty. 6d.

GORDON CUMMING, M.
- Introduction to Social Credit. 6d.

H. M. M.
- An Outline of Social Credit. 6d.

HATTERSLEY, C. MARSHALL.
- The Community's Credit. 1s.
- This Age of Plenty. 3s. 6d. and 6s.
- Men, Machines and Money. 3d.

JOSEPH, A. W.
- The A + B Theorem. 6d.

RANDS, R. S. J., B.A.
- The Abolition of Poverty. A Brief Explanation of the Proposals of Major C. H. Douglas. 4d.

POWELL, A. E.
- The Deadlock in Finance. 3s. 6d.
- The Flow Theory of Economics. 5s.

TANKERVILLE, EARL OF.
- Poverty Amidst Plenty. 6d.

TAVISTOCK, MARQUIS OF.
- Short Papers on Money. 6d.

YOUNG, W. ALLEN.
- Ordeal by Banking. 2s.

Critical and Constructive Works on Finance, Economics, and Politics.

HORRABIN, J. F.
- An Outline of Economic Geography. 2s. 6d.

LUDOVICI, A. M.
- A Defence of Aristocracy. 7s. 6d.

Instructional Works on Finance and Economics.

BARKER, D. A.
- Cash and Credit. 3s.

CLARKE, J. J.
- Outline of Central Government. 5s.

Address: 70, High Holborn, London, W.C.1.

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