NOTES OF THE WEEK.

Budgets and Leaks.

The findings of the Budget Leakage Tribunal, who reported on June 2, were considerably delayed until the Queen Mary had got across the Atlantic, and had settled that "matters of grave national importance." "Will she beat the record?" The British public were saved the strain of having to bellow their attention on two sensations at one and the same time. Further, the circulation managers of British newspapers have been enabled to collect a penny for each sensation instead of a penny for both. Mixed thrills, like mixed drinks, tend to tax the digestion of the consumer and the revenues of the producer. As things have turned out, the public will be able to concentrate on the matter of Mr. Thomas's record, and clearly it out of the way in good time to resume their divided concentration on the Queen Mary's renewed attempt on the Atlantic record. What blessings we enjoy, to be sure, under a National Government!

Budgets Are Leaks.

Many of our readers, on seeing the Press placards and headlines on that "Black Tuesday" (as it will be recorded in Thomas's diary) may have been in the mood to recall the story of the grimacing black potentiates who assured the late Lord Reading: "We have no deficit, because we have no Budget." He might now revise the assurance and say: "We have no leakage, because we have no Budget." A frivolous punster might, with mock gravity, call for a judicial inquiry into the question whether Budget deficits are caused by Budget leakage. Yet, on a close technical analysis this jesting could be shown to be not so far from the truth as it would appear. For the Budget is, itself, a leakage—or rather the vehicle of a leakage. Not of information, of course, but of purchasing power unnecessarily extracted from the citizen. A combined correction of accounts reflecting the condition of our national affairs would disclose, not the need of the State to take money out of the people's incomes, but the ability of the State to pay out money in augmentation of those incomes. There exists a sufficient reserve of potential financial credit, rendered invisible by the bankers' system of presenting the nation's accounts, to cover the granting of a relief of all existing taxation, and even then to leave a marginal surplus sufficient to reimburse taxpayers the levies imposed on them in past years. Hence, as Douglas has put it: "All taxation is robbery." Such is the master-secret of the Budget; and we are pleased to be an agent of its leakage.

Unfortunately, the public will reject the announcement in this form. They labour under the notion that the Chancellor of the Exchequer is simply a gentleman who does our shopping for us, buying on our behalf things that we could buy for ourselves so far as spending the money is concerned, but cannot buy individually because many of the things bought are not divisible among individuals nor can become their personal property.

Why This Inquiry?

Much more interesting than the verdict of the Tribunal is the question why it was appointed to inquire into the alleged leakage at all. Students of the real politics of Finance do not need to be told that the Government's policy in such matters is conditioned by the attitude of the Treasury—i.e., the Bank of England in its political uniform. We can allow full weight for the fact that certain underwriters lost money, and suspected that it was extracted from them by irregular methods. But, against this we must remember that, as was disclosed in the evidence before the Tribunal, the amount of money lost was comparatively negligible, and the grounds for the suspicion circumstantial. Again, the gossip about the insurance deals and about the name of the Minister under suspicion first circulated in select circles who were well able, if they had wished, to prevent a leakage of their allegations of a leakage into the columns of the popular Press. And even if they did not wish to prevent it they were just as amenable to discussion emanating from the Treasury as was the Gov-
A "Public Investigator."

In the case of Gladstone the gossip against him which Captain Peter Wright put into the form of an allegation long after Gladstone's death was as definite and persistent during his lifetime as was the recent gossip about Thomason which precipitated the official inquiry just concluded. Whether the gossip about Gladstone was groundless or not is irrelevant to the present argument, which is that at that time no friend or enemy of Gladstone was in a position of getting the matter cleared up. The initiative seemed (or appeared to rest) with Gladstone himself, and it was his choice (as he appears to have done) to ignore the matter. There was nothing to be done, unless, of course, someone had the courage to label the gossip what it was.

All this is the substance of our comments on the Peter Wright action; and they were conveyed on the suggestion that nothing might be done because of public interest upon information received. Notice of unique powers and procedures of the three tribunals of judicial experts who composed them. Wherever in a court of law there would have to be an identifiable prosecutor, here there was none. Nor was there an identifiable defendant. If there was a prosecutor it was the People, and if a defendant it was the Cabaret and not a few permanent State officials. Again, the defendant was adjudicated upon inadmissible as fact, but meets the presumption of a fact; for all that was known before the inquiry opened was that there had been insomnia against changes in taxation, and that certain circumstances attended those changes which are consistent with the theory that the insurers were betting on a certain person. The persons who knew the circumstances had few underworld contacts. These would not have been able to go into a court of law saying for the sake of the Cabaret that they would put him in the position of defendant to an action for libel; and this risk was aggravated by the fact that it would be next to impossible for the defendant to gather beforehand sufficient evidence to establish the truth of his statements or insinuations. We emphasize the word "beforehand," because when actions are being tried often hours judges utter the admonition: "You must not bring actions (or cause them to be brought) before this Court with any ground, relying on eliciting during the hearing evidence from the other side favourable to your case." In blunt language: "You must not make statements against Mr. X and use this Court to fish for proofs." A variant of this admonition was heard in an entente case only a week or so ago where the judge admonished the plaintiff as a blackmailer because he (the plaintiff) was trying in his (the judge's) opinion, to import into the case matters not relevant to the entente claim, but calculated to intimidate the defendant into settling out of Court. If the judge's admonition is made in a case where one party has emphasised the risk which anyone would incur who was forced to use the machinery of Court procedure to establish the truth of other allegations against highly placed persons, particularly when it was considered that such allegations were "against the public interest" or "in the public interest" to be tarnished.

The Case of Gladstone.

We discussed this aspect of political intrigue fully on the occasion of Captain Peter Wright's libel action arising out of the statements he made in his book against the late William Edward Thomason. Among other comments we pointed out the difficulty which would have been placed in the way of any citizen (or group of such) who had reason to suspect that irregularities were going on in the highest offices when (in the context of machinery of investigation without increasing the risk of penalties depending on the outcome of the investigation), we pointed out that such machinery existed, and that the public has a case for the citizen to be made public his suspicions to a tribunal that would put him in the position of defendant to an action for libel; and this risk was aggravated by the fact that it would be next to impossible for the defendant to gather beforehand sufficient evidence to establish the truth of his statements or insinuations. We emphasize the word "beforehand," because when actions are being tried often hours judges utter the admonition: "You must not bring actions (or cause them to be brought) before this Court with any ground, relying on eliciting during the hearing evidence from the other side favourable to your case."
Crime the Fuel of Reform.

This last remark is a slip in content as it is in form. It is derived from the statement that the healthy processes of judicial investigation cannot take place until things happen which provide occasions for them; which means that there must be breaches of the law, or at least breaches, in which some prosecutrix and some defendant are concerned. Had it not been for Mr. Marang's enterprise, Mr. Gavron would not have acquired a knowledge of currency mysteries or communicated it to Lord Justice. The House of Lords, in the House of Lords, and the House of Commons, were outside. Had it not been for Mr. Lord Kilsan's action, we would not be privileged to write about the history of accounting-practices explored by counsel and judges. Had it not been for Mr. Harry's illegal acquisition of a knowledge of the banks, the banks might not have discovered the fraud. The banks would not have avoided the closing of the occasion. Had it not been for Mr. Leopold Harr's gluttony operations, the House of Commons would have heard nothing of the powers of the insurance combine to procure King's Evidence in order to punish anyone who defrauds them.

Sub-Constitutional Law.

It is true that the motives of these men were not to test their rights under the law, or anybody else's. Yet the sequence of their acts was to precipitate a situation which had to be tested. In none of the cases is there any constitutional right to commit an unlawful act, or a sub-constitutional right to commit an unconstitutional act. By sub-constitutional we mean to indicate the sort of situation which we mean to commit an unconstitutional act. It is in the context of an act which the banks would not have enjoyed if the Money Power had not-induced them to use their weapons of offence against the liberty of the subject. The way in which common-law rights, which were the foundation of this hypothetical sub-constitutional right, being subsumed under our common law statutes slipped past, became vacant of their absorbed minds, is becoming a matter of general knowledge, in legal as well as public circles. In this environment of increasing embarrassment the problem before the Social Credit Movement is one of effective action, which would receive some measure of support. There is a growing, though unvoiced, need for someone to invoke subconstitutional law against the constitutional law on behalf of the people. John Hampden did something parallel to this when he refused on personal grounds to pay taxes. So did the Nonconformists in the early part of the century when they refused to pay that portion of the rates which they calculated would finance the teaching of Church dogmas in elementary schools.

In both cases, speaking ideally, Conscription came before the Constitution, which is another way of saying that the dictates of Conscription ought to coincide with the dictates of the Constitution. In our own term, coming to the point of our sub-constitutional case, which we are speaking in its conception a fulfilment of the conscience of humanity. By the word conscience we mean, not the complexly felt feelings, religious or otherwise, which we have tended to consider that name, but the display of mental conscientiousness which necessarily emerges from health and sanity in any walk of life. Any constitution like our present one, which automatically imposes physical restriction and mental disturbance on the people lends destruction to health and sanity, and hastens the sub-constitutional which tends to fulfill both.

Mr. Gavron, in the act of attacking the orthodox banking concept of the intrinsic value of the currency, was laying part of the foundations on which sub-constitutionalism now potentially rests and soon will actually rest. He was thus educating the legal mind (in however a small way) in a direction in which it will be more competent to adjudicate on issues, when they arise, involving constitutional law. For example, when the Bank for the Bank of England sought to prove damage by damage among the community, leaving the banks of issue uncashed. Of course, it takes time for the implications of this analysis to register themselves, leaving the House of Commons, but time has elapsed since the speech, and one is entitled to hope that the House of Commons has been working. The test will come when an occasion arises for adjudication on matters to which this knowledge is relevant.

Future Use for Tribunal.

This brings us back to the Tribunal and its powers. It will have been noticed that it has pronounced judgment on the steps not only different ways as yet been taken by the law officers of the Crown with regard to the imposition of penalties. It will be interesting to see what happens at the trial if it is tried. If it is tried, and if no indictment follows, the law officers will be unable to look one-eyed, or if, indeed, then this will show that the Tribunal has condemned an act which the law enforcement was unable to touch, for it has been so on evidence which would be ruled out by a court of law as superfluous and irrelevant. In this case, the conclusion to be drawn is that the object in appointing the Tribunal was simply to ascertain the truth of the allegations that be made, whereas the true test of the leakage could occur and afterwards taking measures to prevent its recurrence.

Now this is just the sort of Tribunal we want to see established on a permanent basis. For if it can inquire what matters, which are not a part of the law, and is not charged, and no complaint appears, with the single object of exposing an abuse and correcting it, the same Tribunal could very well inquire into other suspected abuses in which thousands of Social Creditors are interested, and to make our meaning clear, let us put the matter this way. The Tribunal has found that "Thomas told." Now watch out. If the matter ends there so far as the law is concerned—and we hope that it will—then the public is quite content with this. But if the Tribunal then says that, if Thomas told, the disclosure was sufficient punishment, and on the further grounds that after all (a) the offence didn’t amount to murder and (b) the offence would not be repeated. Testing Law Without Breaking It.

With these things as a precedent there would be a logical opportunity for resolute critics of the financial system to cause the invocation of this Tribunal’s powers will not be acceptable, the whole man would not commit an indictable offence at their own personal risk to win attention to these issues through the agency of court procedure. At this time when Conscription is at war with the Constitution, such a Tribunal would serve as an excellent weapon that it has been used for improper reasons. It would, in theory, enable the law to be tested without being broken. Or, in the case where one did break the law for reasons into which a court of law was prohibited from entering, it would be consonant with public opinion that a Tribunal should exist which would go into those reasons when they appeared to involve the interests of the public.

We are not so foolish as to suppose that because the Tribunal’s powers and procedure set a precedent which suits our purpose it will be allowed to subserve our purposes. It was allowed a free hand only because it was pursuing a task approved by the Money Monopolists. Nevertheless, it is important to point out the logical implications of the precedent, because at any time changes may happen in which the defeated advocates in a position to call for another inquiry into matters in which the public, as well as themselves, will be interested. What is sauce for the goose is sauce for the gander; and the Tribunal, in the absence of the privacy of Mr. Thomas, affords strong grounds for its public attack on the judicial invasion of the privacy of other people, not excluding bankers. This must be remembered by every defender of the liberties of the people, particularly by those who are our readers and who might want to know what Ministers are able to communicate is nothing to the harm done by what Financiers do not communicate.

New Encroachments on Liberty.

Two banker rants are being attempted as a result of the Tribunal’s findings. No. 1 is the proposal that the Chancellor of the Exchequer will reveal in the course of taxation decisions or the time or so before the Chancellor of the Exchequer reveals them in the House of Commons. No. 2 is the proposal that underwriters of the insurance companies without requiring the insurer to disclose his identity, and the nature of the interests that he seeks to protect. The mere fact that the first proposal should be seriously discussed confirms our oft-repeated declaration that the Cabinet have no control over financial policy. We once jealously suggested that on Budget days the Chan-
Entropy and Social Dynamics

By James Golder, M.I.Mech.E.

II.

In the parables, miracles, metaphors and similes of the Gospel stories, legal and conventional law is exhibited at its maximum intensity of force, and there can be no mistake about its direction. Every phase of law is presented. Broadly, power through the medium of poles (electrical engineering terms) on the one hand, the Roman; civil and military. On the other, the moral, Hebrew; ecclesiastical and commercial. All these points are gathered round, and converging upon, the pole of the individual (i.e., each human unit an end in itself) and more than suggestive of the essential uniqueness of personality. Well as specific theories regarding its permanence. The aspect of the matter will be traversed later on, but in the meanwhile we may consider how all power is given men.

No man, however big, and no group of men, however small, can exhibit or exercise power of any sort or in any case except as it be first of all imparted to them.

The methods of impartation are as various as the force of power imparted. Magnetic force is imparted through the medium of solid matter, wood, stone, metals. Hydraulic power through the medium of water. Pneumatic power through the medium of gases.

Magnetic power through the medium of iron or steel. Light and sound power, through the medium of air. That is the most highly attuned guesstimate of the last word. But not, at least, *Credit* over through the medium of a note. That is another story.

Heat power through the medium of air, water, or electricity. Elastic fluids such as water, and blood, fire, vapour, smoke. Light and sound power, through the medium of air and water.

Now what is credit power? I ask you. Because it is the most important thing in the whole of human experience, the last in the ornamental order of priority to reach maturity, and, secondly, that it is the organ of ultimate direction and control.

I am not sure that this is not the case. I am certain that I have been taught that it is not the case. I am certain that I have been taught that if one is not sure of the case, it is not the case.

Now what is credit power? I ask you. Because it is the most important thing in the whole of human experience, the last in the ornamental order of priority to reach maturity, and, secondly, that it is the organ of ultimate direction and control.

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Mr. GAVIN SIMMONS: Your Lordship will find them conveniently stated at pages 534 to 536; there you have both the positive and the negative, what the Bank may do, what its permissible operations are and, further, in Article 28, what it is expressly forbidden to do.

The LORD CHANCELLOR: Article 28 is the one I wanted.

Mr. GAVIN SIMMONS: Considerable importance, of course, attaches to this, because your Lordships will see in what a number of ways the Marang conspirotors might issue notes which were not open to the Bank of issue, for instance, the conspirators were able to buy the Bank's own shares, they were able to issue notes in a number of ways which were not open to the Bank at all, and, so, they were able to get out a great number of notes which no doubt the Bank could never have got out at all. That is No. 1. Another differentia is this, probably it is not quite accurately stated as a restriction, that there is the obligation upon the Bank to issue notes for Government service; and overriding both those considerations, as I pointed out, is the fact that it is the Bank of issue who are managing the currency, and therefore its issue of notes will be dictated by a number of considerations which cannot affect the individual at all. If it were not so, why was it that in 1923, having a potential circulation of 195,000,000, the issue was only 60,000, a point I made in opening but which has not been touched. For overriding everything in this matter is the consideration that this is a Bank of issue; it is the manager of the currency and, therefore, there is that restriction upon its issue, that it does not issue the notes except so far as it thinks right in the interests of the people of Portugal, which brings one, of course, to the point, which I will ultimately develop, that an inflation does not hurt the Bank of issue and never has hurt any Bank of issue, but affects a redistribution of wealth by altering the value of the Escudos. Those are one, two and three, which I have given to your Lordship on that head. The fourth ground that I am indicating as the most important of all this, is that the Bank of issue issuing 100,000,000 Escudos increases the currency of Portugal, and increasing the currency of Portugal affects the value of every unit of currency. To discuss the question, what damage a Bank of issue has suffered by issuing notes for nothing without considering that question is, in my humble submission, to ignore a vital point in the case. It is a proposition which stands utterly self-condemned for a Bank of issue to say: We have issued 100,000 Escudos notes, and therefore have lost the value of 100,000 Escudos. Let me test it, I shall have to develop it a little later. I want to make it quite clear, if I may, in outline, because it goes to the very root of the assertion here, that their damage is the face value of the note. It is as true as the night follows day, or that water finds its own level, that if you increase the number of notes, you depreciate the value of each note; obviously, you do, and the corollary of that, and the necessary corollary of that, is that the value of every real asset in terms of Escudos goes up. It must do. If the purchasing power is less, the value in Escudos is greater; those two things are complementary, it is an inexcusable proposition; I speak with great deference in the presence of one of your Lordships who has dealt so fully with this subject; it is a thing about which there can be no doubt.

Lord ATKIN: I should have thought there was every doubt; it is a question of degree and circumstances. If you issue a fresh note in respect of notes you are taking from the man which have already been in circulation, I do not suppose it would affect it at all; I am sorry, but the inexcusable proposition will have to be made good, if it really is essential to your case; it depends upon amount.

Mr. GAVIN SIMMONS: With great respect, your Lordship is well aware that for economic factors which intervene, that is no doubt the case. I do not venture to submit that; I did not stand it this way; I ventured that opinion, on which, indeed, I think, there will be, if necessary, some corroborative in the evidence; I should have thought it was a proposition that I was entitled to put forward, that of course, ceteris paribus, the increase of the amount of currency decreases the purchasing power of each unit, and, if that be so, it does follow, the value in terms of this currency of every unit increases.

The LORD CHANCELLOR: I am very anxious to hear you after Mr. Bean's argument, and you will assist me if you first turn to page 82 of Mr. Justice Wright's judgment, and look at the last three lines on page 82 and the first six lines on page 83, and tell me whether the learned Judge in those three lines is saying something which is inconsistent with what you are saying which is irrelevant. Will you tell me, in your view, what he says is wrong, whether it is irrelevant, or how you deal with it?

Mr. GAVIN SIMMONS: May I read aloud in order that I may follow it?

The LORD CHANCELLOR: Certain.

Mr. GAVIN SIMMONS: The learned Judge says: " But putting that aside I do not feel able to accept Mr. Birkett's contention. In Portugal these notes are currency. They are the currency of Portugal. They can purchase commodities in Portugal, including gold, which after all is only a commodity, like any other, though it is raised in financial respect to a special pre-eminence as a convenient medium for fixing values, they can buy foreign exchanges that is sterling exchange or dollar exchange, which can buy anything in any currency which is verifiable and do that because they have before them the credit, that is the liability of the Bank for Portugal." That depends in what sense the learned Judge is saying that. In the hands of an individual it is true a 1,000-Escudos note could up to a 100, but not be used for the purchase of anything the Bank would redeem it. I quite agree. It does not begin to touch the question upon which I am endeavouring to address your Lordships, what is the damage which the Bank suffers if it issues a note.

The LORD CHANCELLOR: You say that is irrelevant to that consideration?

Mr. GAVIN SIMMONS: Quite irrelevant.

The LORD CHANCELLOR: Very well, I understand.

[Uf there appears to be a desire on the part of readers to see how the arguments proceed we can continue this report.

Those interested please write.—Ed.]


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