NOTES OF THE WEEK.

Mr. Anthony Eden’s announcement of the Government’s abandonment of the “Sanctional Campaign” against Italy is something more than an admission that this campaign has failed; it is an implicit confession that the campaign was never intended to succeed. The truth of this will not be realised by the public yet; but when the political excitement has died down and the “United Pacifists” of the League of Nations Union have started up another ramp to distract attention from their futile, we shall see evidence creep into the newspapers which will prove that the visible sanctional hindrances imposed on Italy during her conquest of Abyssinia were offset by invisible super-sanctional arrangements. The New Age has more than once indicated the general character of these arrangements, and the object at which they aimed. Stated briefly and comprehensively, they originated from Basle, consisted in a co-ordinated scheme of credit manipulation covering the chief European capitals, caused the centre-of-gravity of European political tension to shift away from Rome, and yet at a near enough distance to fortify the illusion of pacifists that Rome was the criminal to be convicted and punished.

The character of the co-ordination may be indicated by the following illustrative high-financial compact:

2. A Basle-Berlin compact to curb Hitler’s symbolic occupation of Rhineland.
3. A Basle-Paris compact to exploit theer coup as a means of making France hesitant to follow Anthony Eden’s lead.
4. A Basle-Rome compact to refrain from hampering Mussolini’s heterodox financial devices for surmounting the minor embarrassments occasioned by the contraction of Italy’s external trade (except Gilf).

In racing parlance, the horses, trainers, jockeys, owners and stewards concerned in the race for the Abyssinian stakes were variously doped or squared on a plan nicely calculated to let Italy win by a short head, and apparently on her merits of speed and staying-power under the weight she carried, or rather, under the weight which Anthony Eden, who was supposed to be the European Official Handicapper, led backers and layers alike to suppose she was carrying.

Since writing the foregoing the current issue of The Week (No. 266, June 17) has come into our hands. What it says on the situation affords independent corroboration of our analysis. For instance, the editor says that sanctions had been abandoned weeks ago by the mutual consent of the belchers and besieged alike, and that the only question remaining open was on what date the news of the raising of the siege should be officially broadcast for the information of the impotent electorates concerned. In fact, in a previous issue of this publication he reported that representatives of the heavy industries in Germany and other countries had already descended on Italy to arrange with Italian capitalists mutual plans for developing Abyssinia.

There is a wide moral to be drawn from this, namely, that the will of the people under the present financial régime can only prevail by adapting itself to accomplished facts. The wishes or demands of majorities and minorities alike, whether registered in the form of votes, or signatures to petitions, or signatures to pledges, have no more force than have proxies signed by ordinary-shareholders in business enterprises. The decision lies with the directors. In politics the wishes of the electorate are only prompted or ascertain when the directors cannot agree, and these wishes are promptly disregarded when the directors come to an agreement. The result may coincide with some wishes and not with others, but the wishes coincident with the result do not bring it about any more than opposing wishes prevent it. Mass-voting, like mass-betting, settles what general line policy shall be the favourite in the race, but it cannot make the favourite win. A vote is a bet.
Notes on Action.

By Arthur Breton.

Give the bankers enough rope and they will hang themselves.

We cannot stop them taking all the rope they want.

* * *

But by paying out the rope we suffer in our well-being because it is worn out in our economic security.

* * *

The law of diminishing returns operates against them, e.g., if we were driven to the point of consuming salt, even on a diet which would reduce our life span, the whole system of finance-capitalism would automatically collapse.

* * *

Every victory the bankers win over us marks a stage in their defeat of themselves by themselves.

If we do not believe this we have not grasped the Douglas Technical Analysis of the credit problem. It is the fundamental basis of actionism on our part.

* * *

The problem of action is for us really a problem of turning our helplessness to the best account.

* * *

The solution of this problem consists in our advertising the fact of our helplessness and thereby arousing interest in its cause and consequences.

There is no action open to us which is not merely a matter of advertisement—pledge-collating, petitioning, demonstrating, marching, pamphleteering, and what not, all forms of advertising, and differ only in degrees of efficacy.

* * *

When we say "we" I mean Social-Crediters plus the middle and lower classes. This latter "we" is powerless to take action. It can only advance its interests to the higher classes, who, in certain circumstances, might and could take action.

* * *

There is no effective action but that which is described in warfare as besieging or assaulting—blockading or invading. Physical coercion, positive or negative—of the representatives of Social Credit or through any other barrier by starvation or slaughter. That is action. Anything less is advertising.

* * *

The higher classes are able (potentially) through the Cabinet and Parliament to take legal powers to coerce—the Money Monopoly by breaking its financial blockade—i.e., going into a central bank business, creating credit and making conditions for the use of credit. Alternatively the coercion could be applied by arresting the representatives of the Money Monopoly and imposing on them a sentence of death with a death penalty in which to put the credit-system right themselves.

By the term "higher classes" I mean those classes next below the banking community. By the term "banking community" I mean to designate that cluster of professional financial institutions who between them have taken control over the borrowings of the community, and have taken custody of the savings of the community. This includes the Bank of England, the Big Five, and the International Credit. Thus my distinction between the "higher classes" and the "banking community" is this: that the higher classes have interests and purposes to which coincide (to whatever small a degree) with those of the community in general. But only a tiny minority of the community have interests and purposes to serve which are completely irreconcilable with those of the whole community outside.

* * *

This distinction has a vital bearing on Social Credit "actionist" policy. The reason may be best shown in the form of a diagram which any reader can construct in his head. Draw a triangle (upright) and divide it into sections by horizontal lines. For simplicity let us use the words A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z. Let A represent the banking community at the apex of the triangle, and D the lowest classes at the base, with B and C representing the higher classes in between. Now as stated in the preceding paragraphs there is something which B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z want to accomplish which A does not want to see accomplished and has power (at present) to prevent. That something may be described as the common desire of provider classes and consumers to do an increasing trade over the shop counter. Again A's policy is to keep down shop-counter trade to approximately a more stable level. So there is an inherent, fundamental conflict of interest between A on the one hand and B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z on the other (e.g., wage disputes, trade rivalries, and so forth). Some of these conflicts are resolved (temporarily) by private economic pressure (where the weakest party has to give in to the stronger, e.g., the worker who strikes down won't keep his job by his employer) or by the government policy which seeks to balance economic pressure, in which case the Government has a chance to take the initiative and authorise and implement the pressure (e.g., tariffs). Others are necessary compulsions of marketing schemes, and so on. But those latter conflicts which dominate the election time are simply political crises explicitly or implicitly in formulating their programs.

* * *

The power of the banking community is so great as to be unassailable. But this is by no means a weakness for it is the power which makes Social Crediters attractive. Their ascendancy rests on the great power of the banking community. Social Credit is not a danger to the banking community. It can be won over by the banking community. The bankers cannot do such things, and if they could they wouldn't. What the public need is an objectivity. Nothing will dissolve their ascendancy. No constitutional amendment can bring about an objectivism, because it can be defeated by constitutional post-mortems and emasculating amendments with which the bankers appear to have no connection. Again there is no dramatic quality about a constitutional demand; it is too ineffective advertising: the public don't take interest in it.

* * *

From this analysis it seems that two conclusions are relative to the principles of Social Credit "action.

1. That it will be most fruitful between elections when particularly immediately after an election, when the derivative issues have been decided and out of the way for a few years.

2. That the objective of each action must be to build up a network of a new group, and to the members of that group, and to the members of that group, to the members of that group.
Current Law and Order.

II.

(Concluded from The New Age, May 28, 1936.)

It is all very well to be scathing and satirical about these ponderous reports* presented to Parliament by Command of His Majesty from time to time, but their compilers are honourable gentlemen, with high academic and indeed noble qualities; and, moreover, they take themselves so seriously as to lay down the law for the governance of their fellow men. Yet the reader reads in the light of modern knowledge of the way things are made to happen in the real world of men and affairs, the harder it is to believe the ancient allusion to a people "having eyes and not, which have ears and hear not." Nor is it easy to believe that this partial sight is willful and deliberate as some would aver. Hence, one is driven to the conclusion that it must be the product of intellectual processes similar to those of physical processes, which have hardened the sinews of the mind and produced a permanent set akin to a glass eye, with a fixed stare in a single direction.

There are ample signs in this report of the Committee being often near its wits end. Their work, the report declares, was "mainly concerned with the creation of a law list" rather than with the substance of the existing law," and it adds: "The Committee had no reason to suppose that their task was not to achieve logical perfection, but to produce an instrument for practical use.

These worthy gentlemen felt, and to their credit, that they had to have felt strongly, the limitation imposed on themselves to have felt obliged to be "making the laws as intelligible to the taxpayer as the nature of the legislature admits, whilst leaving substantially unaffected the liability of the taxpayer." In paragraph 25 they appear to be washing their hands of responsibility for the structure of the law list which is chaotic, defective, and anomalous. They add: "It is a part of their work to dealing with their straights between desirability and duty; and declare: "what the Courts have pronounced to be uncertain in the law list, the Committee could not be expected to understand," and were convinced that it was better to invest their imperfect intelligence, transfer their load in turn to the man. He then becomes responsible for a load largely different from the kind, i.e., creative.

Through the body of a man be a somatic end-date, he is not a foolish person, because of his innocence.

The report is a legal salvo. A hash of legalese.

But we must part with this review. The report is a legal salvo, a hash of legalese. Men, whose honesty is a natural necessity, not a legal virtue, cannot stand up against an intellectual profession which, while claiming words to be the tools of their profession, burden and oppress their fellows, those who look up to them, with statutory enactments in which a single word can have no less than eight different meanings, and sometimes more than one meaning in the same sentence.

It has been said that the Code of criminal offences and the code of common law, that they are "more honour in the breach than in the observance." And something like this has been written, "if there be any virility left in British character, a firmer and more permanent Commission of certain expenses to individuals on the day the next week breaks out." Of these two propositions I prefer the former, for an intelligent breach of the laws conceived in ignorance, and enforced, without shame, will render firing parties necessary either at home or abroad. It only remains to add, this review quite naturally merges into the subject matter of the articles now appearing on Entropy and Social Dynamics.

J. G.

Entropy and Social Dynamics.

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

From a consideration of the seven elementary experiments set down at random in the last article, it will be seen that entropy pervades everything and that its value is related to those critical conditions of matter where energy changes occur and where inertia is to be overcome.

We have also seen that the human body has long since ceased to function and that evolutionary law has operated through the body as a medium (as night through a lens) giving to that body a power greater than is comparable only with the power attached to the atom.

Destiny is no longer a question of matter, but of the will. As man, finding fate so friendly in providing such principles as the principle as the lever reveals, has transferred his burden to the lever, so it would seem, does the creator move forward, which has been the burden of mind, and is now forced with mind's inquisitive intelligence, transfer its load in turn to the man. He then becomes responsible for a load largely different from the kind, i.e., creative.

A critical phase might well have been foreseen. For years Social Credit exposed a scandal and revealed a truth, assuming intellectual interest and high hopes, and relying on appeals to reason and public opinion. While in its discussion more or less publicly in influential places, it spread, man all over, all over the world. In Britain, no attempt was made, and it was possible to organize a political, still less a mass movement. The widespread belief, instead, that by the reading of the same literature, but unsuccessful in action.

A splendid effort of any group and individuals, they worked solely in joining their forces to organize a National Petition in 1916.

Even the Douglas Social Credit Secretariat was once organized as no more than a bureau of information. But in 1915, when Major Douglas returned from something called a triumphal progress in Australia, a Conference was called for the political mobilization of the Movement's resources, and a line of policy was laid down, which led to the "Electoral Campaign."

The Electoral Campaign, as all of our readers know, revolutionized political, and only those groups who take an active part in it are recognized by the Secretariat as affiliated members. It is not quite so widely realized that this policy has led to the selection or exclusion of a great proportion of the membership. The Secretariat aspires to lead; and it seems possible that many of the remainder are obeying "loyally" but without conviction.


† H.M. Statutory Office, Price 8s. net. Committee.

§ First part of review The New Age, May 8.

‡ Our interpolation.
The Waterlow Case.

Mr. GAVIN SIMONDS: a. When Mr. Leeds has been and in a way the Bank of England has been more than a day's work in the hearing of the House of Commons (1933) and with the House of Commons (1933).

[Following the remarks of the members of the House of Commons (1933)]

III.

Mr. STEUART BEVAN: At page 414 you will find a story, as you do not want to interrupt my learned friend's argument.

Mr. GAVIN SIMONDS: If I may say so, I entirely agree with the principle of the case. The problem then is, if I am right, to quantify this obligation which the Bank incurs by the issue of this note. If there is a substantial amount, and I'm afraid that the same is somewhat of the same kind, of these 800,000, 800,000 notes have been issued, using rough figures, we are talking of a considerable amount. Therefore, if the legal result of its getting these notes is that a liability exists similar to that which I have stated is going, it is the concern of the Bank to provide for the issue of this note, and in respect of the other 200,000 which it did issue, is, I will assume, not relieved of this liability; therefore, the difference in the transactions is simply this, that there are not 200,000 notes that were there upon which that liability upon the Bank arises. That, and nothing else, is the result of the transactions that took place.

There was extant this liability in respect of 600,000 notes, and there is now an extra liability in respect of a $100,000 notes. By the substitution of the notes, at the least, it was true to say that the Bank would have issued the 200,000 notes which we now have, from which I have not subtracted because there is no abridgment of the issuing power. We are not dealing with that, that is an additional profit, they still issue them. If there is any profitable purpose for which they can issue their note, they will still issue it. They have suffered no loss if there is any profit in their business; so that you have absolutely nothing but that there are 200,000 notes extant which the Bank has given rise to the liability, and which the Bank has not endeavoured to set out as clearly as an act of business.

Now I say that this only is the pecuniary loss. They have suffered, and when Mr. Justice Wright said, "I see no way of the Bank being deprived of the pecuniary loss," I think that is a part of the issue. They have, in fact, done his business by having given rise to the pecuniary loss, and the measure of the pecuniary loss is the increased liability, it is the increased liability to the cost of printing and the cost of providing for the note.

The LORD CHANCELLOR: Just read that sentence.

Mr. GAVIN SIMONDS: "I think this argument is quite right and I think these notes must be taken for this purpose at their face value just as they must be if they have been issued by the Bank, and it is to be noted that in so doing the Bank must spend some money to provide for the issue of the note."

The LORD CHANCELLOR: Just read that sentence.

Mr. GAVIN SIMONDS: "I think this argument is quite right and I think these notes must be taken for this purpose at their face value just as they must be if they have been issued by the Bank, and it is to be noted that in so doing the Bank must spend some money to provide for the issue of the note."
But it is not so obvious that when the sum invested is used for the construction of new capital equipment, and Mr. Franklin is familiar with a statement of mine in an article on "More Investment Difficulties" (The New Age, May 26) to the effect that, in the case of a company financed by convertible redeemable shares, no new cost against consumers is added at the time. But he has failed to grasp the significance of those all-important words—"at the time."

At the time, we have the creation of a new capital asset, but, with it, there is the creation of a new capital liability, or a liability to maintain that asset. A careful perusal of the article just referred to will show that every subsequent successful attempt, by a business directorate, to discharge that liability results in a deficiency of purchasing power. The existence of the deficiency is demonstrated by decline in the minimum conditions which must be fulfilled in order to mask it. In a closed credit area, it can be masked just as long as the conditions specified are met, but it cannot be made "good." As soon as the required rate of new capital development falls off, the deficiency begins to show up. The situation is rather like that of the drug-addict, the patient can only be kept going by continually increasing the dose.

Ignoring past prices, and confining the discussion to future prices, it will be seen that the argument applied, in its entirety, to depreciation charges, applies equally to all accumulation, whether compulsory or optional. If a business directorate is, under any obligation to allocate sums for other purposes than depreciation, these sums must appear as prices before they can be allocated out of gross profits. When those profits come out of prices, the distinction between allocations to "prices" and "deductions from profits" is meaningless here. In the case of Mr. Franklin's two-firm model, the only relevant point in this connection is that maintenance prices of the boots made by the latter firm would be "all that much higher" than the minimum prices of the boots made by the former.

The essential point to note is that the deficiency of purchasing power is dependent on the total of the other allocations. The total which must be allocated in any given case depends on various factors, one of which is the nature of the investment issue.

Yours faithfully,

A. W. COLEMAN

FORTHCOMING MEETING

London Social Credit Club.
Blewcoat Room, Caxton Street, S.W.
June 26th, 7.45 p.m.] The Simplicity of Social Credit.
by Miss Prentice.

NOTICE.

All communications requiring the Editor's attention should be addressed direct to him as follows:
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