

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## MEET Mr. NASH!

New Zealand's Finance Minister's Forthcoming Visit to England.

### NOTES OF THE WEEK.

#### Social Credit in New Zealand.

Recent newspaper gossip to the effect that Mr. Neville Chamberlain will replace Mr. Baldwin as our next Prime Minister has a special significance for Social Crediters. The ideal Prime Minister is of course a banker (as in Belgium). Next to that, the ideal is a Chancellor of the Exchequer or Finance Minister. The appointment of Mr. Chamberlain would be particularly appropriate from the point of view of the City, because that gentleman has confessed in the House that he is guided in his policy by the "frowns" of the permanent officials of the Treasury—in other words that he is a dummy pilot up in an airplane directed by wireless from the roof of the Bank of England. As is well known to students of real politics, any Chancellor of the Exchequer is boss of the Cabinet, and logically he should be Premier as well as Chancellor. He then being the leader of the Cabinet air-squadron, the bankers would only need to wireless his plane in order to control the route of the whole squadron.

The immediate bearing of these preliminary remarks concerns the approaching visit to England of Mr. W. Nash, the Finance Minister in Mr. Savage's Labour Administration in New Zealand. Mr. Savage has passed some "dangerous" legislation. He has not only put the New Zealand Reserve Bank under Government control, but is using that control to create subvention-credits in aid of exports without providing for their retirement. He has, in effect, commenced to provide himself with his own Ways and Means Advances, and has set no limit to their amount. No external money-lenders exist

to pull him up by recalling or cutting short supplies and "destroying the whole fabric of Government finance" as the *Financial Times* once warned Mr. Lloyd George. Mr. Savage can only be turned out of office by the people's elected representatives, or by the people themselves at the next election. In prospect he can run his full course. But, in prospect, if and when he should be turned out he may have run up a nominal extra-Budgetary debt of such dimensions that an alternative Government would be unable to retire it through taxation: in fact it would have trouble enough if it tried to discontinue the subventions which were increasing the debt.

Technicians can point out that Mr. Savage's policy will lead to inflation. But if it does, this would not help a succeeding Government which came in to stop it. Moreover, Mr. Savage is familiar with the Social Credit technique for correcting inflation; and no one can foretell how his present policy will develop.

In these circumstances readers will realise with what interest the City awaits the arrival of Mr. Savage's Finance Minister! Mr. Nash's function in that office is to control "finance, customs and marketing." It is rumoured that, among other arrangements, he is to be wined, dined, entertained in at least two Ducal houses. We have no information as to how Mr. Nash may react to the blandishments of high society. We must await and see. In the meantime we hope our readers will keep their eyes on his wanderings if they can, and send us any information they gather concerning the contacts he makes. We have not forgotten Mr. Scullin's visit to England and his sudden abdication of office on his return to Australia.

## "Credit Socialism."

In the Income Tax Codification Committee's Report a reference is made to the fact that in some of the enactments surveyed by the Committee a single word can have no less than eight different meanings, and sometimes more than one meaning inside a single sentence. (See article "Current Law and Order," Part II., THE NEW AGE, June 25, 1936, p. 57.)

Much the same thing can now be said of the term "Social Credit." It is getting bothersome, even in intimate conversations between ripe students of the subject, to steer clear of misunderstandings arising from the chameleon-like characteristics of this term. It can mean any one of the following things:—

- (1) The Douglas Analysis.
- (2) The Douglas Proposals.
- (3) The title of Douglas's book.
- (4) The title of the Secretariat's weekly paper.

Then, by a process of sublimation, it can be transformed into indefinite connotations ranging from the immediate comprehensible material effects of the adoption of the Proposals to the ultimate incomprehensible spiritual effects thereof.

The promoters of the coming Conference at York would perform a valuable service if they would appoint a committee to tackle the problem created by this confusion. Unless something is done, what was once recognised as "Social Credit" (an objective device) will be lost in "Social Creditism" (a subjective attitude of contemplation) which term, for what it will then connote, might just as well be reversed and designated "Credit Socialism." In fact, to-day, the great majority of people coming into the Movement as "Social Creditors" are "Credit Socialists." And there is no logical reason why Mr. Montagu Norman, Mr. Gibson Jarvie, and Sir Oswald Mosley should not respectively patronise, finance, and direct a "Credit Socialist Movement." For they could issue a manifesto in which they explained that the policy of that Movement was to: "Use Financial Credit to Achieve Social Justice." A champion slogan from all points of view: for it neither defines an object nor advocates a method. The risk to the promoters of being convicted of breaking promises in the event of their getting a puppet "Credit Socialist Government" into power would, to use the phrase of Mr. Gibson Jarvie, in reference to door-to-door instalment-selling, be "beautifully spread."

"We are all Socialists now" is a Conservative saying that has been familiar for the past generation. When spoken it meant that the Socialists' technique of nationalising private enterprise, and their objective of establishing equality between man and man, were respectively being applied and furthered by the older Parties of the State. To-day the process is practically completed. Private capitalism has been nationalised, and private capitalists reduced to the status of wage-earners. They are State-controlled as to what they shall produce and how they shall market the product. Their profits, i.e., wages, are controlled by graduated taxes while they live; and whatever they save out of their wages is confiscated by graduated duties when they die. What more can the old-style Socialist ask for? In other words: on what ground can he dispute the adoption of the name

"Socialism" to cover the whole field of centralised regulation which characterises the system now operating under the auspices of what we call our "National Government"?

The British Union of Fascists are calling themselves "National Socialists." And quite appropriately, because they stand for the principle of centralised control above and of smoothing out inequalities of privilege and opportunity below. "National Socialism" is perfected Socialism. The Federation of British Industries might just as well be called the National Federation of Socialised Industries. So there is logically a place for every industrial institution and political organisation inside a movement designated "Socialist."

Now we come to the new factor involved by the designation "Credit Socialism." In the sense in which "we are all Socialists now," it can be said with equal truth that "we are all 'Credit Reformers' now." For the outstanding phenomenon in politico-economic thought which has developed since the War is the universality of the belief that the key to the deadlock lies in the control of credit which the bankers have visibly got hold of. Everybody subscribes to that belief, from Mr. Montagu Norman at the top to Mr. Henry Dubb at the bottom end of society. Therefore everybody is a potential subscriber to a policy designated "Credit Socialism." If we are all Credit Reformers and all Socialists, then we are all Credit-Socialist Reformers. We can all join hands on the proposition: "Seek ye first the Socialisation of Credit, and all these things shall be added unto you"—"all these things" being comprehended in that incomprehensible phrase "Social Justice." And that is the basis on which a Credit Socialist Movement could hope to win the support of practically the whole electorate. No one would need to trouble how the control of credit would be applied, because of course socialised credit would be incapable of misapplication in any hands, and particularly in the hands of an Administration bent on establishing Social Justice!

The term "Credit Socialism" would not necessarily be adopted—at least not at the beginning of the process of "widening the appeal." It has only been selected for illustrative purposes in this article in order to attach a short distinctive name to any bank-inspired manoeuvre to side-track the original Social Credit formula. Moreover, postulating such a manoeuvre being attempted, the promoters would be careful not to adopt a name which would be seen to be a close imitation of the name Social Credit. For this would awaken suspicion of a ramp. No; either they would adopt a name entirely different, or they would take the audacious course of adopting the same name. Three years ago such a feat of audacity would have overreached itself—for at that time the name "Social Credit" was held unanimously by the Movement to mean the Douglas Formula, and the promoters of any political crusade adopting it would have been challenged by the Movement to declare their attitude unequivocally on the question of giving effect to that Formula. But to-day, supposing for example that Mr. Gibson Jarvie were to launch a crusade for "Social Credit," and was thus challenged by *The New Age*, *The New English Weekly*, *Attack*, *The Social Credit Party of Great Britain*, *The*

London Social Credit Club, The "New Age" Club, The 1930 Club, and various Social Credit groups in the Midland, North Eastern, and Scottish areas of Great Britain, he could cite the Social Credit Secretariat, Ltd., and its organ *Social Credit* to show that the challenge was officially disowned, and that those who were delivering it were a myopic clique of narrow-minded doctrinaires.

That gentleman could retort:—

"Social Credit" is officially declared to be something more than the Formula—in fact something so much more that the Formula declines to a narrow, incidental technique which, sound or not, is irrelevant, and even an obstruction, to my scheme for a high-pressure selling campaign on behalf of 'Social Credit.' There is an enormous potential demand for the *Something-More-Than* Social Credit which is officially declared to be the essential Social Credit. And the more I make it something more than the something more than it used to be, the more it will become SOCIAL CREDIT and the more 'prospects' I shall capture. I can sell this *Something More*, when sufficiently more, even to the topmost people in society, industry and finance. Society leaders will fall for it; so will the big heads of the Railway Combine, the Insurance Combine, and the Federation of British Industries; so will the Chairmen of the Big Five Banks.\* There is no limit to the influential patronage I can secure for a *More-Than-Social-Credit* Movement no longer anchored to a technical formula, but free to set sail out of the Never-estuary of materialistic prepossessions into the *More-Than-Ever* ocean of speculative idealism.

"Listen to me. Am I a boy? I should say! And I don't say may-be! Look at me. What did I do with your little old tag 'consumer credit' years ago. I unstuck it from the bog of your precious scientific formula, and instead of lolling about talking of adding something to consumers' incomes I used the tag to get them to anticipate their incomes. To-day the United Dominions Trust is giving your airy 'consumer credit' a local habitation and a name. It enables millions of consumers to become owners of what they ain't paid for. I, Gibson Jarvie, by the grace of Montagu Norman, have done this deed. But to show you saps that I ain't an unfair guy I will say that you got a hunch for slick selling-slogans. But you ain't got the gump to stick 'em on the right goods. That's where I come in. And what I've done with your 'Social Consumer Credit' I sure can do with your 'Social Credit' if you stand away and watch me. My scheme is a Social Credit 'Woolworths.' I will sell everything that looks and sounds good. I can't have your formula in the store. It don't suit the new class of client I calculate I'll fetch in. If you like to peddle it about in the street, that suits me so long as you do it round the corner and don't pretend you belong to the store.

"Now I'll put you wise to one of my selling lines just to show you something you ain't thought out. I'm going to dress a window with Dunne's Time-Space Theorem. You'll ask me what that's got to

[\* Cf. THE NEW AGE, April 23, 1936; article, "Plots and All That!" second paragraph.]

do with Social Credit. The answer is: Nothing—if you mean your low-down fodder-formula; but it has everything to do with the *More-Than* halo round Social Credit. It tells you that when you go to sleep you can see what ain't yet happened happening now—you see events rehearsing their occurrence. It ain't easy to get hold of, but that don't count so far as the cash-register comes in, because it is very easy to get people interested in, and pay money to be told about. So if I boost Dunne in my Social Credit store I fetch the Dunne-fans there, collect their money, and build up the number of my customers.

"And there will be some customers, I'm telling you. Lady H—\* and her friends are sold on the idea, and what's more, one of your directors† has been attending her 'circles,' and telling them that he will be 'giving a considerable amount of time' to the study of Dunne's theory. He is quite right. You can't push anything without influence and brass, and if you want to get either or both from where they are to be got what you got to do is to stick the name of what you are pushing on the goods these big noises will fall for. Sell 'em Dunne and they won't mind you registering them as patrons of the Social Credit Store. So long as the counter-girls are able to say truly: 'No, Madam, we do not stock the Formula.' it don't count two hoots what else you show on the counters: your 'Social Credit' will command Social Patronage.

"Like the Apostle Paul, you got to be all things to all customers if you want to boost Social Credit. Another 'prospect' I've got in line is Lady A—‡ She's not so far off Social Credit—I mean the *More-Than* part of it—as you may think. One of your directors\*\* is on her luncheon-list—which only shows you what opportunities are opened up for key contacts when you stop fidgeting and boring people with formulae.

"Society ain't against progress. No, Sirs. But Society don't like quick-motion progress. And that is why wise leaders of the Movement have to adopt a slow motion strategy. The trouble about your strategy is that it encourages the masses to believe that they can have pie on the table next week. Whereas, if taught the *More-Than* extension of Social Credit, they would be content with the idea of pie in the sky by-and-by. The masses are not so keen on *Much-More-Than-Pie* as they are on just plain Pie. They might kick up a rough house for pie, because they feel they could eat pie—but they don't have the same urgent feeling for such things as 'freedom from group-control,' so if we can get them to switch their expectations over from pie to freedom, and learn to say to themselves: 'Freedom is more than pie—we won't eat pie until we get freedom—we see that as freedom is more than pie it takes longer to get than pie' then we can pursue slow-motion constitutional methods of strategy. For this purpose I believe, with Mr. Norman, that the dividend-discount short-cut technique for obtaining pie should be dropped out of mass-propaganda, and that the Movement should concentrate on what is wrong without reference to

[\* † ‡ \*\* Names no secret. Available to anyone who writes to inquire for them.]

the existence of an instant means of putting it right. There are a lot of mischievous people in the Movement who say that Freedom is under the pie-crust—that when the pie is opened the birds of freedom will begin to sing—and other mouth-watering tips that pie is the thing to go for. They must be discouraged, if not repressed. The people must be taught that the birds of freedom will bring the pie just like the storks bring babies.

\* \* \*

“ If I can get the Movement on to this line I can rope in anybody you like. For once we substitute Freedom for Pie as the real objective the Movement seeks, all the biggest noises in the country, from my friend Mr. Montagu Norman downwards, can sign up for it and can attest their good faith by pointing out their lack of it. For when you come down to persons, each one is subordinated to a group composed of persons subordinated to another group. We are all tyrants and victims of tyranny at one and the same time, and there's no evidence to show where the vicious circle of tyranny begins—at least no evidence outside the special technical knowledge on which the formula is founded, evidence which as I say it is our policy to keep to ourselves. On the other hand, if we make our objective Pie, then big noises, who do not lack Pie, could not so plausibly get the public to believe they were all out for pie-prospecting. ‘Where do you come in?’ the masses would say: ‘Why this sudden benevolence?’ No; let us hitch our Social-Credit wagon to a star—the star of Freedom.”

This imaginary speech is intended to show what a lot of points have to be watched when a Social Credit organisation sets out to mobilise the people. It cannot fly the flag of the Formula without putting off potential adherents. It must substitute other flags, as the Secretariat are doing; or add other flags (as the Social Credit Party are doing). Some flags can be flown together with that of the Formula: some can not. If the Formula-flag is not flown there is scope for any number of other flags. There can be a flag for every public fancy. For example the Secretariat was recently flying the flag of anti-Semitism; and more recently still the Social Credit Party has hauled up the flag of anti-usury. Both are correct devices in principle provided that they evoke a balance of attractions over repulsions among the public. They may be considered immoral; but when once an organisation embarks in competition with Conservative, Liberal, Socialist, and Communist bodies for adherents it has to use baits that the public will bite at. The greater the number of fish you want the wider the assortment of bait you must use. If anybody condemns this as an “unclean” game to be playing, he is logically condemning the policy of stirring up the multitudes, because they can only be stirred efficiently by these “unclean” devices. The proper course for such a person is to fall back on the original and fundamental policy for which THE NEW AGE stands, and confine himself to the patient pursuance of educational activity—most of the past fruits of which have sprung from private conversations. That is how the Movement got its AI recruits and without which it will get no more.

#### NOTICE.

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

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

## Entropy and Social Dynamics.

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

### IX.

I must say I looked somewhat eagerly to see whether our Editor had accepted the “child of God” expression used in last week's article. It seemed rather incongruous in writing on the scientific method to break in with so unscientific a statement. I took the risk, however, and it went into print; yet, in spite of the modifying quotation from Burns, it will give offence in quarters I am sure. I am equally sure such offence will most certainly be due to misunderstanding. Let me try to clear it up, before I hear that it has ever begun. God and Gold are twin ideas that have persisted throughout the annals of the human race. The first stands for truth, the second for security. Both high-powered attractions. Metaphorically they are in the blood of the race, and, again metaphorically, they stand for the best best of the races' aspirations. It is pretty safe to say that that was so two thousand years ago, and two thousand years before that, and then some more; for in the Egyptian cultures 3000 B.C. gold was, in addition to its other uses, symbolic of immortality, embalming the dead bodies of the then considered best samples of the whole. To-day, in our own culture the change is only very slight. Modern paper stands for ancient gold, as the modern vicar stands for the ancient God, in substitution. The former is actual fact. The latter, as yet, in theory only.

The ancient attitude to gold had reason in it. The metal was pleasant to the sight, heavy to hold; malleable to form, not subject to oxidation, therefore regarded as incorruptible, consequently everlasting. Small wonder such a substance fascinated and captured the sense and sensibility of our ancestors for its rarity as well as its permanence. Smaller wonder still when it is recalled that fire and flame, regarded as the very essence and power of God, purifies gold. What it lacked in mechanical strength was amply compensated by virtue of a strength superseding almost every other known force. Nature herself hoarded and held tightly on to it, for to-day in the richest auriferous belts she yields only about six pennyweights for every ton of rock mined! The reason has, however, now departed both from the gold and the attitude to it, yet the abstract qualities such as beauty, incorruptibility, ductility, purity and permanence remain. These qualities, surrounding the metal like a magnetic field, a halo, or a penumbra imparting to it a dreamlike splendour, have entered that domain of man's life which I have described by analogy as metalliferous, and effected one of those mysterious epochal transformations in kind noted in Article II.

The process is analogous to what we call the occlusion of gases, a power which solids and liquids possess of absorbing many times their own bulk of certain gases. Platinum, with a higher density than gold, at a red heat is permeable by gases which can be made to pass right through the metal—like water through a sponge. The opposite action to this absorption of permeation is, of course, smell, or odour, which in our analogy represents the influence, the qualities; and those that remain when reason and gold part company are qualities which the mind inevitably associates with royalty, and the gold substance or vehicle of royalty is the man, not the gold. Gold is crystal, inorganic; pure, but dead, static.

## The Waterlow Case.

Mr. Gavin Simonds's arguments before the House of Lords (1931).

### VIII.

Now, my Lords, I want to make another point in this connection, and that is this: It is said that the damage suffered is the market value of the note, in this sense, that it is the value which the Bank might obtain if it had issued for value; that is the way I think it is put.

Mr. STUART BEVAN: Would have obtained?  
Mr. GAVIN SIMONDS: Would have obtained if it had issued for value. We are getting rid now of the aspect with which I was dealing of liability, and going to value. I am, my Lords, saying there are 200,000 notes ready for issue in the coffers of the Bank, and it is predicated by my learned friends, the Plaintiffs, that if they had not been exchanged for bad notes, they would have been issued for value, and therefore I must pay that value; that is the proposition. Now, in the first place, I respectfully submit there is no evidence that 200,000 notes would have been issued for value at all; there is no evidence; but assuming that they had been issued in December, 1925, when they were in fact issued, why should it be predicated of them that they would be issued in one form, or for one purpose, rather than for another? There is no warranty whatever for the suggestion that in December of 1925, if they were issued they would form part of what the Bank calls its capital issue. Let me test that in this way. I am not suggesting that I am liable in that measure of damages, or in any measure that has been indicated, but if these had been issued, why should not it be suggested that they would be issued for Government service, and if so, why should not I be put in the same position as the Government? How different that would be. I do not say it would not be serious enough for Messrs. Waterlows, but it would not be so very serious to be put in the same position as the Government in respect of these notes that are issued, a book entry, that the note is to be paid at some unknown future date, carrying interest at one per cent. of which five-eighths to amortisation fund, and covered, of course, by security. It would be serious, but it is not so serious as being asked to pay £1,000,000 sterling. Now having in that regard to be put upon exactly the same footing as the Government in respect of its loan, how can my learned friend say they would All have been issued as part of our capital issue? Through 1925 there was only—the amount that was in circulation varied from day to day—we have not got the figure, except in 1925, but at that time there was only 65,000,000 issued. Upon what possible ground can it be predicated of these 200,000 notes that were issued, making 100,000,000 Escudos, that they would have been issued as part of their capital issue in December, 1925? There is no ground for it. My learned friend takes a rapid step from issued for value to issued for a specific value, namely, as part of the commercial issue. Now, my Lords, let me refer—I had meant to refer to it before—to a passage in the evidence on this point; it is at page 26 of Volume 2, and if I may give another reference also, it is in our Case, at page 27 under letter E. The statement will be found, and it is quite accurate, on page 27 of our Case under letter E: “The Bank got a large part of their profits from their licence to issue notes for their own commercial purposes, paying no charge or a very small charge to the Government for that right; for whereas private Banks lent out money which they received from depositors to whom they paid substantial interest, the Bank lent out notes in respect of which they paid little or no charge.”

transfer of its qualities from the static to the dynamic substance is a translation from death to life.

In like manner the living substance of this State, that aggregate of men, from whence the power of coal arose and was diffused throughout the world must be regarded as it *actually is in nature*, a perfectable vehicle not only of calorific values, but possessing intrinsically regal properties exhibiting royal qualities (not under direction) when internal stresses are released on familiar principles of thermo-dynamic law.

If Bernard Shaw had written no more than these words, “there has only been one Christian,” he would have deserved well of his fellows; for one streak of lightning is sufficient to reveal a whole landscape to those who have eyes to see, and one clap of thunder may be sufficient to wake the “dead” who have ears to hear. Similarly Chesterton for his saying “Christianity cannot be said to have failed since it has never been tried.”

Whatever it is that has failed to reveal the royal qualities commonly associated with gold among the persons in the institutions responsible for its inadequate paper substitutes, early Christianity cannot be blamed; for there is no sign in official quarters to-day that the intense personal responsibility exhibited by the lonely characters of Jesus and Judas applies to individuals who issue orders, assess values, dispense rewards and inflict penalties (even the irrevocable penalty of death) upon their fellow men.

The working substance of Social Dynamics is flesh and blood. Eighty per cent. water! En masse, it represents, as Major Douglas said at Buxton, “a desire, not a technique”; to this, in our sphere of reference involving all planes, we might add, a hunger and a thirst which only begins after the body is satisfactorily fed, clothed, and housed; as a flame only burns when all the ingredients of combustion are present in sufficient proportions.

Leaders, whether clerical, legal, or lay, who describe their followers by such crude differentiations as capital, labour, good and bad, will scarcely be expected to object to the human body of reason. That home is in the human constitution, wherein the force of reason and the energy of the awakened conscience dwells. Reasonable men cannot approach a mad ideal. Government resting on such shoulders must be by consent, not coercion, if the yoke is to be easy, the burden bearable, and progress possible.

So far as I have been able to gather modern men consider the Incarnation as an event which happened once, and might occur again in the future, “when we are dust”; but that it can have any other sort of meaning for the men of this generation, by way of intensifying the character of their personal responsibility for duty to serve in the cause of the development of rational life based on law, has been marked down by another branch of “science” as the outcome of four very objectionable mental characteristics, viz:—

- (1.) Colossal vanity.
- (2.) Flaming egotism.
- (3.) Diseased imagination.
- (4.) Messianic delusion.

It was customary a generation or so ago to speak of science and religion as opposites—antagonistic. It was never true. What is true is that the scientific method of research has discredited the pseudo-science of theology.

\* Psychology to wit, shortly to be married at the City Temple to its fiancé, Theology, with a medical attendant as the best man.—Daily Mail, July 20.

The passage which I wanted for the moment was that in which Dr. Ulrich speaks to what is the obvious fact that the profitable part of their business is that comparatively small proportion of it which applies to its productive operations.

Lord WARRINGTON: The passage is on page 26 of Volume 2, letters F to I, and page 27, letters A to E.

Mr. GAVIN SIMONDS: There is another passage, but this is one which my learned friend Mr. Norman Birkett is good enough to refer to, which states the same thing, upon page 409 of Volume 1, in the translation of the Circular, at letter H. This is in the Circular: "The Bank of Portugal only profits by notes which within its potential of circulation, it applies to its productive operations. And everybody knows by the perusal of the weekly reports that the amount of such operations is decidedly below that potential. Obviously the notes which were wrongly placed in circulation in the country did not benefit it." I am not concerned with the last observation, because we have no evidence that the interference with the monopoly of issue has caused damage. The point I want to make is that, of this great issue by the Bank, it only profits by notes which it applies to its productive operations, that is to say, you have a statement that out of the 1,740,000,000 of Escudos issued, there are only 64,000,000 which are profitable to the Bank.

(To be continued.)

## The Magic of Gold.

The People of July 19 informed its readers that next month

"Fifteen armoured trains . . . will be assembled here [i.e., in Washington] . . . to move *twelve thousand million pounds' worth of gold* to Fort Knox, Kentucky, there to be buried in great vaults." (Our italics.)

Taking the value of gold at £4 per ounce, 12,000 million pounds' worth of gold represents 3,000 million ounces, or 84,000 tons. This constitutes "the nation's central hoard of wealth." It is to lie in Fort Texas in order to "be safe from all threat of seizure by raiders in any possible war."

You can imagine what a terrible catastrophe it would be supposing the Japanese came and captured the hoard, and took it home. For Japan would now be in a position to order 12,000 million pounds' worth of materials and manufactures from the United States without exporting to the United States any materials and manufactures in return. She would pay for them with the captured gold. Then, supposing she called again and captured the hoard, and again used it in the same way; and subsequently repeated the cycle of pinching and spending the hoard, there could come a time when the United States were emptied of all material resources of every kind. Statistics during this period of drainage would show a "Favourable Balance of Trade" of terrific dimensions—so favourable as to be fatal. You can have too much of a good thing!

Of course it can be objected that the United States could not supply the goods when the gold was taken away, because the Federal Reserve authorities would be obliged to call in all loans and leave the country bare of dollar-credits, dollar-currency and all. No wages, no profits, no production, no consumption, no nothing—complete paralysis of activity. This is true if one assumes the rules of banking to be strictly applied. But it is allowable to suppose that the Federal Reserve authorities would find it safer for themselves to suspend the rules and improvise the plausible excuse that by leaving existing credits to stand, and by extending

new credits, they were at least going to get the lost gold back into the country. Moreover, no cost would fall on them, except that of printing dollars. There would be a cost falling on the people, namely the energy diverted from producing things for themselves to producing them for Japan. And, as pointed out, this could go on until they produced nothing for themselves and everything for Japan. Their consolation would be that by this time they were stuffed with dollar paper, and could stare proudly through the windows of the empty shops calculating what huge quantities of goods they could buy if the goods were there.

However, there would be a spot of bother in Japan. It would be the American bother upside down. Instead of rich people facing empty shops there would be penniless people facing full shops. For the Japanese banks could call a halt to internal production, put everyone on a means-test, and provide him with just enough to subsist on out of the American imports.

## Movement Notes

### NOTICE.

Engagements permitting, Captain Rushworth, who is here on a visit from New Zealand, has consented to address the London Social Credit Club next Friday, July 31.

### Secretariat's Secret Supplement.

The confidential Supplement to the Secretariat's official paper, *Social Credit*, is to be supplied gratuitously to applicants qualified to receive it. The qualification consists of the payment of a donation to the Secretariat of a minimum sum of 12s. per annum, and a subscription to a minimum of 10s. per annum; giving a minimum total of 22s. per annum, or a shade over 5d. per week.

It is pointed out unofficially that the existence of the confidential Supplement will enable the Secretariat to communicate figures showing the progress of the Electoral Campaign, and also to publish their annual accounts according to the informative model laid down by Major Douglas in his letter to THE NEW AGE in March 1933.

### The Social Credit Party's Report.

The Annual Report (1935-36) of the Social Credit Party of Great Britain and Northern Ireland (The Green Shirts), whose publication was announced last week, should be studied by every Social-Creditor. It costs 2½d. post free, and is obtainable from Headquarters, 44, Little Britain, E.C.4. It records serially the activities of the five Regional Commands, the fifth (London) being analysed with its four District Commands. Two kinds of activities are described, namely, "Special" and "Routine." Routine activities comprise the following items:

Attendances at Demonstrations organised by other bodies.  
Attendances at Public Meetings organised by other bodies.  
The holding of open-air meetings organised by themselves.

Organised sales of the Party's organ, *Attack*. Figures are given for each Regional Command under each of these four heads. Those for London are: Demonstrations 48, Public Meetings 284, Open Air Meetings 552, and Sales-Drives for *Attack* 202. Among "Special Activities" are included (a) Flying Squad work, (b) lobbying of Members of Parliament (100 victims!), (c) deputations to Members (14 victims), (d) the annual laying of wreath at Cenotaph, (e) Christmas pantomime, (f) canvassing and organising at the last General Election.

Additional to these activities are those of the Women's Branch, which include such routine items as clerical work, canteen work, flag and banner making, day-time meetings, *Attack*; and such special items as the holding of literature bazaars at Headquarters and the distributing of literature in connection with the Mass Meeting at Fulham Town Hall.

The Report consists of six full pages of letterpress fully detailed and frankly presented. A "Foreword" describes developments and modifications in policy during the year including the formation of the Social Credit Party and of the Technical Advisory Council. A reference is made at the end of the Report to the Alberta election and the Party cable to Mr. Aberhart.

## News Notes.

### Dread Secrets!

In *The Week* dated April 16 last, the following passage occurs (page 2 par. 2):—

"One agitated subscriber has written to ask us to 'expunge' his name from our 'records' on the interesting ground that 'it embarrasses me to possess information which, if correct, ought not to be in my possession as a mere member of the general public.'"

(Blessed are the meek for they shall inherit the earth.) This gentleman's embarrassment arose from his having read in a previous issue of *The Week* particulars showing the extent of the fortification of the Balearic Islands as part of Britain's strategical plans in the Mediterranean. His reaction is well worth recording, because it differs only in degree from the attitude subconsciously taken up by a large majority of the British public. "As an epicure I like my veal to come to table nice and white; but as a humanitarian I do not want to hear about calves being slowly bled to death in the process of bleaching it."

### Sanctions and Credit-Transfers.

The Federation of British Industries enter an appeal to the Government for priority of treatment for British manufacturers and traders who had to go without payment of debts due to them from Italian importers when Sanctions were applied. The Federation propose that the collective sum payable shall be transferred to the Bank of England, who will effect distribution to respective creditors in this country.

### The Cost of Sanctions.

According to the *Daily Express* Britain has lost about £8,000,000 during the full period when Sanctions were being applied to Italy. This figure is based on the drop in value of coal and machinery exported. Britain's "loss" is therefore a measure of the real wealth retained in this country which would otherwise have been sent to Italy. Therefore Britain's "loss" means Italy's "gain." Yet the *Evening News* (July 14) has a legend in the headline: "British Imports Up—A Good Sign." Hence additions to Britain's real wealth are gains, while retentions of her real wealth which might have been parted with are losses!

## LETTERS TO THE EDITOR.

### CAPITAL COSTS IN PRICES.

Sir,—When Mr. Franklin says, "In short, consumers have merely to bear the cost of replacing capital assets as they use them up; they do not have both to buy and to maintain those assets," he is guilty of leaving the all-important element of time out of the problem.

Assuming that the first construction of capital assets is accompanied by a complete transfer of purchasing power from investors to wage-earners, etc., thus leaving total consumer-income unaltered (quite a nice little present to orthodoxy), the essential feature of the maintenance is that consumer-income is debited with these maintenance costs before it receives any credit from which to meet them.

It is useless to tell us that consumer-income will be accredited at the end of the first life period of the assets. By that time, the damage is done.

It is also useless to tell us that consumer-income will be accredited during this period on account of the re-investment of the depreciation charges. It may be, or it may not. If it is, the penalty will be "wholly excessive capital production," with deeper bondage to the banking system.

A. W. COLEMAN.

Sir,—It seems to me that in the correspondence on "Capital in Prices" we

"By geometric scale,  
Do take the size of pots of ale."

It required a Douglas to make the discovery that money, under orthodox accountancy, must always be unable to meet price. It is a measure of our intelligence that seventeen

years after he first pointed out that which had always been staring us in the face, but which we could not see, we are still wrangling about whether it is there at all. All money originates in a creation of credit, i.e., a bank loan. A bank loan is used by a producer as *paid out* money cost. The bank loan has to be repaid with interest. The banker then cancels that particular sum, and retains the interest as his reward. But the sum of bank loans is the only money in existence. When it is repaid, where is the interest, and the producers' money to come from? Douglas told us. It has been said: "Vainly the fowler sets his net in sight of the bird." Not if it's the human bird. And then there is the little matter of A + B.

T. H. PEDDIE.

[We are afraid that Mr. Peddie's remarks will only serve to sharpen the point of Mr. Franklin's jibe that Social Creditors under criticism seek refuge in reiterating their conclusions instead of proving them. The point at issue is not whether Money meets Price, but whether it *need* meet Price. Mr. Franklin says it *need not*, and bases his assertion on the fact that the industrial accountant does not charge for subscribed capital in Price. Social Creditors who have been replying to him have been seeking to show that Price, even without the *direct* inclusion of Capital charges by company accountants in the *prices of their respective companies' products*, tends to exceed the Money available to meet it. (Note the reservations indicated by the italics.)

If Mr. Peddie likes to say that in engaging Mr. Franklin on this aspect of the main issue they are tactically unwise, well and good. It may be so. They may be fighting in too advanced a position to hold it. Not because their contentions are unsound, but that they may fail to *demonstrate* them to be sound within the narrow scope of premise in which they have elected to be confined.

Mr. Peddie's reference to interest and profits would be helpful in another frame of reference; but in this one Mr. Franklin would doubtless ask how the banker can retain anything out of a loan when he cancels it.—Ed.]

### USURY.

Sir,—The first five paragraphs of Mrs. Bing's letter should not be read without a careful comparison with mine, of which it purports to be a criticism. Such a comparison is sufficient answer to hers.

The other paragraphs could be made the subject of lengthy comment, but the point of importance is that, whereas she is pursuing the age-long and mostly ineffective policy of denouncing interest, oblivious of such things as that interest-receiving is now more popular in this country than ever, that the theoretically hating rent, interest, and profits U.S.S.R. finds it necessary to issue interest-bearing loans, that Mr. Savage is doing the same, and that the Socialist papers in this country regularly advise their readers on stocks and shares and insurance, whatever they may say in their editorials, the only sensible (and original Social Credit) attitude is that when measures have been taken to deal with the economic problems of society as one sees them now, one can then deal with usury, rent, profiteering, malnutrition, abortion, tithes, prostitution, the consumption of alcohol, gambling, and the state of the law as they appear to be problems *then*.

Denouncing holders of National Savings Certificates is a necessary part of any campaign against the sin of usury, but irrelevant to Social Credit.

The notion that interest controls production is a favourite and fallacious doctrine of many who advocate Centralised Banking and/or Stable Money. A general fall in the rate of interest over long periods follows a higher standard of living, so much so that Proudhon and Gesell advocated maximum production as the means of abolishing interest, rent, and profits; and in relatively prosperous countries interest rates are generally lower than in others. Also when trade is brisk no one bothers about the interest he may have to pay, whereas when trade is bad, he does (and about wages, rent, tithes, taxes, and everything else). Interest may be one of a complex of factors which produce economic depression; it is equally one which, in the conditions existing in the past, has undoubtedly promoted economic progress. To attack it

frontally seems to me, at any rate, practically useless and theoretically dubious. "Their profits," Major Douglas once wrote, meaning their distributed dividends, "are the least objectionable features of the banks."

"Ethics and economics are inextricably linked." Yes, but what ethical dogmas with what economic programmes?

HILDERIC COUSENS.

Sir,—Please excuse this further intrusion on your space, but I would inform Mr. Franklin that it is useless to refer me to "any text book on economics" to explain away the unpayableness of usury. What he calls "economics" I call bankonomics, and it is evident that overstudy on this subject has done grievous harm to Mr. Franklin.

A book on *economics*: "The Modern Idolatry," by Mr. Jeffrey Mark, very ably demonstrates what Douglasites admit, namely, that the "re-distribution" of a theoretical cost does not prevent a non-existent sum of money being *not* re-distributable because it isn't there.

Usury is never re-distributed, it is shoved forward into succeeding cycles of production, and becomes translated into (a) monumental national debts; (b) repudiated liabilities and derelict capital-plant; and (c) "written down" assets by permission of the courts. This usury-debt has less reality than a Hottentot's witch-devil, and our sacrifices to it are more contemptible than any voo-doo blood sacrifice.

Social Credit is not "a game," and I did not accuse Douglas of "barking up the wrong tree." Douglas admits the deficiency caused by usury, but he proposes to "compensate" for it in order to mitigate some of the effects of it; false ethics, and therefore bad science, which bears its inevitable result in the refusal of the masses to heed it.

Any old stager of a Marxian Socialist will inform Mr. Franklin that capital cannot obtain "wages" unless it be harnessed to some form of energy. The present "difficulty" is that the wages of labour are not paid because solar energy produces the prices without cancelling its costs over the counter; with the result that no sort of "re-distribution" can pay wages to capital except by piling up further usury-debt.

And Mr. Franklin's fairy-tale "text-books" have not yet solved the "difficulty" that when capital is filching high "wages," labour, plus electricity, is earning them. Conversely, when labour is on the dole, so is capital—as now.

GLADYS F. BING.

[The Douglas "Proposals" or "Formula" or "Patents" when applied to the finance of production and consumption will do two things:

- (1) Transfer the control of policy from the Money Monopoly to the public;
- (2) And, by so doing, will leave all anti-social practices stripped of defence against the pressure of popular opinion. Monetary extortion, if found to be a public nuisance, will be stopped, whether practised by "usurers," landowners, traders or any other persons. They will be subjected to any penalties which the public demand, whether it be fines, imprisonment or hanging. But the whole question turns upon whether these extortioners will continue their practices, and if so, whether those practices will constitute a public nuisance.

Social Credit will stop extortion at its source—namely at the top end of the system where the proceeds of extortion are sucked into the secret reserves of the banking system. But supposing it did not, Social Credit facilitates the application of the punitive remedy. In this sense one can claim, if he likes, that Social Credit will stop usury. But that is not the same as saying that to put down usurers is the way to get Social Credit.—Ed.]

#### COPYRIGHT LAW.

Sir,—According to an editorial statement in the *Farm and Ranch Review* (Alberta) the copyright of a letter belongs to the recipient. But according to a statement by the Bishop of Chichester recently the copyright belongs to the writer. Which is correct?

Another query has reference to a public speech. Does the copyright of a speech as taken down by a reporter (for publication) in his newspaper belong to that newspaper—or to the speaker?

Will someone reply through your columns? A.101.

## A National Conference on Action for the forwarding of THE DOUGLAS SOCIAL CREDIT PROPOSALS

will be held at

York

(from Friday evening, 9th October, till Sunday evening, 11th October, 1936).

While the nucleus of the Conference will be formed by representatives of existing Groups, all those not satisfied by existing opportunities of action, and wishing to take part in discussion of the most effective forms of propaganda and action at the present stage in development of the Social Credit Movement in Britain, and the most useful forms of association between those so engaged, are invited to apply for particulars of the Conference to the Hon. Conference Secretary,

(Mrs.) G. McLEAN,  
28, Primley Park Grove,  
Moortown,  
Leeds.

The following subjects for discussion will provide the basis of the main Sessions of the Conference:—

- Propaganda.
- Parliamentary Action.
- Prospects of the Social Credit Movement.
- Organisation of a Social Credit Federation.
- Practical Steps.

As the accommodation is limited, those who wish to attend are asked to furnish their qualifications, of experience or otherwise, for contributing to the proceedings.

#### CONFERENCE COMMITTEE:

- |                  |                    |              |
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#### PUBLIC MEETINGS.

London Social Credit Club.

On the following Fridays, at 7.45 p.m. at Blewcoat Rooms, Caxton Street, S.W.

July 31, 7.45 p.m., "How you can help to get Social Credit," by Mr. Ewart Purves.

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