NOTES OF THE WEEK.

Foreign Policy and Markets.

"Foreign policy," remarked the Morning Post on one occasion, "is an extension of domestic policy." It went on to explain that the concrete objective of such policy was to provide or protect "trading opportunities" for industrial communities in the world market. Well, since domestic industries in Britain compete in the world market, it follows that every national foreign policy has for its object the preservation of its domestic industries at the price of bankrupting other domestic industries. Distance lends enchantment to the world market, the "distant" firm, the "world market" has probably deceived more people than has fathered the vision of a sort of commercial man's-land—some external area of un-annexed trading opportunities—which has only been waiting to be occupied and developed in order to return a financial profit to enterprise and explorer. Every nation could help itself to something more than it had before, and therefore every nation's foreign policy would succeed in its objective at the same time. Therefore danger of disputes at home is the principle of trade expansion; it was a contingency (leading to war) was not inherent in the "help-yourself" principle of trade expansion; it was a contingency for which could be averted by diplomatic negotiations for laying down "play-fair" rules for the making of agreements which might otherwise be averted by diplomatic negotiations for laying down "play-fair" rules for the making of agreements. Thus war is the only necessary armament to ensure the rules of fair play on greedy nations. It was true that nations possessing a preponderance of armed force might be tempted to lay down rules to suit themselves; hence the modern idea of having a League of Nations make the rules and at the same time bring about an equality of armaments—and ideally bring about disarmament and prevent war.

As an example of this, we have the case of Abyssinia. The New Age, in its issue of September 3, 1936, reported that Mr. Raven Thoroton's protest against selection of quotations from Lenin's book on The New Age—comments on his protest.

The Waterlow Case.

Continuation of Mr. C. Simcood's concluding arguments in the House of Lords—securing of points of argument, dealing with interpretation of contractual obligations.

CORRESPONDENCE.


CARTOON

Impromptu sketch of Captain H. M. Rasmussen at the "New Age" Club.
causes inflation of prices. The banks create the new money, industry borrows and spends it, there is more work for the workers in both outside industry (wages, salaries, etc.) and inside industry (business deposits buying materials or replenishing stocks). Everything—from the mineral carried to the church or the bread taken home from the store—becomes a better price. That is another way of saying that every coin of the realm buys less.

To that part of the community who are investors this is welcomed as an industrial boom; but to the community as a whole (including these investors) it comes as a hold-up of consumable output. For when the price of any article is raised before the wage-and-salary remuneration to citizens for the making of that article is raised, the increase in the price amounts to the same thing as if wages and salaries remained cut to that amount. And that is what happens in the early stages of the inflation accompanying capital development. In the later stages, wage-and-salary-earners find it more difficult to pay their way, may agitate for, and receive, higher wages. But these are now added to the costs which are to enter into future prices. So the hold-up of consumable output is maintained. To use the analogy of the orchard, the planters of extra apples may get more apple-money, but they do not get more apples.

**New Houses—Dearer Bread**

To illustrate by reference to recent developments in this country, look at the following new "apples"—

1. New houses.
2. Apples.
3. New arterial roads.

And now consider the following course of "apples"—

1. Bread up (three weeks ago).
2. September 1.
3. As regards milk: the official explanation would be that this was merely the annual "seasonal" change; but what concerns the milk-consumer is not the times when milk is put up or down, but the ratio of the money he has to spend on milk to the money he receives as an income. And it may be pointed out, by the way, that this seasonal change appears to be a movable feast, something like Easter; for earlier in this year when the winter prunes was due to go down expectant housewives were blindly told that it would not drop as long as the sun was postponement for a month! Needless to say the aggregate amount of milk represented by a month’s consumption of milk is of substantial dimensions; so it behoves consumers to keep the question of winter money for winter seasons to ensconce on summer money.

**Musolino’s Loan-Jenmy**

To apply the orchard analogy to the general situation, the development of the orchard diverts energy from apple-growing, tree-planting, and to that extent makes proportionately fewer apples available against the energy expended. That is the physical aspect of the development. It would be unavoidable in circumstances where the whole energy of the orchard-workers were engaged on the two jobs; but not unavoidable where there was an unemployed reserve of energy, for then more workers could be put on picking at the same time as more workers were put on planting. In that case extra apples would be picked, and these would be used to remunerate pickers and planters alike. But this sense of the work of things is not possible under the rules of the bank. You might have old trees carrying ripe apples in enormous numbers but you might have twice as many orchard-workers as were required to plant the new trees; but the bankers’ rules would prevent the overflow from being applied to picking. The consequence is that a large number of valuable apples remain unpicked, and the price of the apples rises instead of the total earnings of pickers and planters alike. The unpicked apples would rot off the trees and be trodden into the ground. That is what happens, in another form, to Brazilian coffee, Spanish wines, American cotton, and so on all over the world.

**Pandora’s Box of Gluts.**

It is fundamentally true to say that the new resources of Abyssinia represent so many potential gluts of wealth, which, if actualized by industrial workers, would have to be destroyed. They have to be the one thing by the same token that the grocers of these resources as enumerated from time to time by the Press during the progress of the Italian campaign. The examiners the items one by one; and (with the exception of gold and platinum) you will be able to say of each that there is already a glut of that potential (or some other part of the world. Consider the unexpected and unexpected reserves of natural resources on the American Continent—coal—resources which have been left untouched precisely because, if converted to consumable uses, they could not be bought by consumers. In fact, the resources sources already converted have not been wholly bought, as is evidenced by the phenomena of "marketing boards".

**Mechanics of Foreign Loans.**

In some more prosperous phases of the New Age is demonstrably fulfilled. When Mussolini had wrested the Abyssinian estate from his previous owners, Basile was to constitute itself as the Executor and Administrator. It had to be the Executor of Empire of Abyssinia has created an analogous situation to the death of a wealthy protector. The private estate had to be liquidated at the same pace, and no more, if it could be convenient, or, if it were not convenient, by the sale of the property. The analogy is not exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We know nothing exact, but it is similar in essentials. We knows its technical grounds that a mixed world loan on the security of Abyssinian amounts to an outright purchase of Abyssinia’s resources. The money is not coming back. In fact, as our learned brothers—by which we mean the Old Guard of the Social Credit Movement—are aware, the money cannot come back, because it never goes out. "Money does come out," say the Rt. Hon. L. H. Lenihan McKenna in one of his famous addresses as Chairman of the Midland Bank. (The present editor of the New Age acted on this truth at some length in an article published by The Ropes of December, 1939, apropos of the loops made by the United States to Great Britain during the Great War.) It is sufficient to say here that when e.g., Britain lends money in such circumstances as these we are discussing, all that the borrowing nation gets is goods: the money itself accrues to British industries supplying the goods.

The money remains within the frontiers of Britain. In so far as this money is new money (i.e., bank-created money, applied by the banks to the loan in the loan—advanced to companies and individuals to enable them to subscribe) it swells the quantity in the country, and to those domestic circulation, inflation. In other words, the function constitutes a tax on British consumers. To revert to our analogy of the orchard, the lending of money in these circumstances is really the paying of money to pick apples in the British orchard to pick apples in a foreign orchard. These extra earnings added to those of the apple pickers constitute an increased money demand for the apples on the old trees, with the result that the price of apples rises proportionately and the workers get no more re-
tured has been provided by Ways and Means Advances. In these circumstances, the question whether the expenditure on army-personnel figures in the Budget as a charge against tax revenue is of only academic importance. If it is, there is every reason to suppose that the German states had the handling of £800,000,000 which has not been called in. But in this matter anyway. The great thing is that, in the final analysis, the army and the armaments industry are being turned to the Reichbank. There is more money to be earned by industrialists, workers, and soldiers. There is less fear of insolvency, more security of employment, and more inner contentment. Hence an urgent incentive on the part of the industrialists to go on after external markets. The Reichbank has been counting itself the money and the industrial imports.

Schacht's Dilemma for Labyrein

But, unless the traditions of central bank finance are to be abandoned, this comparatively happy state of affairs cannot continue. Accordingly Dr. Schacht is being proposed to his French opposite number, M. Labyrein, Governor of the Bank of France, that they should combine in an international effort to solve the economic and political problems of the day. The Times Correspondent in Paris, commenting on August 28, according to accounts in other newspapers he appeared to mean, now, to the arrival of this plan. If this materialises the basic feature was the stricture of collective consumption during developmental work. The workers earned extra money freely, but it did not buy them extra food. But now, that all is to be converted, we shall threaten to ex- er, bearing the envy of the others, altogether to be found a place in the world market without displacing other countries. However, we will not pursue the matter because her arrival is not due for some considerable time to come, and meanwhile there are certain to be drastic alterations in the bankers’ principles of running the world’s economy.

Schacht’s Mission to Paris

Dr. Schacht’s visit to Paris last week will be of special interest to our readers, who will have noticed that, in his proposals to the Governor of the Bank of France, he has been put into a line of reasoning which The New Age has persistently emphasised and elucidated in respect of the Armaments Problem. That is, that the manufacture of armaments, financed as it is by bank credit, does not increase the risk of war, but on the contrary decreases its probability by lessening the internal scarcity of money which drives industrialists to compete with each other for foreign trade. And now we see Dr. Schacht has been reassuring the French people about the armaments on precisely this ground, and incidentally providing them with some new com- mentators with chapter and verse for the proposition.

Germany’s Financing of Armaments

With German armaments we must combine the new conception of the system. They are one and the same thing from the financial point of view. Speaking of this system Dr. Schacht said that it was not directed against France. It imposes an increased period of military service, and therefore enables the surplus to be used for financing the other state. By the same token it employs and pays men who would otherwise be chargeable to industry whether in terms of wages (if they are not needed for the real necessity for their services) or in terms of taxes, more unemployed. And mark this, that all army expenditure, though prob- ably recorded separately from armaments expenditure, is indirectly banked as new money, the total of which has been computed to amount to £800,000,000 since the beginning of the German reconstruction. As we might put it in English idiom, the whole expendi-
LETTERS TO THE EDITOR.

"PRICE" AND "COST." 

SIR,—Mr. J. E. Humphries, quoting Douglas, begins with using price in the sense of value, quoting Douglas, begins with using price in sense of value, cost calculations. "One unit of money can finance two or more units of price. Cost, on the other hand, is a measure of function not price. Continuing, he quotes Drury: "If, then, they spend all that they receive, they will make the price of the finished product just equal to its cost of production, and the cost of production not synonymous with cost of production.

Any responsible writer, J. E. Humphries says that the economists have been accustomed to treat the value of wages, not price, but cost, in a number of the forges notes.

Mr. GAVIN SIMMONDS: Yes, my Lord, that in a pinch a will deal with a church, in a pinch, will deal with your Lordships. The church which the Bank took on the Sunday, December 6th, the church for which good and all put an end to the possibility of that in any submission, in the usual course, and the course which would be contemplated by the printers, I refer to the course which the Bill is calculated to put into effect, that if they mean they then to pay all, they did not know what of course, all that they knew afterwards, but they were also prepared, I was told, to say a long time ago, that one really should rather the air to consider what would have happened, not that they had taken a decision, but that a course which they would have taken a decision.

The purpose of the exercise was to ascertain whether there was any method of obtaining the information necessary to enable the whole course of things might well have been different. Without for a moment going into details it is quite certain that short of the Bank having throughout the whole of their conduct of this matter, to suggest that they were in the least interested, whether there was a distinct or separate, or not. If I am in any way, by my conduct, to be found to be wrong, I shall certainly reasonably advise them to be more watchful for the point.

Lord ATKIN: Nobody has suggested this so-called notice to include Hadley v. Bazends has no force to the contract.

Mr. GAVIN SIMMONDS: No, My Lord. 

Lord ATKIN: The circumstances must be brought within the contemplation of the parties by some notice of the contract.

Mr. GAVIN SIMMONDS: Lord, I remember much earlier in the case, there were two things, first of all, the usual course, and if there is something special to be something that should be brought to the notice of the contractors and accepted by them, which notice is not sufficient, unless it is something that can be inferred by the special conditions attached to the contract, it was very natural to put it this, that it is not in the usual course, I start with that, for a Bank, to honour forged notes.

Lord MACMILLAN: That was agreed by Mr. Beggan. 

Mr. GAVIN SIMMONDS: Yes, my Lord. 

Lord LANGLEY: Then they do not admit that it may be in the ordinary course of the Bank for issue of the series of notes.

Mr. GAVIN SIMMONDS: Whether some of them may be forged or not is a matter of forgery.

Mr. GAVIN SIMMONDS: Yes, my Lord, and it may be necessary before the distinction to decide to honour false or true, I accept that, I do not think the Act has ever covered for any one of the Bank.

Lord RUSSELL: You will deal at some time with that, that struck me as important, but I think that Mr. Beggan has had this part of the case, that is, that many of the cases had been for some considerable time in circulation, it is possible to detect until you were supplied with the means of testing them, and the Bank in ability had the right in any considerable number of the forged notes?

Mr. GAVIN SIMMONDS: Yes, my Lord, that in a pinch a will deal with a church, in a pinch, will deal with your Lordships. The church which the Bank took on the Sunday, December 6th, the church for which good and all put an end to the possibility of that in any submission, in the usual course, and the course which would be contemplated by the printers, I refer to the course which the Bill is calculated to put into effect, that if they mean they then to pay all, they did not know what of course, all that they knew afterwards, but they were also prepared, I was told, to say a long time ago, that one really should rather the air to consider what would have happened, not that they had taken a decision, but that a course which they would have taken a decision.

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Lord ATKIN: Supposing the notice was: If there be a breach of this contract and notes printed by you in breach of the contract get into circulation, we will take reasonable steps for the protection of the Bank's credit and currency, would that not be in the ordinary course of things?

Mr. GAVIN SIMMONDS: If I was advising the printer if it was put in that way in a such a contract, I should certainly reasonably advise them to be more watchful for the point.

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Captain Rushworth.
An Impressionist Sketch made at "The New Age" Club.
By Nora Bennett.

Movement Notes.
New Social Credit Party in Alberta.

According to The Western Farmer Leader (Calgary) of August 7, a "Social Credit Party" is being formed "under the leadership" of Major Douglas. A Mr. Fred R. Whitby is the organizer in Edmonton. The new party is to act "in opposition to that led by Premier Aberhart." A Dr. W. S. Hall, M.P., who is apparently connected with this party, states that he "has received a letter from Major Douglas promising to come to Alberta when Premier Aberhart has failed."

Notice to Readers.
CAPTAIN RUSHWORTH AT THE CENTRAL HALL.
Will everyone willing to take a hand in getting the best possible attendance for this important meeting communicate with Miss J. Mickle, Joint Treasurer of the London Social Credit Club, 48, Foley Gardens, Stretton, S.W. 189.

Correspondents are invited to state (1) how many tickets (at £2, £5, and/or £10) they can sell, (2) how many free seats they can fill, (3) how many posters they can exhibit, and (4) how many handbills they can distribute.

Forthcoming Meeting.
The Social Credit Federation (Southern Area),
The next meeting will be held at the Wilton Hotel, Victoria Station, S.W. 1, on Saturday, September 19, 1936, at 6 p.m. Correspondents are invited to send representatives. Inquiries should be sent to the Acting Secretary, Dr. Joyce Mitchell, 2, Bromley Common, Kent.

London Social Credit Club,
Public meetings at: Bexleyheath Town Hall, 25th Street, S.W. 179, September 17, 7-45 p.m., "Social Credit or Civil War," by Mr. Peter J. Hard.