

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

Apropos of Major Douglas's reference at THE NEW AGE Dinner on March 21 (reported in last week's issue) to the Soviet and Fascist plans for economic recovery, an article by the *Evening Standard's* "Travelling European Correspondent" is worth recording. Writing in that journal on March 26 under the heading: "Watch Italy," he concludes:—

"And Mussolini may eventually accomplish, by his Wages and Price economies, what Soviet Russia seeks to achieve by her Five-Year Plan."

This goes to confirm Major Douglas's proposition that essentially there is no difference in principle between the two plans. Further, the writer, in explaining how Mussolini came to decree the wage and price cuts, says:—

"When, therefore, Mussolini, threatened with a serious Budget deficit, and uncertain of obtaining credits abroad, decided that the only recourse possible was to a national tightening of the belt, it was a comparatively simple matter for him, without consulting Parliament, to intimate his decision to reduce wages and salaries to the President of the General Confederation of Industry."

This recalls Major Douglas's disclosure of the fact that an American deputation of financiers in Italy had been telling Mussolini what he had to do if he wanted to maintain Italy's credit in New York (or, for that matter, in London and other Capitals) and that evidence of American financial assistance to Russia had been published—assistance which has been probably given on the same sort of understanding as to internal Russian price and wage levels.

It is significant to observe that there is this identity of policy between Mussolini the personal dictator and Stalin the trustee-dictator. Each has been allowed, and in all probability assisted, to get what is essentially a military strangle-hold on economic policy, and is now being compelled by external financial pressure to carry out the same internal reforms. The condition of *individuals*—master and man alike—is the same under the Red as under the White dictatorship, for both dictators accept dictation from a common source—international finance—whose ob-

jective is in diametrical opposition to that of every individual citizen. For example, in spite of the fact adduced by the writer of the article that in Italy wholesale and retail prices fell by 10 per cent. and rents by the same margin—thus theoretically compensating the 10 per cent. cut in wages and salaries, he remarks:

"The full effect of the fall in prices and wages will not be felt in Italy, however, until the present world depression lifts. As soon as markets open up, the competition of Italian industry, with its cheap labour power and low production costs, will be seriously felt by other manufacturing countries." (Our italics.)

Quite so. The present situation is that Italians are pinching themselves in the hope of pinching markets. When they have done that (if they do) they will then be warned that they must continue to pinch themselves to hold the pinched markets. Sowing pinches, they will reap pinches. And nothing can stop the process—whether in Italy or in Russia—while the national economic system is based on the notion that vomiting goods abroad is the only way to digest goods at home.

It is amusing to turn from these rigidly disciplined countries to Australia in general and to New South Wales in particular, and to observe that Mr. Lang, Mr. Theodore, and even Mr. Scullin, who are hampered by all the popular checks and interferences permitted and encouraged under the democratic form of government, are each of them putting up a resistance in his own degree to financial dictation—a resistance entirely absent from the policy of the Russian and Italian dictatorships which have got rid of all such interferences in the name of Efficiency. The outstanding check on policy under Democracy is the "freedom of the Press." At the present time the bankers are exploiting this "freedom" against the Commonwealth and the N.S.W. Governments. But at any moment they are prepared to turn round and destroy the freedom of the Press—virtually abandoning Democracy—if and when they get a Government of their own liking in office. Give them a thoroughly subservient Administration, and they have no use for the Press—they can go ahead faster without it. For this reason it will be advisable for

Press editors and staffs in Australia, if they are still capable of any sustained, independent thinking, to consider what would be the ultimate outcome of the success of their attempt to stamp out the new impulse in Labour circles to bring financial policy within the orbit of politics. There is ample material on which to base such consideration. For one thing, the emergence of the non-political or all-political "All For Australia League" which they are unanimously and enthusiastically backing contains a potential menace to their own existence. This League is admittedly one of several manoeuvres to bring about what is being referred to as "one great movement"—and this movement is being organised to rally round Mr. Lyons, the ex-Treasurer of the Commonwealth Labour Government under some slogan of the type: "Restore the Credit of Australia." Suppose this succeeds. It is obviously conceivable that the Lyons Coalition will take on the form of an open dictatorship. There is only one contingency which would render this improbable and that is that the Lyons policy was popularly approved *when its actual administration was experienced*. Do Australian editors really think that this is even a possibility? Do they not realise that if they succeed in getting rid of Lang, Theodore and Scullin, and everything they stand for, they exalt into dominance the full and unadulterated policy of Otto Niemeyer. If they are going to say that Mr. Lyons' policy would be something less harsh—some compromise more acceptable to Australia's citizens—then they convict themselves out of their own mouths as tampering with Australia's credit. For they have repeatedly claimed that Niemeyer has given impartial advice, and that his recommendations are the minimum that is essential to trade recovery—that the least discounting of them will precipitate ruin. So the effect of Lyons' achievement of power will be the enthronement of Niemeyer, the absentee bank-lord, and the administration of his Australian estate by his Resident Agent, Mr. Lyons. Now a Niemeyer-Lyons Government with an all-Party backing must be stronger than any Party newspaper. And being inspired by the omniscience of London and Australian bankers it has no need to consult the Press in order to frame its policy. In a word, it can proceed to scrap newspapers as part of its policy of financial economy or suppress them as part of its policy of political discipline.

In a very much less grave emergency than that which now exists in Australia—the General Strike in England—the Government published its own newspaper while the other newspapers had to stop publication or come out with a single sheet of news—even that being subject to censorship. A Niemeyer-Lyons Government could plead this precedent for doing the same thing, and with more justification. What case could the trading Press bring against this Government Press? How could it plead its right to publish "independent" criticisms of a Coalition representing what they are now teaching people to believe to be the common view of the vast majority of all Australians? And even suppose that it could reconcile its plea with all that it has spoken during the crisis, what could it reply if the omniscient Coalition were to announce that in its judgment the crisis was not over (and when it got to work there would be plenty of evidence to show that the situation was more menacing than before), and that all independent criticism of its policy and administration would play into the hands of the "inflationists" and "reputationists" besides indirectly stimulating forces of disorder? It is not as if all newspapers could agree on a Government's financial policy and take sides about its fiscal, industrial and social legislation. Ten years ago such a notion was prevalent, but to-day there are few observers of affairs who fail to realise that all legislation is bound up with financial policy,

and that criticism of any legislative item implies criticism of the financial policy. Considering that the common slogan of the Australian Press for the last nine months has been: "Trust Niemeyer," it would be eating its words if it appealed to the doctrine of the "freedom of the Press"; for this would imply distrust of Niemeyer. If as it has declared, no sacrifice is too great to destroy the "Lang heresy," then no sacrifice is too great to preserve the Niemeyer Dictatorship. It is amusing to picture the sorry figure that the Melbourne *Age* would cut in such an emergency on the point of "freedom" to represent the views of the public, in the face of its classic right-about-turn when Niemeyer arrived in Australia. On one morning it was rudely warning him against interference with domestic policy; and on the very next morning was politely welcoming his interference. Had "public opinion" reversed itself overnight? Or does that newspaper serve two conflicting sections of public opinion, catering for each on alternate mornings? Or what other reason could it offer to reconcile its act with the accepted traditions of a "free press"?

Let us now revert to the subject of the Italian plan and glance at its technique. The idea behind it is apparently that of scaling down prices and incomes by equal proportions and so reducing the cost-value of exportable goods while leaving the internal ratio between prices and incomes undisturbed. The expected result, so it appears, will be that the Italian population will continue to consume as much as before while exporting a great deal more than before. The plan looks plausible enough, and in fact anyone will see that in theory the trading activities of the whole world could be carried on just the same with half or a quarter of the present amount of money in circulation. Postulate a World Dictator to whom everybody has to render obedience, and suppose him to decree that on a certain day every claim for money, *without exception*, shall be halved; and the enforcement of the decree would produce the required statistical result. *But there would have to be no exception*. Everything would have to come under the axe—wages, salaries, dividends, profits, rents, interest, ledger-balances (banking as well as industrial), stock-valuations, reserve-appropriations, and so on. If not—apart from all other possible results—the desired equilibrium would not be reflected by the existing accounting system. Its books would be thrown out of balance, because somewhere or other therein would appear an old-scale debit facing a new-scale credit, or *vice versa*,—a conjunction of entries which at once upsets the accepted double-entry principle of book-keeping.

There is no evidence that the Italian scheme is intended to have this universal application. Nor, of course, would it be practical for any single country to attempt this on its own initiative along the lines indicated. It is easy to say: "Let us force wages down 10 per cent. and prices down 10 per cent. for example, £100,000,000. The wage-cost might be, say, £100,000,000. The immediate result is that the manufacturer saves £10 in wages and drops £100 in revenue. And so answer to that, of course, is that his other costs would all come down 10 per cent. as well. And so they would—that is to say, those costs which henceforth were going to be new costs relating to new production. But what about the standing costs of old production—the costs of cars in hand, and, first moment, the costs of materials on hand, plant, and equipment and foremost, the cost of bank-loans outstanding on these securities? Does the 10 per cent. cut apply here? Does it apply to the prices of

tures and stocks held by individuals and institutions in this concern—prices which represent most of these old costs?

All credit comes out into circulation as bank-loans; all these bank-loans are accounted as industrial costs; all costs are accounted in prices. Therefore the inter-relationships between circulating credit, costs, prices, and bankers' assets and liabilities (loans and deposits) are governed by the accounting-principle—each of them in turn is an arithmetical expression of the rest. If, then, some of these are adjusted downwards, and not all of them, the monetary records will get out of gear, and can only be put in gear by resort to some new accounting-device which infringes the double-entry principle as we now know it. Practically-minded people may say: "Well, what does it matter, if the scheme works—if everybody can buy as much as before with less money than before?" Quite so. And the more that people get into the habit of talking in this strain the better we shall like it. For what, indeed, do book-entries matter if any scheme "delivers the goods"? But under the existing financial system the opposite principle dominates the situation; that is to say, bankers' book-entries condition the deliveries. Here we come on the fundamental clash between the bankers on the one hand and the community regarded both as producers and consumers on the other. The bankers' principle is: "The figures we write tell you what you must do." The community's principle is: "What we choose to do tells you what figures to write." One of these irreconcilable views has got to go—and there is little doubt about which will ultimately prevail. But the bankers will do all they can to postpone the public emergence of this vital issue, because when once it is clearly propounded the people of this country will return a unanimous verdict against them without leaving the box.

One of the methods open to the bankers is to cook their figures—a simple matter, since their transactions are a secret. Assuming, for the sake of argument only, that in the case of Italy Signor Mussolini's incomplete scheme when put into operation pleased a large proportion of the population, masters and men alike, and did so to a degree which involved a strong popular demand for its continuance. If, as might be the case, the bankers thought it prudent not to interfere with it, they could easily publish monetary statistics which appeared to confirm its soundness. At any given time they might, let us suppose, have claims on borrowers aggregating to, say, £50,000,000. But since no one of these borrowers would know how much any other owed—and since the bankers themselves are the only people who do know (for they audit their own accounts)—there is nothing to prevent the above sum being written down to, say, £20 millions. Similarly with bankers' reserves, premises and investments. If for political reasons they wanted these to look less valuable in terms of money they could attach any figures they liked to any one of them. As a matter of fact, since the war they have excused borrowers at home from repayment of overdrafts, and foreign nations from no trace of these transactions can be detected in their balance-sheets nor any reflection of them in their profit and loss accounts. In short, the bankers, while strictly imposing existing accountancy-principles on everybody else, and justifying themselves by the plea that they are bound by the same principles, are ready to ignore them in private whenever it suits their policy.

The bankers who, as Major Douglas indicated in his speech at the Dinner, are exploiting the Russian Five-Year Plan, must be assumed to approve the methods of the Plan. One of these methods

seems to be the provisioning of Russian workers with their needs on something like a system of payment in kind. Instead of wages, as in England, being paid in bankers' money, and, as such being accounted into cost of production; there are indications that Russian "wages" virtually take the form of a share-out of a part of the physical production itself, and therefore need not be accounted as monetary costs at all. In the nature of the case the evidence available to us is too vague to permit of a proof of this; but it is sufficient to justify this suggested hypothesis. What is clear is that such a thing can be done, and that there are ways in which the fact of its being done can be concealed from all but a handful of watchful observers—concealed even from the Soviet administrators themselves. It stands to reason that if you control the nation's plant and equipment and are able to impose a physical ration of goods on the working population, you can set production going ahead at full efficiency and get all the surplus products for nothing. These you can sell abroad at any price you like—or can even give them away—without disturbing your internal economy, provided only that your workers are content to accept the ration you have prescribed. Someone will say: "But if the Soviet Government is working on this principle it is really adopting a Social Credit discovery." In part this is true. The scheme does depend on the fact that the real cost of all physical production is no more than the fraction of it consumed during manufacture. To use a homely analogy—the "cost" of the Christmas pudding is the raisins the youngsters sneak out of it when stirring it. But such reflections as this would be more reassuring if the action of the Soviet Government could be accepted as evidence that it knew what it was doing. There is no evidence either that it knows, or that, if it did know, it wishes to use the Social Credit technique for the Social Credit objective.

Some of our readers will already have realised—and it is vitally important for all of us to realise—that it is within the power of the bankers to use the Social Credit technique to frustrate the Social Credit objective. As we have seen, they are able to use it to enable Russia to smash external Capitalism by exporting goods at under cost—i.e., under the cost as measured by the Capitalist accounting principles. But so long as the Russian Government and people are ignorant of the nature of this technique, of the fact that the bankers are exploiting it, and of the alternative objective for which it might be used, there is nothing to stop the bankers putting an end to the process and reverting to their traditional methods of financing directly the Soviet Government's immediate and misguided objective has been reached—the ruin of the Capitalist system abroad. To speak in general terms, so long as the bankers can work in secret, they can delay the permanent adoption of Social Credit by Governments for national objectives by *intermittent applications* of it by themselves for their own purposes. We may venture even to suggest that they could go the whole hog in Russia—with just-prices, national dividends and what not—for a considerable time and then call it all off. It would simply depend on whether the Russians woke up to the nature and implications of the policy. If they remained under the hypnosis of their hate for Capitalism, imagine how easily the bankers could persuade them, after the "victory," that they had forced the banks into unsound methods of finance in the process of fighting, and now that the external danger to Communism was finally overthrown, Communism must consolidate and sanctify its triumph by reverting to a "sound" system of finance. What answer could the people make?

Well, they could, of course, say: "We were prosperous when we were strangling the enemy with our exports; why should we be poorer now that we have no more need to do it." But it would be exactly the same question as the citizens of all the Allied nations could have put when they had got Germany beaten. The bankers did not give them time to ask it: they immediately announced that the war against Germany had impoverished the Allies—a lie which is still accepted as truth by an overwhelming majority. Similarly, in the hypothetical case we have put, they could announce in Moscow that the war against Capitalism had impoverished Russia.

It would interest us to have a peep at the picture which Stalin sees of the world-situation when Communism shall have won its victory. Has Communism the wit, the will and the power to convert its war-mechanism for destruction abroad to a peace-mechanism for reconstruction at home? To take an enemy position is one thing; but to consolidate the position afterwards is another. The first task may be successfully accomplished on the basis of observations taken from the ground (Marxian analysis); but the second depends on observations taken from the air (Social Credit analysis). Is Communism sure that the only guns trained on the Capitalists' position are those it is firing from its own front? Is it sure that there are no guns far in the rear of the position—guns whose existence and calibre are concealed by their own silence? If there are such guns, is Communism preparing in advance the means of silencing and capturing them? Is it preparing merely to occupy Capitalist territory or to march across that territory? Further, assuming the existence of a second position in the rear, is an attack on the first the only line of advance towards it? In terms of the last war, is the invasion of Belgium the only way to the investment of Paris? Belgium's decision to fight Germany in defence of her neutrality was not voluntary; she was virtually commanded to fight. And so, in the present economic war, is there a financial power external and superior to Capitalism which has ordered it to defend its "neutrality." Oh, but "Capitalism" is Finance-Capitalism, someone will say. Quite so at the moment, but the union is not indissoluble: the financial element can at any moment detach itself from Capitalism and fasten itself on Communism. As a matter of fact there are signs of this process going on at the present moment. Bankers, as well as talking like parrots, climb like them. They never lift a claw from one bar until the other has firmly grasped the second. They have one claw on Capitalism and the other on Communism; and they will hoist themselves up or lower themselves down from one to the other as it pleases them. London—Moscow—it does not matter to them which perch they repose on: they will choose the most comfortable one irrespective of its name and its doctrine—and to them the measure of the comfort is the degree of obedience which they can command from the political Government. Capitalism is in the situation of Sinbad the Sailor; and the problem of Communism is to put Sinbad on his back without getting the Old Man of the Sea on its own. We can only hope that Stalin has solved it—for there is no evidence to suggest that he has.

Short of action undertaken with the conscious objective of establishing Social Credit we have one standard test for assessing the value of any course of action. It is this: Is it drawing the bankers' fire and thereby compelling them to unmask their batteries? Measured by this test the Australian credit-reform leaders are worth twenty Soviet Governments. They are compelling the bankers to dis-

close their strength, their dispositions, their strategy, and their objective; also, and more important than all this, they are forcing them, before the eyes of a watching world, to commit startling breaches of the rules of democratic warfare. These reformers have brought about a situation in which the accuracy of every detail in THE NEW AGE's aerial photographs of the enemy's position is being attested by the enemy's overt acts. These leaders have justified their leadership, for they have opened the first campaign in the world-war against a non-representative and unprincipled financial oligarchy; and in a short time they will be seen to have won it, notwithstanding what immediately happens to them on the Australian sector of the world-front.

In support of this assertion we adduce the appended selection of news-items from *The Times* during last week. (The dates refer to the issues of that newspaper, not to the events and comments, most of which belong to the day before.)

(A.) BANKERS' INSINUATIONS, ALLEGATIONS, ARGUMENTS, ETC.

- (1) Gibe at Mr. Theodore for calling the £18,000,000 new currency he proposes to have created a "fiduciary issue"—thus cunningly "adopting the vocabulary of the Bank of England." (April 7.)
- (2) "The caucus, in theory, has definitely rejected repudiation and inflation, but has embraced both as a policy." (April 7.) The reference is to the Australian Labour Party Executive.
- (3) Mr. Lyons's speech is "reflected in the general improvement of Commonwealth securitis." (April 11.)

(B.) SO-CALLED SPONTANEOUS POPULAR MOVEMENTS AND MANŒUVRES.

- (1) Convention of 150 delegates from north of N.S.W. "adopt . . . a draft constitution for the State of New England." The people in that district want to "disgrace themselves from the policy of repudiation . . . a disaster. The idea is to form themselves into a unit of Government within the Commonwealth under the King." (Cunning suggestion that Lang is anti-Royalist.—Ed.)—also to "take over part of the assets and liabilities of N.S.W. as determined by the High Court." (That is, by the bankers' Judges.—Ed.) (April 8.)
- (2) Inter-State Nationalist Federation begins its Conference at Melbourne. (April 9.)
- (3) Reference to "Mr. Lyons's movement." (April 9.)
- (4) Reference to "various citizens' movements." (April 9.)
- (5) Adelaide. Five organisations are forming a joint body to be called the "Emergency Committee" to "coordinate efforts in the Federal Sphere in preparation for an election." These are (1) the Liberal Federation, (2) the Country Party, (3) the Citizens' League, (4) the Political Reform League, (5) the Producers' and Business Men's Political Committee. (April 9.) The convener of the conference out of which this committee has sprung is Mr. Grenfell Price, Master of St. Mark's College, University of Adelaide, "who explained that he had done so at the request of prominent citizens" (sic. Read bankers. Here is apparently an academical innocent manœuvred into playing a dirty game.—Ed.) (April 9.)
- (6) Mr. Lyons opens his "Australian campaign" at Adelaide. Entertained at lunch by the Commonwealth and Constitutional Clubs and the Adelaide University Union. Meeting organised by the new Citizens' League. Crowds overflowed into the streets, and "amplifiers enabled thousands of people to hear the speech, which was broadcast throughout Australia." Lyons's points:—"While the party machine operated representative government in Australia was impossible"—there must be an "outside expert committee to assist the Government to balance the Budget every year—also a 'Federal Convention to rectify defects in the Constitution.'" (April 10.)
- (7) Inter-State Nationalist Federation at Melbourne instructs "State executives to consult with other political organisations opposed to inflation and political control of currency with a view to united action." (April 10. Our italics.)
- (8) Melbourne *Argus* calls upon all political bodies to unite in support of Mr. Lyons as leader of the Opposition in the Commonwealth Parliament. "plump" for Lyons's "unity movement to get back to sane government."—The All for Australia League (members throughout Australia), the Citizens' movement (embracing the cities and large towns) and the Young Nationalists—"a new and formidable Melbourne organisation."
- (9) The Riverina and kindred movements (i.e., secessionists and separatists) "may be relied on for general support" of Mr. Lyons's leadership.

(C.) NEW IDEAS REFERABLE TO THE CONSTITUTION.

- (1.) A proposal by "some electors" to have all State Parliaments abolished. One argument mentioned is: "Why should 6,000,000 people want seven Governors" (sic.) (April 7.)
- (2.) A Convention of 100 delegates from the western districts of N.S.W. resolves to support the Riverina movement

in "consummating the nationhood of Australia by endowing the Commonwealth Parliament with sovereign powers for the purpose of abolishing State Parliaments and substituting Provincial Councils with unfettered powers of local government." (April 9.)

(3.) See Lyons's proposals, B. 6 above.

(D.) BANK-INSPIRED DISTORTION AND SUPPRESSION.

- (1.) The Commissioners of the N.S.W. State Savings Bank publishing two-page advertisements in newspapers to allay uneasiness about the safety of the Bank. Mr. Theodore, attacking the N.S.W. Labour Party Executive, refers to these advertisements to show that the Commissioners have been driven by it to reassure depositors that Mr. Lang "cannot lay his predatory hands upon their savings." (April 6.)
- (2.) Melbourne City Council refuses to let Mr. Lang have the use of the Town Hall for a public meeting. Excuse given is that since the Lord Mayor had encouraged people to subscribe to loans it was not desirable that the Hall should be let to an "apostle of repudiation." (April 9.)
- (3.) Trustees of the Exhibition building (Melbourne) refuse Mr. Lang permission to use it for a public meeting on the ground that he "acted dishonourably and wilfully in defaulting in London." (April 11.)

(E.) BANKERS' HESITATIONS.

- (1.) The situation of the wheat growers is "undoubtedly grave," and they are "demanding relief of some kind without sufficiently appreciating the gravity of the whole financial position." (April 7.)
- (2.) "Mr. Theodore sees in the distance . . . a double dissolution on the issue—the people of Australia against the great financial institutions." (April 7.)
- (3.) The Melbourne *Age*, though backing the idea of a combined movement (i.e., anti-Lang) to solve the financial-economic problem, remarks that "Australians are not prepared to give Mr. Lyons a blank cheque." Mr. Lyons's principles may sound well, but "what are his intentions regarding public services, pensions . . . arbitration, the tariff?" (April 7.)

(F.) COMMONWEALTH GOVERNMENT'S (MODERATE LABOUR'S) ATTITUDE.

- (1.) Mr. Scullin challenges the Senate to "do its worst" to the Fiduciary Notes Bill. (April 7.)
- (2.) Mr. Latham says that "for the present" the Nationalist Senators, the Commonwealth Bank Board, and the Loan Council are "saving the Commonwealth from discredit and financial ruin." (April 9.)
- (3.) Mr. Lyons says that never have the "consciences" of Australians been so stirred. Mr. Scullin says that "everywhere I go" he finds the same reprobation of Mr. Lang's policy. (Speeches during the week.)

Readers can form a judgment on the significance of these facts without any prompting from us. All we want to say is this: that even if the bankers smash right through our lines in Australia, the methods by which they will have done so will affront the political conscience of the world. "Remember the Lusitania." Again, though they can be wilder and convulse all the Australian people some of the time, or some of them all the time, they cannot do it to all of them all the time. Within a very short period the dust of the impending double dissolution and election will have subsided: and then will visibility re-appear, and the true issues be distinguished from the false.

"And a great and strong wind rent the mountains, and brake in pieces the rocks before the Lord: but the Lord was not in the wind: and after the wind an earthquake: but the Lord was not in the earthquake:

And after the earthquake a fire: but the Lord was not in the fire: and after the fire a still small voice. . . . And behold there came a voice. . . . I have left me seven thousand in Israel, all the knees which have not bowed unto Baal, and every mouth which hath not kissed him."

"And it shall come to pass that him that escapeth the sword of Hazael shall Jehu slay: and him that escapeth from the sword of Jehu shall Elisha slay." (The First Book of the Kings, the nineteenth chapter.)

Thus was the heart of Elijah strengthened in the hour of his imagined defeat and isolation. Inter-chose prophets of Social Credit are in the direct line of the chosen prophets. They testify against Finance that it is acting in direct disobedience to God's primeval ordinances.

"Behold I have given you every herb bearing

seed which is upon the face of all the earth, and every tree, in which is the fruit of a tree yielding seed: to you it shall be for meat." (*The Book of Genesis*, Chapter one.)

To-day, when the courage and skill of man has "subdued the earth," the consequent abundance of herbs and fruits is become a cause why these shall not be to him for meat. No sophistries can conceal this blasphemous negation, nor prevent the fulfilment of the Divine Economy. The Law is one. Whether, as enjoined at the beginning of Genesis, a man anhungered eats of the herbs of the field freely; or whether, as summoned at the end of Revelation, a man athirst shall take of the water of life freely; it is the same thing. As in Heaven, so on Earth. The terrestrial was ordained to be a fore-taste of the celestial.

"Price Stabilisation."

By C. H. Douglas.

There is, perhaps, no more interesting question to which students of monetary problems can devote themselves, than to the tracing out of the fundamental ideas which lie behind various proposals for monetary reform, at present competing for the attention of the public.

It is significant that the necessity for monetary reform is now admitted even by bankers—a considerable step, since it involves the admission that the banking and financial system is not, as has so often been contended, an embodiment of natural law. You cannot reform a natural law.

At the outset, it is necessary to recognise two distinct conceptions of the financial system, the first being that it is a convenience developed by the requirements of the economic and industrial system, and that its defects are defects similar to those of an ingenious machine, which, while having reached a working stage still requires a good deal of refinement in detail. The second conception is fundamentally quite different. It is that, whether by origin or by capture, the financial system is now definitely a system of government, designed primarily to keep financiers in control of the world, and is only secondarily intended to facilitate the production and distribution of goods and services.

There is, however, a third method of regarding the financial system, which I think probably makes it a more effective tool in the hands of those who wish to turn it into a system of government even than it otherwise would be—that it is in some way linked up with a rigid and immovable system of morals and measurement—"values." It is astonishing how effective even, or perhaps especially, to men with a scientific training, is a comment to the effect that what is really wrong with the money system is that it is something like an elastic yard stick, or as Sir Henry Strakosch put it in his address to the British Engineers' Association, "like a measuring rod consisting of a mercury column used without any reference to changes of temperature," and that the "injustices" which this state of affairs produces would be rectified if some mysterious "standard of value" were set up.

Nevertheless, there is probably no shorter way of demonstrating complete ignorance of the true nature of the monetary problem which confronts the world to-day than to suggest that it arises from a lack of stability in price levels, which is the only meaning which can be given to the demand for a stable monetary unit. Both purchasing power, which we may regard as the numerator of the credit system, and prices, which we may regard as the denominator, are simply the numerator and denominator of a ratio, and it is just as silly to say that one sheep is a more satisfactory expression than "1"

as it is to say that we must stabilise the value of the monetary unit. The real problem of the modern economic world, which carries in its train untold economic, political, and philosophic implications, is the establishment of this ratio so that it corresponds to the actual facts of production and consumption, which are themselves unstable and do not necessarily vary together.

The assumption of the orthodox economist and banker, although it will be noticed that it is not usually stated in words, is that sufficient purchasing power is distributed in wages, salaries, and dividends to buy the production available, presumably at any price level, i.e., that this ratio is always unity. Now in the first place we know that even the wages and salaries distributed in the course of production will not buy the product, at a stabilised price level, that is to say, the sum of the wages and salaries in the pockets of those people whose wages and salaries are counted into the cost of goods is never equal at any moment to the collective cost prices of goods for sale, because these wages and salaries have appeared two, or three, or more times in the cost of production. But in addition to this, goods are not sold at cost prices. It is quite evident that profits, which form the reward of the investor and the entrepreneur in the form of dividends, while they must be paid out of costs recovered from the public, were never distributed at any time to the public. To put the matter another way, it is impossible outside a closed area containing a fixed amount of money, for any money-profits to be made by industrial concerns, which are not exactly balanced by losses on the part of other industrial concerns, although the true profit in goods may be considerable. Consider what this means from the point of view of the producer, for whom the banking system always expresses such tender concern. The mechanism of stabilisation is that when prices tend to rise, money is to be withdrawn into the banking system, and when prices tend to fall money is to be issued from the banking system to the industrial system. The entrepreneur-producer, collectively, is to rely for his remuneration under these conditions on the continuous issue (which it must be remembered can only be in the form of a loan) of new money from the banking system at the discretion of bankers, and this must be so small in quantity that it drives prices practically down to cost by the fierce competition of unprofitable business. Or, to put it another way, costs must come down (and therefore the distribution of purchasing power to the working public must come down) at exactly the same rate as the distribution of new money necessary to provide the remuneration of the entrepreneur who is to be under continuous pressure to accept as little as possible, otherwise stabilisation of prices is a mathematical impossibility. It is well known that under modern conditions of "Trade Unionism" and similar arrangements, it is practically impossible to drive down the numerical value of wages, and the result of a policy such as that I have just outlined is completely to remove any monetary inducements to the entrepreneur, which is exactly what has been happening in Great Britain in the past ten years. Recognising this, the Bank of England has been definitely sponsoring a policy directed to driving the smaller undertakings either into amalgamation on its own terms, or out of business altogether, not because any such policy possesses fundamental advantages either in regard to efficiency or social advantage, but because for the moment it appears to further the main objective of international finance, which is to remodel the industrial system so as to bring it more effectively under the control of centralised banking.

It will be seen, I think without much difficulty, that a stabilised price and an improvement of pro-

cess are fundamentally incompatible. Not only do the physical facts of the situation require that price levels should in the first place be established considerably below cost, which is a requirement for which stabilisation does not provide at all, but in order to maintain proper equilibrium between production and consumption it is necessary for prices continuously to fall in relation to the amount of purchasing power issued, a condition of affairs which, under orthodox financing, offers no inducement to enterprise. The price stabilisation policy which is evidently to be adopted by the international banking fraternity involves, even on their own showing, a steady issue of new money, which, however, cannot be issued to anyone but themselves, except as a loan. It can, however, be issued to themselves, and used for the "purchase" of prior lien securities, such as have been issued by the Bank of England within the last two or three years, but as has been previously explained in these pages, this process in itself introduces a mathematical complication which must become insuperable within a very short period of time.

I find it impossible to believe that experts of the capacity of the official supporters of stabilisation do not recognise the whole of the foregoing implications of the policy, and it seems impossible to avoid the conclusion that the support which is being given to this proposal is based on the acceptance of a considered scheme which aims at handing over the whole economic organisation of the banking system, final and irrevocable control of the banking system. If an insignificant body of half-starving and ruined individuals drill in Australia it is called treason. What are we to call assistance by well educated men in a plot which aims at subverting the government of the planet?

Reviews.

**Roman Holiday.** By Upton Sinclair. T. Werner Laurie. 7s. 6d. net.

Luke Faber, a rich American manufacturer, pilots his own cars in the races; he sustains a bad smash, and suffers a brain lesion. This takes the form of an hallucination that he is living in Rome just after the destruction of Carthage. He finds, to his amazement, that there is the most complete parallel between conditions in ancient Rome and in modern America. The city is convulsed with a strike, which is being used by the labour plebeians to make capital in their endless battle with the patrician owners; and there is much wild talk that the "rebels" are being furnished with "communist gold" from the revolted slaves of Sicily. Faber sees himself as the victim of an accident in a chariot race, while over by the rival priests of Aesculapius and Apollo—while in reality he is being subjected to the ministrations of the Episcopalians and Catholics! Meanwhile the fine old Roman virtues are being corrupted by the mob of inferior immigrants from Greece, who bring with them a period of disorganised religions." The war had caused a period of disorganised religion and financial insecurity; the free farmers are having their lands absorbed by the great estates, the people are being driven into towns, unemployed; and behind it all, a love-story adds interest to this social satire, and a sardonic humour pervades the whole book. The "comparative method" is well known as the most efficient way of understanding a subject, and in this very unusual romance Upton Sinclair has well applied it to the study of sociology. I. O. E.

SEA-SUNRISE.

Stretching her weary limbs in gesture free,  
The morning yawns upon her pillowy cloud,  
Rises and peers into her mirror the sea,  
A joyous girl, with laughter ringing loud.  
Inquisitive, she peers through open shutters,  
Or pierces the blue barrier of a blind;  
Her hair is blown about, her red robe flutters,  
In the gay laughter of her lover, the wind.  
HERBERT BLUM.

The Great Pyramid.

An Analysis of the Present Social System in relation to Economic (Financial) Control.

By John Hargrave.

The pyramidal structure of modern society is inherent in the present economic (financial) system. Working from the postulate upon which that system is based—that an adequate production and supply of goods and services depends upon a restricted consumption of goods and services—no other "shape" could result. This pyramidal shape is kept intact by means of Law enforced by Force (police, army, navy, air force, etc.).

The diagram accompanying this article gives a rough and ready outline of the positions of the chief strata of society in relation to the economic (financial) control. It should be borne in mind, however, that such a diagram is no more than a diagram.

It will be seen that the following do not appear in the diagram: the remains of the Old Aristocracy (because they are in many cases being forced by economic pressure to "sell out" and go into business as producers or distributors, or may be found functioning as part of officialdom); the Landed Gentry (for the same reasons); the Agriculturists (forming a sub-section of the Producers' stratum); the Smaller Producers (because they are rapidly being absorbed, or put out of business, by the great industrial combines); and the Rentier Class living on unearned incomes (because these people are, as a rule, merely the retired elements of one or other of the strata shown).

At the left-hand side of the diagram is an upright column in which is indicated, broadly, the strata of the pyramid in terms of orthodox socialist analysis. This may be of use to those who happen to be more familiar with the pyramid as stratified by the usual "class divisions" of modern capitalist society, or who wish to be able to explain the pyramid in terms of the "class conflict." (The Great Distributors are shown as part of the bourgeois classes, but in reality they represent the capitalist top-layer of the bourgeoisie.)

It cannot be too strongly emphasised that the diagram only expresses a particular and purposely delimited aspect of what is, in reality, a confused and overlapping complex. It may be useful because it is of great importance, at the present time, to consider and to try to determine the possible

and probable reactions of the various strata of the social pyramid to the teaching of social credit. With this end in view one may examine the pyramid, stratum by stratum from top to bottom, and come to certain conclusions.

Beginning at the apex:—

(1) Finance (Banking).

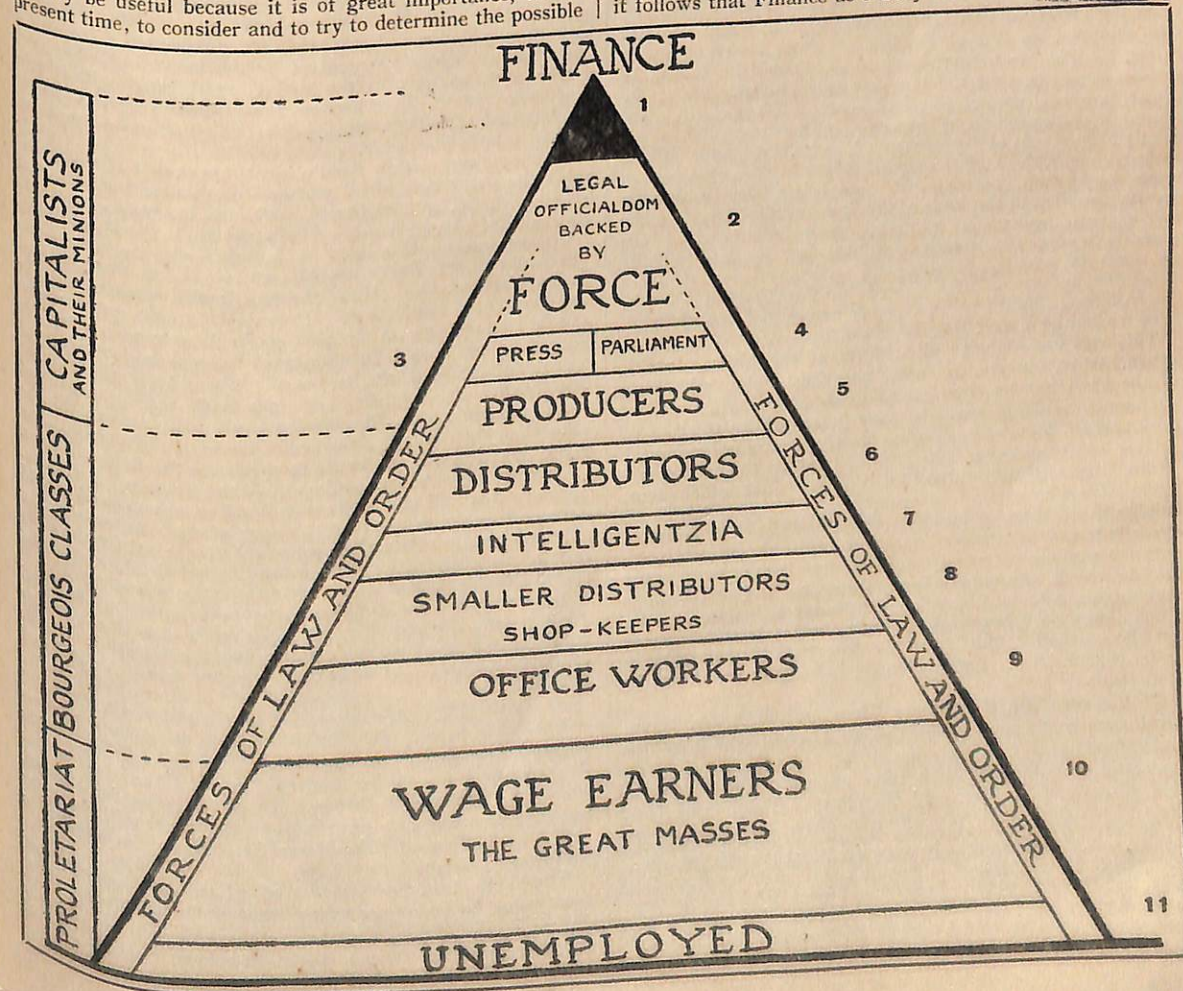
Those having power to "vaporise" and "condense" credit-loans form the capstone at the top of the pyramid. This credit monopoly concentrated at the apex has the effect of putting the whole of the rest of the community at the mercy of a particular financial policy of restricted consumption. The credit monopoly maintains its control in two ways:

(a) by what may be called a psychological "spell" by means of which a profoundly ignorant and uninterested general public throughout the world is kept in ignorance and accepts the axioms of "sound finance" as sound, and (b) by means of force (applied in this or that degree via the various governmental mechanisms).

The truth of the old saying that "He who pays the piper calls the tune" can be applied. Although it is true that financiers and bankers do not give direct orders to the stratum of Force, for instance, yet all "the forces of law and order" are dependent upon financial policy. In each and every stratum the apex of the pyramid "pays the piper" (controls credit) and "calls the tune" (enforces artificial poverty). In the final, psychological, analysis this will be found to be due to a power complex: power for the sake of power. The apex of the pyramid is the embodiment of this complex.

It should never be forgotten that financiers and bankers, as such, are not free agents. They are themselves under the "control" of their own financial policy. They have each accepted a group of ideas embodying an economic contradiction, and may be said to be just as much (or even more?) under the influence of a "control" as any spiritualist medium. They are each held in check within the limits of their own orthodox, or "sound," financial doctrine.

Since each individual financier and banker accepts, and works in accordance with, a particular financial doctrine, it follows that Finance as a body exhibits what may appear







world, manufactured at Newcastle and exported to the United States against a huge ad valorem duty.

It need not be pretended that Parsons was alone in the achievements which have, so far, been credited solely to his name. Though without doubt he was the *alter ego*, it was a necessary part of his success as an advertiser that he keep himself surrounded with the right kind of help. In this he was not unsuccessful, but he was considerably less happy, for, as has already been stated, he was arbitrary and capricious at times.

The esoteric circle was diversity itself, and, if money had only had what is now known to be its proper function in industrial processes, life with Parsons would have been nothing but splendid for his whole orchestra. Working towards an ideal achievement himself, for love and not for money, it is simple truth, and not necessarily unkind at that, to say he misunderstood the motives of those in his group, who, like *Oliver Twist*, were obliged to "ask for more."

In spite of this, as has already been said, he inspired enthusiasm and maintained a happy unity and loyalty among his technical assistants. To use the crude language of the cheaper salesmanship, "he kept himself sold" to his men as well as his machines to his market. He was quite conscious of the fact that while he was making turbines he was also making men. He claimed to have made several, and thought that fact sufficient inducement to hold them to him. Secure himself, after the earlier strenuous days, he could not understand the feeling of financial insecurity.

Under this head of advertiser there perhaps remains only this to be said; concentrating on the technical aspects of his work, he had no flair for the commercial. Consequently he was, in these matters, easily side-stepped and shepherded. Indeed, his humility was at times annoying to those who knew his greatness. There exists a Press photograph of the ceremony attended by the King when the great Barking Power Station was started up by His Majesty.

In the foreground appear the backs of the heads of the distinguished audience. Standing on one of the turbine bases is King George, on his left a pompous looking gentleman, obviously delivering a speech with notes in his hand. Where is Sir Charles? Where is the man whose solitary genius and diligence made such a place possible? Standing meekly among the onlookers, in an attitude almost of apology for his presence.

Who was it that wrote "Verily, he that is diligent in business, shall stand before Kings; but he that delivereth the goods shall stand anything?"

Yes, Parsons was a great advertiser, but no publicity man.

## LETTERS TO THE EDITOR.

### THE AUSTRALIAN POSITION—AN APPEAL.

Dear Sir,—May I ask you kindly to publish this letter, in case it meets the eye of any Churchman in Australia, who happens to be a believer in Social Credit, or, at least, is against the efforts of Finance to obscure the issues?

We are disturbed at the way in which Dr. Head, the Archbishop of Melbourne, has not only played into the hands of Finance, but has apparently done so as an open ally.

Whatever various friends in our Movement may think about the Church, it is surely evident that, if the "Head" of the Australian Church is going to be used to make ordinary Christians follow him in his financial "ramp" we should try to counteract, as much as possible, such a sinister attempt. Seeing that there is a fairly numerous body of New Age readers who are both Churchmen and Douglasites, we might be able to get in touch with our friends in Australia with a view to some kind of educational action.

PAUL STACY.

### NEW SOUTH WALES'S DEFAULT.

Sir,—The default on the part of the Premier of New South Wales is the first serious move in the struggle for financial sanity. Mr. Lang had to commit a crime against the financial oligarchy to be just to the poor of his State; and I am confident that the opposition of the reactionaries will finally redound to his honour.

SEARCHER.

### GLASGOW SOCIAL CREDIT MOVEMENT.

A public educational lecture will be held in the Christian Institute, Bothwell-street, Glasgow, on Tuesday, April 14, at 7.45 p.m. Subject: "The Douglas Social Credit Proposals and Scottish Affairs." Speaker: "H. M. M." (author "Outline of Social Credit.")

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