

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The Governor-General of Canada.

Elsewhere we publish a leading article from the *Western Producer* (Saskatoon) which was reproduced in the *Ottawa Citizen* of July 27. The version we print is from the latter journal. As will be seen, the article was inspired by certain remarks made by Prime Minister R. B. Bennett when moving "an humble address" to his Excellency the Governor-General, Lord Bessborough, on the occasion of his retirement from that office. The substance of the Prime Minister's remarks was this, that his Lordship's wide business experience and his "association with financial leaders in the City of London" had been a most valuable factor in his service to the Dominion. Commenting on this tribute the writer in the *Western Producer* remarks that it would be more useful if admissions of this sort were made public when Governors began their terms of office instead of when they finished them.

Before discussing the bearing of this view on the case of Lord Bessborough we will make a few observations on the credentials and functions of Governors-General and Governors. As to their functions, these consist, in the last analysis, in the exercise of the power of veto delegated to them by the King and the Government. On any occasion when their exercise of this power is challenged by the Administration whose policy it affects, the only authority who can overrule it or uphold it appears to be the Judicial Committee of the Privy Council. This Committee enjoys the same kind of immunity from Parliamentary interference as do His Majesty's judges. Its decisions necessarily involve wider and more complex consequences than those of the judges, and for that reason much less is heard of the considerations which lead to its judgments. For example, the rejection of Western Australia's demand for secession from the Australian Commonwealth was not accompanied—as our readers are well aware—by a public statement of all the reasons, or even the most weighty of them, which actuated the Committee. And so long as the economic systems of

the world are run according to the rules of "sound finance" there is hardly an issue proper to be tried by the Committee which has not to be referred to the experts of credit-finance. Thus the Governor is an extension of the Committee, which in turn is an extension of the Bank of England, which itself is an extension of the world-ring of central banks represented by the Bank for International Settlements at Basle.

The Basle policy is to maintain and develop the principle of political centralism. The central banks through which this policy is administered work in concert, manipulating the credits of their respective countries in such wise as to make the economic interdependence of these countries appear to be as inevitable and universal as a law of nature. Since no single country can assume to define and prescribe the conditions on which it will co-operate in this international system of economic interdependence, the task must be remitted to an international authority. Naturally, the edicts of that authority must possess the force of over-riding law, to which the constitutional law of each country must conform. Hence it is not only natural, but necessary, that such a body as the Judicial Committee of the Privy Council should act by the advice of the international authority whether or no they understand the reasons for that advice. And if they, then so the Governors who are responsible to them.

Next, as to the credentials of Governors. If the life-histories of them all were to be pooled and analysed they would disclose the significant fact that these men possess a large amount of military experience, which means that they are experts in the technique of imposing *will* by *force*. Again, either by actual experience or affiliations, they will be found to be well acquainted with the conduct of large-scale financial operations, whether in the field of banking or the field of production. Which ever it may be, the significance is the same, and is that they are adepts in the art of exercising *force majeure* through the agency of massed money. As concerns their connection with finance applied to production

(covering all enterprises dealing with physical material) it would probably be found that on balance their pre-dominating interests are (or have been) based on the control of communications. It is well understood among the ruling classes that *power* to enforce *will* lies in this control. Interdependence, whether as between nation and nation, or as between province and province in a nation, or district and district in a province, connotes lines of communication. And in a situation where the life of a community depends upon the keeping open of lines of communication, anyone who has the power to cut them has power of life or death. There is no need to prove the potency of this power in military warfare. But there is need, except for those who study the working of the credit system, for it to be realised in respect of credit policy. The foreign exchange system, for example, is analogous to a railway system with bankers in occupation of every key junction. At the present time most means of communication are under nominal official control—posts, telephones, telegrams, radio, etc., while some, e.g., railways, shipping, etc., are, more or less, in nominal private control. But all are under banking control at one remove. Reflection on this state of affairs shows that in economic life to-day under the "interdependence" compulsion, no community is even potentially able to maintain life against the will of the bankers except in so far as it is able to consume what it produces on the spot.

It will now be seen that the British Empire is policed by Governors who, between them, possess all the necessary competence and *savoir faire* to exercise control by either financial or military methods (or both) over the policies of the Governments to whom they are appointed. Even if cut off from the centre, whether you call it London or Basle, they would all know what to do in an emergency; and what they did would be co-ordinated because they would all proceed on common principles and methods. Each is a potential banker-capitalist-soldier leader in his own territory, and would assume such leadership in a crisis.

Lord Bessborough was appointed Governor-General of Canada in 1931. His full name and title are Vere Brabazon Ponsonby (P.C., 1931; G.C.M.G., *cr.* 1931; C.M.G., 1919), ninth earl of Bessborough. He was born in 1880. Called to the Bar, 1903. Married, 1912, Roberte de Neufville, daughter of the late Baron Jean de Neufville. In his younger days he was Lieutenant in the Bucks Yeomanry. Served in Gallipoli, 1915, and in France, on the Staff, 1916-18. Was Conservative M.P. for Dover, 1913-20. From 1924 to 1931 he was Deputy-Chairman of De Beers Consolidated Mines, Ltd. From 1921 to 1931 he was Chairman of the San Paulo (Brazilian) Railway, Ltd. Chevalier of the Legion of Honour; holds orders of St. Anne, Russia; Leopold II., Belgium; S.S. Maurice and Lazarus, Italy; and Redeemer, Greece. Address in London, 93, Eaton Square, S.W.1. Country seats, Stansted Park, Rowlands Castle, Sussex, and Bessborough, Piltown, Kilkenny. Heir, Viscount Duncannon (Frederick Edward Neufville Ponsonby).

It will be seen that Lord Bessborough's credentials cover the whole field of functional responsibilities attaching to governorship. Of course, his official connection with the diamond monopoly in South Africa and the railway-communications in Brazil was ended when he took up his vice-regal duties at Ottawa. And it may

be taken for granted that his personal interest in the commercial fortunes of these enterprises came to an end (if ever it existed) at the same time. We emphasise this, because it is a mistake, as gross as it is common, for reformist and revolutionary agitators to run amok after scents of personal corruption—the fox invariably runs to earth through a mare's-nest! Always remember that it is one of the prime concerns of the International Money Monopoly to prevent corruption of this sort, and in its own interests; so, if you have any intelligence at all you will realise the absurdity of the notion that it would nominate any but clean men to administer its dirty policy, or that it would fail to detect and dismiss agents who failed in their duty to keep the halo of self-less administration shining round the master-policy of universal repression and robbery. The one thing that we should concentrate on is the false outlook on life, and the distorted conceptions of duty, which animate high-political rulers who (as they all do) interpret the technical assumptions of the Money Monopoly as laws of nature, and regard all opposition to the consequences of monetary policy as symptoms of an unregenerate human nature. They are forced to view repression as a necessary instrument of regeneration; hence such evils (as we see them) as the curtailment of purchasing power in the community, and the exclusion of the community from effective participation in the shaping of high-policy, are, to these administrators, just the opposite—they are "good things"; and if sometimes the impacts of these good things affront the conscience, these are merely the transient stresses of a beneficent evolutionary process. Lord Bessborough belongs to this school of philosophy. If he did not he would not have progressed to where he is in the Masonic Order of rulership. And since he does, it is most appropriate that he should be entitled, as he is, to wear the insignia of the cosmopolitan cluster of orders above enumerated, showing his association with Kingship (Belgian), Saintsship (Russian and Italian), and, above all, Redeemership (Greek).

Many readers will already have noted the significance of his association with the diamond monopoly. There is probably no product which owes such a high proportion of its market price to artificial restrictions on its distribution as the diamond. The diamond market is only preserved from a catastrophic collapse by the most centralised and rigid prohibition of competition based on legislative enactments, as well as on commercial measures of defence. For example, the De Beers Consolidated Mines not only control all the mines in South Africa, but they hold, under the law of the country, pre-emptive rights over any new diamond-bearing property that may be discovered. (See the *Stock Exchange Year Book*.) In practice this means that the Company can buy the new property at their own price. And since they already hold a glut of diamonds the price of an addition to the glut would probably not cover the expenses of a small prospecting-syndicate. The syndicate would receive a small *ex gratia* reward for making the discovery, and would have to take it or leave it because they could not legally work the property themselves. The unique feature of this diamond business is that it not only gets the highest price out of new consumers but is bound to do so in order to protect the interests of old consumers. Diamonds are better than "old soldiers"; they neither die nor do they fade away. They are not "consumed" in the conventional sense: they are bought for decorative use on the one hand and as investment-securities

on the other. If their life histories could be made public they would be seen to do a succession of shuttlecock journeys between my lady's boudoir and the pawnbroker's safe. De Beers make them gilt-edged securities, and by much the same means as the Bank of England protect certain classes of investment stock. De Beers may be said to control a credit-system based on the diamond-standard. As a matter of feasibility and efficiency there is no reason why diamonds could not be brought in to supplement gold as an international basis of currency—except of course the realistic reason that neither gold, diamonds nor any other concrete product is necessary as a basis of currency or as an instrument of its management.

However, the main bearing of this analysis is its relation to Lord Bessborough's credentials as a Governor-General. His familiarity with the conduct of the diamond monopoly, added to his attainments as a politician, a soldier, and a lawyer, makes him as near an approach to the "Compleat Governor" as you could hope to encounter barring the Governor of the Bank of England himself.

Turning now to Lord Bessborough's one-time chairmanship of the San Paulo (Brazilian) Railway Company in the period 1921-1934 there are one or two items of information about this company which are worth recording. They will be found in the *Stock Exchange Year Book*, 1924 edition. In that year one of the directors on the board was the Rt. Hon. Sir M. W. E. de Bunsen, G.C.M.G. This gentleman was, at the same time, a director on the board of the British Bank of South America. Another director on this board was a Mr. W. H. Hollis; and the chairman of this board was a Mr. Robert J. Hose. Ninety per cent. of the stock of the British Bank of South America was held by the Anglo-South American Bank. On the board of this bank sat the same Mr. Hollis and the same Mr. Hose, the latter gentleman being the chairman of this bank as well.

Next, the British Bank of South America was at that time (and doubtless still is) associated with the Bank of Ireland. We quote the following from the above-named *Year Book*, page 655.

"Bank of Ireland. . . . This company was established in 1783 and holds a position in Ireland similar to that of the Bank of England in England, inasmuch as it keeps the Government accounts, and its stock is among the investments in which trustees may invest, if not otherwise instructed. In January, 1920, an arrangement was effected whereby the Bank of Ireland and the British Bank of South America are to act as each other's agents in their respective spheres."

In view of the fact that the British Bank of South America is a subsidiary of the Anglo-South American Bank it may be useful to mention that Baron E. B. D'Erlanger (chairman of Erlangers, Ltd.) was a director along with Mr. Hollis and Mr. Hose at the time we are speaking about on the board of the latter, parent, bank. Surveying these directorships of the two banks and the railway company one gets a glimpse of the ramifications of the controls, and relationships of controllers, with which Lord Bessborough had been associated, and they serve to indicate the ease with which he, or any other Governor-General, could set influences at work in consultation with his one-time colleagues to shape the rough-hewn policies of representative governments.

For example, the reciprocal agency-business between the Bank of Ireland and the two interlocked South American banks connotes mutual confidences and collaborations on other things than the mere adjustments figures arising out of trading transactions. There is nothing to render the hypothesis untenable that the Governor of the Bank of Ireland might pass advance information to the aforementioned Anglo-South American bankers and financiers as to the trend of the financial fortunes of the Free State Government—information which he would derive before anyone else by reason of his Bank's privilege of keeping the government accounts. If so there would be nothing to prevent a successful concerted attempt by these financiers to exercise an invisible external restraint on the policy of the Free State Government.

Here we may bring the Governor General of the Free State into the picture.† It will be remembered that the predecessor of the present Governor was Mr. James McNeill, a trained civil administrator, who helped to draft the Constitution promulgated in 1922. He was appointed in 1927 and held office until late in 1932, when Mr. de Valera and some of his Ministers appear to have affronted him. What his associations may have been with the directors of the Bank of Ireland cannot be known, but since he was educated at Cambridge University, where the worst economists come from, and since most of his administrative experience was connected with the affairs of Eastern subject races, where coercion without consultation is a more conspicuous feature of government, there is every antecedent probability that he got on well with the invisible rulers of Ireland both inside that country and outside. Anyhow, he was superseded in 1932 by a man of Mr. de Valera's choice, Mr. Donal Buckley. This gentleman's credentials were up to the conventional standard in the military sense. He had fought with Mr. de Valera as a member of the Irish Republican Army in the Easter Rebellion of 1916. But they were most unconventional otherwise, for he had voted against the Anglo-Irish Treaty which McNeill had helped to prepare. Since this Treaty was regarded as part of the Constitution of the Empire, and therefore something to be upheld by Governors General throughout the Empire, Mr. Buckley's promotion to his office was an intriguing departure from precedent. Though, as readers of these Notes appreciate, it did nothing in itself towards easing the economic problems of Ireland, it did at least guarantee Mr. de Valera immunity from the kind of tactics employed by Sir Philip Game against Mr. Lang's Administration in New South Wales. Mr. Buckley broke the vicious circuit of secret buck-passing previously functioning in the politico-financial hierarchy of Governorship. Yet this formal success will yield no permanent relief and the strain of political cross-purposes until another and the opposite operation is carried out, which is to complete the broken circuit of prices and incomes diagnosed in the Social Credit Analysis. While that is left undone, no Government, however strongly its personnel and ideals may appeal to the electorate, can permanently retain their confidence and loyalty in the face of the disappoint-

† For the benefit of readers interested in the Irish Free State the earlier key events since Mr. de Valera's coming into office will be found in the following issues of THE NEW AGE. In 1932—March 31; June 23; August 18; September 8, 22, and 29; October 6, 13, 20, and 27; December 1. In 1933—January 12.

ments, grievances and antagonisms which arise out of the present financial system.

* * *

It should be noted that the year 1920, in which the Anglo-South American Bank entered into its reciprocal arrangement (via the British Bank of South America) with the Bank of Ireland, was the year in which the concerted deflationist policy of Benjamin Strong and Montagu Norman began to produce its disastrous results. Deflation had been determined upon long previously, a broad hint of it having been afforded by the assembling and the proceedings of the Cunliffe Committee. Now deflation, like charity, begins at home. The withdrawal or curtailment of credit is a separate operation, carried out in each currency-area under the direction of the central bank in charge of that area. The impact of each operation is first felt in the domestic markets of the countries concerned. Internal demand falls, and prices slump. This intensifies the search for external trade to compensate the loss, and incidentally causes producers to abandon mutual selling-agreements which had paid them when there was plenty of money about; and to revert to individual competition. It therefore becomes necessary for the national deflations to be regulated. The central bankers have to "keep in step," as Mr. J. M. Keynes would say. And the more drastic the degree of deflation the more carefully the regulating must be operated.

* * *

Now, in 1920, the central-bank machinery of regulation had not been developed and internationalised as it is to-day. Existing central banks had to make use of the machinery of ordinary banks. Their first concern was to prevent the impact of deflation in any country being so violent as to drive that country out of the "world market" altogether and to render it visibly incapable of supporting its population, not to speak of balancing its Budget. Just as the strength of a chain depends upon that of its weakest link, so the stability of international trade (which at present is the keystone of the arch of Finance-Capitalism) depends upon the stability of the least successful national competitor. It would not have done for one of two countries which exported identical products to capture the whole trade of the other. Yet that is precisely what deflation drives every such country to attempt.

* * *

So it is quite understandable that in 1920 the Bank of England should (as was undoubtedly the case) inspire the improvisation of regulative machinery affecting the trade of Ireland and South America, by the reciprocal arrangement between the Bank of Ireland and the Anglo-South American Bank. It may also be taken for granted that the Federal Reserve Board in the United States took similar steps. In this way the Strong-Norman combination were able to adjust the handicaps of the national runners in the race for shares in the fast diminishing amount of world trade. Even the outsider got a chance to perform the miracle of beating the favourite. In the present instance the Governor of the Bank of Ireland in consultation with Messrs. Hose, Hollis and Baron D'Erlanger would be able to calculate the suitable handicaps for Irish exporters and South American exporters. Of course, the problem of the international bankers was more complex than this, but what is said here illustrates the principle on which they worked. Between 1920 and 1935 the powers of calculating and imposing handicaps have

been concentrated and reposed in the Bank for International Settlements. Every runner has to accept the "Basle Handicap."

* * *

The public generally know nothing of this. When they see a horse run badly they put this down to the fact that it wasn't worth training, has not been adequately trained, or is being badly ridden. It doesn't occur to them to watch the scales when the jockey weighs in—and if it did they wouldn't get the chance because the weighing-in takes place privately at Basle, and the ticket of admission to view the ceremony is nothing less than a Central-Bank Charter. This accounts for the fact that when Mr. de Valera suspended payment of the Land Annuities the Irish-Free-State horse began to run badly—or, at any rate, worse than when Mr. Cosgrave was riding it. Ireland had been allotted weight-penalties in the form of British tariffs (which was a visible reprisal), yet the effect of these penalties did not arise from the penalties themselves, but from the fact that Mr. de Valera had no constitutional means of overcoming them. The Free State was vulnerable to these reprisals precisely because the Bank of Ireland (with its foreign affiliations) was, and is, able to prevent the conversion of Ireland's internal resources into internal uses on a financially self-liquidating basis. The "real credit" of a country corresponds to the "true form" of a horse. And so long as Governments are prohibited from activating this real credit by the creation of its financial equivalent, and by the correct technical use thereof, their countries will always run "below form." Lastly, as international trade is rationed to-day, a weight-penalty put on one country is a weight-penalty taken off its competitors. Countries are therefore in this dilemma, that they have to compete under Basle rules which allow them each an inadequate prize, or to flout the rules and get no prize at all.

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.—

A Leeds newspaper prints the following paragraph:—
"Local Green Shirts drew a large crowd at Armley Park on Sunday and proved such an attraction that the Bandmaster approached the Park Superintendent to see what could be done about it—the band weren't getting a look in! The Green Shirt leader produced his permit to show that they were within their right in holding forth to all and sundry, but they responded in sporting fashion when the Bandmaster appealed to them to lie low until the band had completed the programme arranged for the afternoon. The Green Shirts lost nothing, by their concession, for the crowd that listened to their advocacy of a national dividend gave them a good hearing and went home with something worth thinking about."
That is a perfect example of Green Shirt technique in action. Note that when confronted by Green Shirt paganism and economic logic, "the band weren't getting a look in!"

* * *

The Ottawa Evening Citizen for July 8 makes a full-page eight-column streamer headline splash, as follows:—
"BANK GOVERNOR AND 'GREEN SHIRTS' DISCUSS 'SANE ECONOMICS.'"
and under that:—
"Mr. Montagu Norman Knows All About Social Credit."

and under that:—
"Green Shirt Movement Conducts Historic Correspondence with Governor of Bank of England on Subject of a 'Sane Economic System.' Mr. Norman Studies Major Douglas' Scheme and Files it 'For Reference in Case of Need.'"
Then follows a digest of the correspondence, setting forth large portions of the full text. This takes up about two columns.

The Point of the Pen.

By R. Laugier.

XLIII (i).—IRISH FREE STATE: IMPRESSIONS.

(This is my first visit; my ignorance of things Irish cannot be exaggerated; these notes are, then, entirely impressionistic.)

I crossed at night, via Holyhead; a journey of little comfort and little sleep. One begins to gather impressions at Euston. I arrive at 8.1 p.m. Tobacconists are closed, bookstalls are closed: I discover there is no restaurant car on the train that leaves at 8.45. One can get sandwiches, beer, etc., served in the jolting carriage: no whiling away the hours over dinner. I get my luggage weighed, and buy the tickets. Railway fares are dear in Ireland. The train is well filled; un-English faces; several priests; we are off to the minute. In my carriage is a man who breeds horses, trains horses, races horses, sells horses, talks and dreams horses. The boat . . . No, it is not rough. A little slumber gained; a rather hopeless dawn; a first, but certainly not the last cup of tea on Irish Free State soil.

My *pied-à-terre* is in Leix, formerly Queen's County. A pleasant little town, set in the midst of beautiful country. Land is rich round about; some of the cleverest farmers in the world live here. There is no cinema, and consequently there is a servant problem. Also it is frequently difficult to get fish, fruit, and fresh vegetables. Not impossible: a piece of salmon is often sold as a favour, even when it is not Friday. I travelled twenty miles in a car, visiting various places, including a nunnery, all in search of strawberries. In vain. They say, if one grows berries neighbours and passers-by help themselves, so no individual will grow raspberries and strawberries unless *all* grow them. The only berries I have seen are in walled gardens.

Two times here: God's time as kept by the ancient Church, and new time (daylight saving), as imposed by the railway company, and by Ned and Willy Morrissey who run the excellent hotel and "Italian warehouse"—a kind of super grocery-stores. There are people who split the difference and keep a kind of neutral, no-man's-land time, half way between the Old Faith and the new "Science"—but such spineless, negative individuals do not count.

The Church bells ring, loud and long, and at a most godly hour. Cows saunter, with swinging heads, through Main Street, and one awakens to the half-defiant, wholly melancholy sound of lowing kine. There are sheep, and pigs, less frequently; and they make less noise than the cows. But the markets are not what they used to be. . . .

The "corner-boys" sit on the bridge or prop themselves against the wall and wait with ineluctable patience: Pierce Brophy's dog may bite a cyclist.

The Colonel's house and eight hundred acres of demesne are still beautiful, despite the growing weeds and damp. A cut stone porch over the door cost £30,000. The Colonel encouraged craftsmen and artists, as the wrought-iron gates, landscape gardens, tapestries of Oriental design, and carved woodwork show. The view from the terraces of the Italian garden is very lovely. The library was magnificent: very long, with two fireplaces, a parquet flooring; and a priest-hole, the room is yet extremely attractive. But all the best books are

gone. Some were sold at Sotheby's; many were burned because they were in French, and almost certainly rude (there was a man named Verlaine incinerated), and cartloads were sold for less than £15. There are still some fine books: Gibbon's *Decline and Fall*—a "first"; and an edition of Cobbett, also "first." These remain on the shelves among stacks of unreadable sermons, and "books that are not books."

The Colonel brought prosperity to the neighbouring town, and he spent his time and money in Ireland. But, during "the troubles," they pulled him out of his car one night, and set fire to the machine. The Colonel, who had lost a leg in the Boer War, had to get home as best he could. The next day he left Ireland for ever.

The house has historical associations. The caretakers speak of the "Hell-Fire Club" where the Bucks of the time "pinked" the poor, and fought duels at Lucas's coffee-house. They were arrogant in their high spirits, these Bucks: they cut out an inch or two at the foot of their scabbards so that they could "pink" peaceful citizens as they walked the streets. At the "Hell-Fire Club" they are said to have killed a servant. They set ablaze a club-room, and remained there, defying "hell-fire," until almost dead from suffocation. They rode through the night on horses coated with phosphorescent paint, and broke into peaceful houses to carry off weapons as tokens of conquest.

But there will be no more Bucks at the Colonel's house. The authorities have bought it for £8,000 to make it a home for aged poor. Since, however, it is not very suitable for this purpose, I dare say the whole place might be bought now for £5,000 cash. Prices are high in Ireland, but the stately old homes are cheap.

Kilkenny decorated for the Eucharist. Wayside altars. Banners streaming across the street, "Thine unto death"; "O Divine Sacrament," etc. In English and in Erse. Rather a Woolworth bazaar effect. The beautiful countryside shames the tawdry decorations.

No signs of actual poverty. Girls in the doors of cabins have good costumes and dresses. They show excellent taste. The "corner-boys" are well-dressed, at least in the view of one middle-aged Irishman who says to me: "A few years ago they'd have been barefooted."

Priests are everywhere. Decent fellows; but, somehow one does not always get on with them so well as might be expected. (Are not the authors' and priests' jobs much the same: to bring *quality* into life, and true values?) But there is a certain uneasiness, a certain wariness. . . .

"So you are not allowed in the theatre?"

"No."
"But you may go to the cinema?"
"Yes. You see, the law banning the theatre was passed forty years ago; there was no cinema then, so we interpret the prohibition as not applying to cinemas."

"Pity the church should countenance anti-cultural influences, whilst condemning the Drama—apparently unheard."

"H'm, yes! . . . But, forty years ago? . . . Was not the class of work then produced in the theatre rather poor?"

"Well, Ibsen, Shaw, and a few such serious authors were produced; and there are always the revivals of Shakespeare, Goldsmith, Sheridan. . . ."

"H'm, yes! . . . It seems a pity. But a rule is a rule."

(To be continued.)

Dividends and A + B.

When considering Major Douglas' A + B Theorem we usually classify dividends with the A group of payments, but it is important that we should recognise that dividends only belong to the A group when they are paid to individuals. Some months ago correspondence appeared in this paper under the title of *Tree Fellers, Ltd.*, which proved that a bulk payment of wages to an organisation hiring out labour for felling trees belonged to the B and not to the A group. The present purpose is to indicate that similarly dividends belong to the B group rather than the A group when, as is so often the case, they are paid to organisations instead of to individuals.

Facts are not easy to come by, but occasional scraps of information help to disclose the true state of affairs. Almost any balance sheet will be found to include an item *Income from Investments*. The item is dividends, which clearly belong to the B group. The dividends are payments made by a profit-making organisation to a share-holding organisation. An example will illustrate the point. During 1934 a large and important company received over seven million pounds in dividends from subsidiary and associated companies, and a further sum of over four hundred thousand pounds from investments. The company's own distributions of dividends amounted to a little over five millions, leaving a balance of undistributed dividends of something over two millions. If we could trace the destination of the five millions of distributed dividends, we should probably find that some of them had gone to organisations instead of to individuals. Banks and insurance companies swallow up large amounts of dividends which must be put in the B group. Holding companies and investment trusts also account for large sums of dividends which do not reach individuals. Of course, these types of organisations dispense dividends which may belong to the A group; but how often does the amount distributed equal the amount received? How often are the payments which rightly belong to the A group equal to the payments which properly belong to the B group?

Exponents of Social Credit are often asked if they can say how much of the National Debt is held by the public. Unfortunately, a definite answer cannot be given to this question as information on the subject is not published, but it may safely be assumed that much of it is held by organisations and relatively little by individuals. When details do leak out they confirm this assumption. For instance, in the House of Commons, on July 5, 1935, during the debate on the Finance Bill, a point was made by various members of the very large amounts which are being paid in interest on loans. Sir A. M. Samuel (who may be regarded as an authority in this matter) joined in the debate to inform the House that interest is by no means only paid to capitalist investors. He gave some details about issues of local government loans, and said that he believed three pounds out of every four were not in the hands of the general public at all, but are held by such public departments as the National Debt Commissioners, the Ecclesiastical Commissioners, and the National Health Insurance Fund, and so on. He went on to say that since the war £355,000,000 worth of local loans had been issued, of which only £80,000,000 were issued to the general public. The other £275,000,000 was taken by the National Debt Commissioners and controllers of other public funds.

When we realise that Sir A. M. Samuel included public companies in his term "the general public," we can form some idea of how small a proportion of this type of loan is really held by individual persons.

The lesson which Sir A. M. Samuel tried to teach the House was that a reduction in interest rates will not punish the rentier class, and that no nett benefit would accrue to the Treasury. The lesson, however, which Social Creditors will learn from his and similar disclosures is that the national income is not the sum of wages, salaries, and dividends, but something very substantially less.

E. W. H.

Methodology in Law.

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

II.

Barrister-baiting, like any other form of fraternal or professional baiting, except for fun, is not a gentlemanly pursuit. But since the Law, like the State, can have no existence in concrete reality, except through those persons who operate its functions, professional advocates must surely come out sometime and defend the Law like gentlemen. Privilege alone, and in perpetuity, has not yet so far as I am aware been put forward as a claim to the title of gentleman. The man who lives by the law need not necessarily perish by the law; unless, of course, the law, or its vital component contains the seed of self destruction; in which case we shall all perish together, whether we be of the laity or of the law, for if any people on earth ever trusted its legal custodians to safeguard the commonweal, it is the British people. Are we not known the world over, as a peace-loving, law-abiding, and industrious people?

The brochure which let loose my tirade last week against the legal profession is most welcome for the reason that it can, if properly understood, be the means of easing (what must be a ghastly burden) the studies of those admirable young fellows who are said to be "reading for the law." As I said last week, it reveals the roots of legal law, and yet possesses that rarest of legal virtues, brevity. Of circumlocution there is none, but alliteration's artful aid pervades its pages. Hence it is not unpleasant reading. Apart from the Latin quotations, which always ruffle me because of my ignorance, I enjoyed it.

The roots of law, we are told, are oracula, and they are to be found in "the repositories of reported cases." It is not denied that Common Law springs from Reason, but it is "Reason and the Reports" but the reported cases are said to be "fragmentary and unreliable," while "vast reservoirs" are unreported. In what the author describes as a "brief genetic account of the records and Reports" (author's capitals), it is noted that there are two kinds of Reports. One set for the litigants called records, and one for the lawyers called Reports (capital R).

In dealing with the former we find something interesting about 1066 and all that. It appears William the Conqueror incorporated the judicial archives as an integral part of the system of political economy he established. Also that "dispute-deciding fell more and more within the purview of the royal prerogative, simply because the maintenance of the King's peace required more less bellicose substitute for the prevalent mode of resorting to self help and private warfare."

We are also afforded the interesting information that "when the peace-loving English colonists crossed the

Atlantic centuries later, similar systems of judicial records were set up." More interesting than this information that Anglo-American judicial recording can trace its ancestry as far back as the Norman Conquest, is the statement that the foundation-stone of Anglo-American jurisprudence appears to have been laid some time between the reign of Queen Elizabeth and the birth of the American Commonwealth—"two auspicious eras," says our author "in Anglo-American legal history."

The records apparently were originally meant to be authentic chronicles summarising the life-history of cases for litigants vitally affected thereby. The Reports, on the other hand—which only came into existence after printing had been invented and developed—were for the lawyers rather than the litigants, and upon these the "doctrine of precedents" was built.

"With the advent of machinery," wrote Major Douglas, "came the intervention of the financier into industry."* With the advent of the printing press, it may now with equal truth be said, came the specialisation of law and the rise to positions of great prestige and power of the professional advocate, willing to champion the litigant of either side on payment for his services.

George H. Jaffin tells us of a great legal authority who concluded "that judicial reporting was of divine origin," but adds the information that strong presumptive evidence exists that it arose "in response to the more mundane demands" of the legal profession "desirous of developing still further its tools and techniques."

(To be continued.)

Headline News-Notes.

"Shots Fired in French Riots."

(News Chronicle, August 6.) These riots, precipitated by Laval's 10 per cent. pay cuts, assumed serious dimensions and extended over three days last week. They serve to illustrate once more the realistic attitude of the French people, who put the economic security of themselves in front of the political stability of the Government. When Laval's programme was being debated, the extreme right and left wings of the working classes were noisily demonstrating under the common slogan "Down with the politicians." To them both, apparently, the politician stands simply for an institution which lays financial burdens on them—hence the universal contempt in which he is held. The rioters, whose outbreak a note-writer in *The Observer* says is reminiscent of Invergordon, have achieved a partial success, or (should one say?) cleared up a misunderstanding. Later in the week it appeared that the Government did not intend to knock the 10 per cent., but only 3 per cent., off wages amounting to Fcs. 8,000 a year, or less. At the current rate of exchange this sum is equivalent to about £2 a week. Presumably this explanation (or concession?) placated the rioters: at any rate, there was a lull in the storm at the week-end. But whether it beats up again or not, there are the shopkeepers to reckon with. The latter are due to do their bit by lowering prices. They are already protesting on the ground that, since pay-cuts must, if inflicted on their customers, reduce their own collective revenue, it is nonsense to expect them to be able to sell at cut price-rates into the bargain. And there is no answer to the argument unless the Government can prove that they are making enough profit at present to be able to stand the loss and carry on. And that is difficult, because the Frenchman hoards currency, apparently on the ground that to put it in the bank is to disclose his taxable capacity. It was amusing to learn that a boat-train was held up at Waterloo Station, to the discomfiture of a crowd of English passengers, distinguished and otherwise, owing to the French liner Champlain not having a crew. If they want to work

* *Economic Democracy*, page 43. Second edition, 1921.

off steam they had better address themselves to the Bank of England, which is supporting the efforts of M. Laval to "save the franc."

"The Party Fight in Canada."

(*The Times*, August 9.) In a leading article, the prospects of the impending Canadian election are discussed. Mr. Bennett, Mr. Mackenzie King, Mr. Stevens, and Mr. Woodsworth represent respectively the Conservative, Liberal, Reconstruction, and Co-operative Commonwealth groups. After analysing and comparing the views of these four leaders, the writer adds:

"There is another complication. In Alberta, the Province from which the [Co-operative Commonwealth] Federation has hitherto drawn its main strength, the farmers' organisations have become enthusiastic converts to the social credit theories of Major Douglas, and propose to run candidates on that strange platform."

The Co-operative Commonwealth Federation is a body of which the United Farmers of Alberta form a part. The Government of the Province of Alberta (of which the Hon. R. G. Reid is Premier), was put into office by the farmers, and is known as the U.F.A. Government.

Premier Reid's Manifesto at the opening of the Provincial election (as published in *The United Farmer* of July 26) stated that,

"Alberta is not sufficiently self-contained to make a definite break with the rest of Canada, and is not sovereign in any sphere where change is essential. To make the break would deprive us of many of the social services we now enjoy."

The election will take place on August 22. This must not be confused with the General Election which *The Times* is dealing with.

"Maud Mason gets a Film Star Reception in London."

(*Daily Express*, August 2).—Maud Mason, a Manchester schoolgirl, wrote an essay in which she described England as the "best country in the world." A Government inspector, who was visiting the school, is alleged to have deprecated this strong sentiment as "old-fashioned Imperialism," and to have publicly reproved the teacher for defending it. A debate was staged in the House; and Maud, defending her mother, the teacher, and the head-mistress were invited to hear it. Mr. Oliver Stanley quoted the inspector as having denied the "reproving," and to have admitted only making his comment privately to the teacher, and in a good-humoured spirit. Mr. Stanley told the House that he accepted the inspector's account of the episode, but had told him that it was not advisable that such comments should be made in future. The debate centred on "patriotism," and a few other abstractions, and lasted two hours. One newspaper says that by the end of it Maud had contracted a headache. Which proves she's an intelligent girl.

As to her sentiment, its soundness can be demonstrated beyond contradiction. Thus: Every country gets the Government it deserves—This country has the best Government in the world—Therefore, this country is the best in the world. Q.E.D.; what?

As to inspectors, the instruction now given by Mr. Stanley would have better taken this form: that, in future, visiting officials from the Education Authority should confine themselves to testing the children's knowledge, not their opinions. Arithmetic, geography, chemistry, and so on—yes: but not any papers or exercises which afford clues to the child's social outlook. The child owes this outlook mainly to the influence of the teacher and/or that of the parents. This need not, nor should, concern anyone but the head-master (or mistress) in his dual relationship with teachers on the one hand and parents on the other. Suppose that Maud Mason had written in her essay: "Thrift is not necessary in this age of Plenty." That essay would have been an "incriminating document," and, if reported back by a visiting inspector, could have been used as evidence against her teacher or her parents. In short, the inspectorship system can be used as a spy-system. There is enough of that already. J. G.

"The Governor-General."

WESTERN PRODUCER (SASKATOON).

Towards the end of the session Prime Minister R. B. Bennett moved, seconded by Mr. Mackenzie King: "That an humble address be submitted to His Excellency the Governor-General, etc." Both Mr. Bennett and Mr. King took advantage of the occasion to discuss in some detail the functions of the office of Governor-General, the method of his appointment, and so forth. Those who are interested will find the report of these remarks in Hansard No. 96, p. 4562. We are particularly concerned here with one paragraph in that portion of the Prime Minister's contribution, in which he eulogised the work of Lord Bessborough. Following is the paragraph:—

I can say that also with respect to another matter. His Excellency had had wide experience in business. Before he came to these shores he was interested in many undertakings, and his wide business experience in close association with financial leaders in the City of London have been of the greatest possible value to the Dominion of Canada. By maintaining personal contact, by correspondence with his former associates in London, he is sometimes able to correct misapprehensions and misunderstandings which have existed. When matters of business are discussed with him, as they have been, out of the large experience that he has had in the City of London, he has rendered great service to our country. I desire to give my personal testimony upon that point.

It might be easy to read too much into those remarks of the Prime Minister of Canada when he was ransacking the record in an effort to say all the nice things that could be said about the retiring Governor-General, but, nevertheless, it is not straining the context to infer from it that, while Lord Bessborough may have been a good and faithful representative of His Majesty the King during his occupancy of Rideau Hall, he was in a secondary, if not in an equal degree, the emissary of the financial leaders of the City of London. That is an extremely interesting, not to say ominous, piece of news. One may wonder whether the new Governor-General, whose appointment was hailed with such paeans of praise throughout Canada, is equally *persona grata* with the financial leaders of the City of London and the Bank of England. It would be very much more useful if such candid admissions as that of the Prime Minister, quoted above, were made at the beginning and not at the end of the terms of office of individuals who occupy such high places of power and trust.

LETTERS TO THE EDITOR.

"THE GUANO RAMP AGAIN."

Sir,—I thank you for your notice, in THE NEW AGE of August 1, of my correspondence with the Prime Minister on this subject.

I have the honour to enclose a copy of a further letter (dated July 31) to the Prime Minister The Right Honourable Stanley Baldwin, in which a further appeal is made for justice in regard to the Ocean Island of the Gilberts phosphate concession.

The Gilbert and Ellice Islands Colony has failed to balance its latest budget. Had it not been robbed of its wealth, this little colony would however have been in a very sound financial position, with all the revenue needed for its exchequer easily derived from the rich phosphate exports.

Ocean Island of the Gilberts is governed by the Colonial Office. It was in 1888 that the little islets which form the Gilbert and Ellice groups came under the British through a treaty with Germany, which divided all the islands in that part of the Pacific between the two Powers.

Nauru, almost due west of Ocean Island, was in the German sphere before the war, and is now a mandated territory governed in turns by Great Britain, Australia, and New Zealand.

Professor Macmillan Brown, of New Zealand, has stated: "Ocean Island and Nauru Island are the two richest islands on the face of the globe. They are worth more than all the gold mines of Australia and all the nitrates of Chili put together." It is their huge

deposits of guano phosphates of the highest grade on Ocean Island, and very nearly as high a grade on Nauru, that make these islands so valuable, and it has been stated that "Because these are the only two great phosphate islands in the world, there will in time be a struggle for them." There are indications that the struggle may come before very long. Now, before it comes, the British public here and at the Antipodes should learn the whole of the facts concerning the way these phosphates were acquired, and should take measures to enable us to enter the struggle with our hands clean.

T. C. T. POTTS.
[We have filed for reference the letter which Mr. Potts has sent us.—Ed.]

THE CIVIL SERVICE CLERICAL ASSOCIATION'S ANNUAL CONFERENCE.

Dear Sir,—The Thirteenth Annual Conference of the Civil Service Clerical Association was held at the Pavilion, Corton Beach Holiday Camp, Lowestoft, on Tuesday, April 30, 1935 and three following days.

I enclose you pages 749-754 from "Red Tape," for June, 1935. Dealing with "mechanisation in the Civil Service," two delegates moved an amendment in favour of National Dividends (see left-hand column, page 752). Also please see reply by Mr. W. J. Brown, the General Secretary, who has got so far as to prophecy that the Social Credit movement "will become one of the great movements of this century"! H. F. W. R.

The Green Shirt Movement for Social Credit.

LECTURES ON SOCIAL CREDIT POLITICS.

Mr. John Hargrave will give a series of lectures at Green Shirt National Headquarters, 44, Little Britain, London, E.C.1, dealing with the various aspects of the Politics of Social Credit and the Social Credit Agitation.

Admittance will be by ticket only, and tickets will only be issued to supporters who contribute to the Green Shirt Fighting Fund. Anyone can become a supporter by contributing not less than 10s. 6d.

Tickets will be in the nature of "season tickets" available for one year, and entitling the holders to attend every lecture delivered at Green Shirt Headquarters during that period. Tickets are not transferable.

No charge is made for tickets. Not more than fifty will be issued and these should be applied for immediately by those wishing to attend Mr. Hargrave's forthcoming series of lectures.

The first lecture "Mass Pressure on Parliament," will be given on Wednesday, September 4, 1935, at 8 p.m.

FRANK GRIFFITHS, General Secretary.

The Green Shirt Movement for Social Credit.

Forthcoming Meetings.

Green Shirt Movement for Social Credit.

Wednesday, September 4, at 8 p.m.—John Hargrave, Founder and Leader; Lecture at National Headquarters, 44, Little Britain, London, E.C.1. "Mass Pressure on Parliament."

Dewsbury D.S.C.A.

Wednesday, September 4, Mr. E. Wright on "The National Dividend," at headquarters, 27, Wellington Road, Dewsbury.

The New Age Club.

[Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 305, High Holborn, W.C. (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.]

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