

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

The institution of the Betting Tax last year implied a change of policy with regard to the recognition of gambling on horses. Of course betting as such has been legal for generations; but betting with cash stakes has not, and is not now. Nevertheless betting with cash stakes has existed as long as has betting on credit-account. Although the law has thus allowed the rich to bet but not the poor, the poor have betted just the same. This has been possible because the administration of the law has rested with functionaries who have no sympathy with it, and who, in a large number of cases, break it themselves. In such an atmosphere the eyesight of the police watchdogs has been none too good. The law is administered by the method of "making examples." Even without bribery (which exists) this method would have been unavoidable unless the authorities had been ready to double or treble the police force and pay for it. To-day there is not a town of any pretensions to the name in which there are not dozens of street touts, all well known to the police, all known to be plying their profession, and all to be seen daily on their beats exactly as if they also were policemen. Yet the number of convictions recorded in a whole year for the whole country is relatively negligible. The police authorities, having to select their "examples," do their best to select them fairly—they must not convict one bookmaker more frequently than they do his competitor. So it has come about that arrests take place by rotation. Every tout has his turn at the Court; and his employer pays the fine. Then everything is plain sailing for this man: he is out on "business as usual" the next day with the knowledge that he is immune for a considerable time afterwards. So whatever the intention behind anti-betting legislation, its effect is only equivalent to the imposition of a light tax on bookmakers' profits.

In Hull, about a week ago, a magistrate imposed the nominal fine of £1 on a street "bookie," remarking that since rich men could bet to their hearts' content he felt disinclined to take a serious view of in-

fractions of the betting law. During the hearing of the Appeal of the Stadium Club to the Lords claiming immunity from the Betting Tax in respect of the use of a totalisator in the Club, Lord Dunedin remarked to the Attorney-General: "You can insure at Lloyds against twins. Is that a bet?" The Attorney-General replied: "Strictly speaking, I should say it was a bet." The Appeal of the Club was allowed; and there are suggestions that, as a consequence, the Betting Tax will have to be superseded by a system of graduated licence fees for bookmakers. Whether, in that event, cash-betting will be legalised under licence it is impossible to say. But there is no mistaking the evidence of a more tolerant attitude to it on the part of the Authorities.

Their reason is pretty clear. To them, moral principles are all very well until they are found to be impediments to the collection of financial revenue. (The saint was poor; the saint a devil would be.) The dominant question to-day is: How to alter the law so as to get the best picking of taxes out of the betting turn-over. If the objective were the moral one of discouraging the practice of betting, it would be best accomplished by reversing present policy, making cash-betting compulsory and prohibiting credit-betting; because the average backer is likely to bet less frequently if he has to put his money down, and to stake less money when he does bet. The objection to this policy may largely proceed from the banks, as it would undoubtedly lead to a very large increase in the amount of currency-notes in perpetual circulation. Credit accounts, on the other hand, are settled by cheque.

The Betting Control Board is said to be contemplating the abrogation of the betting tax and the substitution of a high licence-fee to be paid by bookmakers. In the words of a headline in the *Evening Standard*, it is devising the best means of "tapping a great stream of revenue." This is bound to result in the encouragement of betting, just as reliance on excise-revenue encourages brewing and distilling.

Those people who hold betting to be morally reprehensible and who therefore object to this new departure on the part of the Government will have no power to stop it unless they can suggest alternative means of raising revenue which the public in general will consider less objectionable. Needless to say they will have their work cut out to find them under existing conditions. Whether a reformed system of finance such as THE NEW AGE advocates will tend to modify or transmute the gambling spirit is an arguable question, but without such reform any Government will be obliged to foster it. The reply to all moral protests will be the slogan: "Backers Balance Budgets." The real issue will then become this: Need Budgets be Balanced?

The betting market is a good working-model of the industrial price-system. If all the world is a stage, the economic world is a race-course. Production of goods for sale is no guarantee that the goods will be sold. The money you put into a new enterprise is equivalent to a bet on a factory. Whether your business wins or loses depends on factors outside your control, and even outside your powers of calculation, however good your judgment may be. Again, the money you invest in your children's education is a bet. You have no assurance that the training you give them will turn out to be a revenue-earning asset. In these, and many similar illustrations, you do know, in a general way, what to do; and you can count, in a general way, on its being worth while doing. But where you are lost is that you do not know, in the particular case of yourself and your own, what is going to happen. That is roughly the position of the average individual who proposes to back a horse. The difference lies in the fact that whereas you are compelled to bet in those other directions in order to preserve your existence, you do not have to back horses, and will save money in the long run if you do not. It is true that you can prosecute business, or follow learning, with other motives than money-making; and it is also true that you can bet from other motives as well. Most people do bet in full consciousness that they can never win in the long run. Such people bet within their means, and regard lost stakes as the price of a daily thrill, just as others would pay to see a film or a football match. Then, on the occasions when the luck favours them, their winnings are a little luxury which they enjoy accordingly.

Betting is reprehensible only when abused. The abuse arises when the backer relies on betting to make an income; for such reliance induces him to regard losses as a capital investment which he feels bound to recover by a progressive increase of stakes. Imperceptibly he is led to risk more than he can afford. It is not impossible to make an income by betting, but a relatively large capital is required compared with the dividend looked for: in fact, it is doubtful whether, even under favourable circumstances, the rate of return would exceed the bank deposit-rate. There are professional backers who make a living, but they have special sources of information, and their experience is no criterion of general experience. Therefore the reasonable attitude to take to betting is to regard it as a hobby to be paid for and not as a business to be made to pay.

The *Civil Service Argus*\* is the journal of the Ministry of Labour Staff Association. In the issue for the month of April there is an article covering a page and a half headed by the announcement "Paul Goldberg Condemns the Douglas Theory." Mr. Goldberg's article has been inspired by some correspondence that appeared in the February issue

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of the journal, in which a contributor had urged Major Douglas's proposals as the remedy for industrial depression, and in reference to which Mr. Crook, the editor, had commented that whether industry were depressed or not the banks continued to hand out satisfactory dividends. Mr. Goldberg closes his article with the hope that although his criticism of the Douglas Scheme is incomplete it will "suffice to deter . . . disciples of the 'New Economics' from wasting any more time and thought on the details of so unscientific a proposal." He offers, if desired, to make further contributions in which he will explain why there is "unemployment on the one hand for a million persons, and luxury goods and dividends on the other for the favoured few." This undertaking of his suggests that he has a psychological resistance to the Douglas Proposals. Mr. Goldberg will apparently have nothing to do with a play in which there are no villains to be killed. For him, a reform must be punitive to be effective. For instance, in one passage in his article he points to the "present prosperity of the luxury trades," a prosperity which he connects with the personal expenditure of "recipients of fixed dividends on loans and investments," who can "well afford to buy luxury cars when their annual income has increased by 100 per cent. [measured in goods] in the course of a few years." He contrasts with this luxury-consumption the hard case of a hypothetical Civil Servant who bought a house on mortgage in 1920, contracting to pay £8 a month, and who to-day still has to pay the £8 in spite of the fact that the "real burden of this sum has increased to almost double." His inference is that the investor is doing well at the expense of the Civil Servant, and he drops a hint that the proper corrective is a Capital Levy. At any rate he mentions it by name.

Mr. Goldberg's antecedent hostility to Major Douglas's technique of "reform without victims" has impaired his general analysis. Take the case of luxury-cars. You see a rich man in a Rolls-Royce, and a group of poor men without food. On paper, you can take away the car from the one and give an equivalent amount of food to the others. In practice there will be a row, because the rich man (a) objects to be interfered with and (b) really wants to keep his car. Conversely, on paper, you can give the rich man a second Rolls-Royce, if he wants it. If he takes it you can give him another—and so on until he says "Damn your cars; take them away." Directly he does so, you can stop making cars for him and produce food for the poor men. In practice there will be no row, because the rich man (a) is let alone and (b) is fed up with cars. Now, if your dominant motive is to feed the poor men, and to do so with the least political friction (which means with the least delay), you will prefer the second alternative: is there enough material and productive energy available to produce the extra luxuries and the extra food? If there is, you can go ahead and produce them, and you may even do so simultaneously. This is a rough illustration of Major Douglas's idea in submitting that all consumable products should be cheapened in price irrespective of their character or of the affluence of their purchasers. The answer to the question whether it is feasible as a physical problem is not the business of the banker, or the politician, or the moralist; but of the engineer. Now Mr. Goldberg leaves out of his article all reference to engineering testimony as to the enormous reserve of productive power latent in the plant and equipment already in existence—let alone the scope for the quick expansion of that power, if needed. Instead he assumes, or argues on the assumption, that the total rate of production of cars and food is now at its maximum. We suggest that

his so doing is due to his anti-luxury complex. He does not want to believe what the engineer can assure him, that industry can supply necessities without cutting down luxuries. Mr. Goldberg is no doubt concerned about the hunger of the poor, but he insists on turning Rolls-Royces into Rowton-Houses before he will serve their dinners.

His emotional hostility is revealed in his reference to Major Douglas's proposals as a "simple cure for all social evils," as a "fantastic device designed to check the ill-effects of deflation," and as a "dream-solution" and a "tissue of nonsense." There is also an allusion to "Major Douglas and his few remaining disciples." (Our italics.) To point this out does not, of course, excuse us from examining his analysis of the Douglas Scheme; but it should make readers cautious about his statement that there are a "dozen fallacious arguments" in Douglas's chain of reasoning, unless and until the dozen are brought forward. They must presume, at any rate, that Mr. Goldberg has selected the best of them in his present article.

Before saying anything about them we should like to recall the fact that it was in the Department of the Ministry of Labour where (so far as our information goes) the first digest of the Douglas Proposals was made. Needless to say, it was a competent official document, because it was prepared for the information of the Heads of the Department, whose requirement was to know what the proposals were, and not what minor officials as private individuals might feel about them. We do not know whether Mr. Goldberg had a hand in writing any of the "minutes" which constituted the "dossier," or whether he has since been able to consult it. For his present purpose he takes as his text what he calls an "admirable summary of the Douglas Scheme" which appeared in a recent review in the *Civil Service Argus*. For him to be able to call the summary "admirable" we have to suppose him to be familiar with what was summarised; in which case he must have read Major Douglas's works. Whether that is so need not detain us now: the interesting point is that Mr. Goldberg's attack appears in a journal connected with the Government Department that officially concerned itself within the new theory. This was several years ago. Whether it had much initial effect on Civil Servants we are unable to tell. They rightly keep their own counsel. But if it did, and if we are to believe Mr. Goldberg, that effect has been diminishing ever since, until to-day Major Douglas has only a "few remaining disciples." Yet, if that is true, we are puzzled to know why Mr. Goldberg has waited all these years to launch his attack. We hope we are not unduly optimistic in drawing a contrary inference; namely that the Douglas infection is spreading, and that Mr. Goldberg (or those who have invited him to take action) thinks it is high time to vaccinate the Service.

It is for this reason that we offer a few comments on his article when otherwise we might have ignored it. Generally speaking it reflects the attitude of the Labour Party's Report of some years ago, which, unfortunately, was allowed to go out of print. Mr. Goldberg's opening paragraphs should not have appeared in an attack on the Douglas Theorem. They are a reply to Mr. Crook's observations about the bankers' satisfactory dividends. Major Douglas has not simply offered no objection to bank dividends, but on one occasion expressly said that the high rate of these dividends was the only healthy feature about the banking system. In putting Mr. Crook right on this matter Mr. Goldberg is pro-Douglas. As he says, the earnings of the banks are open to less criticism than are the "colossal rates of dividend paid by the Imperial Tobacco Company or

the Gramophone Company." Incidentally we must quote one passage from this section of the article.

"Now it by no means follows that, because the banks have throughout the last nine years worked at a profit, they are therefore responsible for the present state of industrial depression. The pawnshops have also done exceedingly well since the beginning of the trade slump, yet nobody argues from this that pawnbroking is a cause of unemployment and general trade depression. Nor is there the slightest ground for incriminating the banks unless some definite causal relation can be established between the prosperity of bankers and the slackness of industry in general." (Author's italics.)

We invite Mr. Goldberg to apply this judgment to his *bête noir* the owner of a Rolls-Royce. It by no means follows that because the luxury trades have flourished for the last nine years they are responsible for the burden of mortgages on small houses. Some definite causal relation must be established between personal affluence and personal penury.

Mr. Goldberg naturally falls foul of the A + B Theorem. The flaw he discovers is that "Major Douglas deliberately makes time stand still." In explanation he points out that "every ounce of raw material has at some time been paid for in wages, salaries, and profits"—that all prices are ultimately resolvable into purchasing power. He proceeds:

"Major Douglas himself anticipates this criticism, and naively says in reply: 'Ah, yes, but purchasing power distributed in the preparation of half-manufactured raw materials was brought into existence and consumed weeks ago and must accordingly be disregarded. Please believe me when I say that but for the existence of bank credits the community would never have enough purchasing power with which to buy back the commodities produced at any given time.' But Major Douglas blandly overlooks the fact that at the very moment which he is considering, supplementary purchasing power is being distributed by other factories which are manufacturing half-finished raw materials for use in the production of subsequent final commodities." (Author's italics.)

Like every other opponent of the A + B Theorem Mr. Goldberg does not deny it as a statement of fact, but denies that the fact matters. Assuming that industry has to charge £100 to meet its total costs for finished goods on, say, Monday; and has distributed to its potential customers, say, only £50, he implies that it makes no difference, because, on that day certain manufacturers are distributing incomes for the production of unfinished goods which will come on the market on some future day. How much? We are led to infer that it is the difference of £50. In that case industry's total costs for Monday are £150, against a total consumer demand of £100. Anyhow, Mr. Goldberg will probably reply, the consumers have got as much money as will buy the finished goods available on Monday, so why bother? They have not got the money representing the unfinished goods; but then, they do not need it until these goods are finished. Then they will get it out of the production of still more goods. This is an unwarranted assumption. New production is not put in hand with the objective of financing consumption. It is put in hand under conditions tending to restrict consumption. These conditions are imposed by the banker. His power to impose them is derived from the very fact that consumers' incomes are insufficient to meet industrial costs unless some-where the banker is required to lend a hand to supplement borrowers' credit. Directly you have a situation where the banker is required to lend a hand to supplement consumers' incomes, it is useless to figure out on paper what he might do to make things work smoothly; you must face up to the terms on which he will do so, and to the implications of his policy. Mr. Goldberg states truly that under the capitalist system "production is undertaken for what is known as 'the market.'" That is to say it is directed to the manufacture of products for which

there is a profitable money-demand. Now the banker's policy is to make that part of the market which absorbs consumable goods less remunerative than this other part which builds up permanent assets. He forces industry to acquire its plant out of profits as a condition of lending it credit to work the plant. Industry's profits as a whole must come out of prices for consumable goods only. Industry is allowed the power to levy prices equal to "all that the goods will fetch" in order to acquire a property in its equipment. Put it the other way round; industry is allowed the power to restrict its output of consumable goods to the least quantity that its customers will accept in return for all their earnings without making trouble. All this proceeds from the banker's loan-policy, and is intended to happen by him. His objective is to foster the accumulation of productive equipment at the expense of the consumer. The fact that industry is not one unit under a single management makes it all the easier for the banker to achieve his objective; for every producer competes to get the highest possible revenue from the least output of goods so as to build up capital assets—reserves—and so qualify for what are known as "borrowing powers." Whichever of them falls behind in the race loses his borrowing powers and goes out of business: his assets are sold at scrap prices to his more successful competitors.

We do not want to hear from Mr. Goldberg that incomes from new production help consumers to buy the amount of old production that they actually do buy. We know all that. The question is whether this system can increase consumption so as to make it equivalent to industry's potential output of commodities. The answer is that it is impossible under the existing rules of accounting costs. For instance, Mr. Goldberg says that the wealth of this country is in the neighbourhood of £23,000 millions. What he means is that the more or less permanent assets of industry are valued at that figure. Assuming for the sake of argument that it represents actual past expenditure, it is a valid debt against consumers according to current accountancy law, and the immediate consequence of the appearance of more money in the consumer market would be a raising of prices to recover some of this huge sum. The money would come round to the banker and be retired without having pushed a single loaf across a counter. That is what has happened to the £23,000 millions. Consumers, in their purchases of commodities during the accumulation of this "wealth," have been paying for part of it, and as investors been paying the other part. The whole sum, properly speaking, is consumers' savings; and an accurate financial reflection of the fact would be afforded by the creation of, say, consumers' savings certificates to that amount. If these then were made convertible into new credit at the same rate as the £23,000 millions of plant and material could reach the market as commodities (with industry working at full capacity) the consumer would be able to meet all costs on the "A + B" scale. As it is he can only pay on the "A" scale.

Mr. Goldberg says:

"Moreover, it is all balderdash to suggest that the wage earners and salariat of any particular industry ever have the desire to 'buy back' the commodities they produce."

But who has made the suggestion in this narrow form? As it stands it is true enough. Bricklayers do not desire to buy banks nor to take home corner sites. But everybody, we imagine, desires to buy back the *equivalent* of what he makes. Is it balderdash to suggest that a whole community desires to buy back everything that it can produce? If Mr.

Goldberg means his emphasis to be on the word *desire*, the reply is that if the desire is absent it is because the possibility of its realisation is not revealed. But the feelings of people have nothing to do with the question. If the community does not buy back all it produces what becomes of the surplus? "Buying back" is a monetary process only: the reality represented by the phrase is the communal utilisation of all production for consumption purposes. What production is there which is not designed to pass through the consumption process at some time or other? We know of none. We know of plenty that does not; it is destroyed to keep prices up. But that is another story.

Coming to the idea of the "Just Price," Mr. Goldberg says:

"Finally it is foolish to say that the evils of unchecked inflation would not overtake us were Treasury notes to be handed out to manufacturers each week to make up for Compulsory Sales at less than cost price. In proof of this statement it is surely sufficient to say that after the very first week, if the *check on inflation provided by the formula were applied*, the whole system would fall to the ground. It can be readily seen that if prices were only a percentage of cost, consumption would increase to such an extent that Total Productive Capacity and Total Produce Consumed would soon be identical terms, and from this point onwards Price would once more be equal to Cost of Production; no more 'Consumer's Credit' would be forthcoming from the State, and all the promised blessings of the scheme would have vanished."

This is a misunderstanding. Price could only come up to Cost of Production (present method of reckoning) if the total rate of consumption became equal to the total rate of production. But the rate of production is not the rate alone of making consumable output, it is also the rate of capital maintenance. If the whole productive capacity of industry were applied to the making of retail goods, instead of a part of that capacity being directed to maintaining plant in working order, you would get the 1 : 1 ratio, because new production would be wholly consumed. Quite properly so, because your productive capacity would have commenced to diminish, and you would want to discourage buying. But to imagine such a thing happening is to suppose that manufacturers would neglect to maintain their efficiency in the face of an assured market for all their output, let alone their incentive to increase it.

Again, in examining the principle of the "Just Price" it is easy to show that it will break down if you start it with a jerk. If we claimed to have made a car capable of going 130 miles an hour, we should hardly accept Mr. Goldberg as a judge if he proposed to start her up suddenly from zero to full speed to test our claim. This is a very rough analogy, because as a matter of fact the sudden distribution of consumer credit to a greater sum than sellers agreed to charge for an existing output would mean an idle surplus of money until the sellers caught up with the demand. Some buyers would have to wait their turn for what they wanted with the money in their pockets. Irritating, no doubt, but not such a disaster as waiting for ever with no prospect of buying anything. Whatever we do not consider this as a practical danger. But we need the Just Price discount initially instituted were, it would have been based on measurements of production and consumption during an immediately preceding period. There would be no jerk.

Lastly, Mr. Goldberg continues:—

"And even though by some miraculous means Total Productive Capacity remained so high that Consumption could never catch it up, there is no guarantee that prices would not rise. On the contrary, it is very certain that

## The Philosophy of Social Credit.

[Compiled from the writings of Major Douglas.]

The consequences of the exaltation of the group over the individual have often been pointed out in various forms of words, . . . but it is possible so to twist the meaning of words that policies which result in conditions which are progressively obnoxious to the majority of persons affected by them can yet obtain a considerable amount of support by an appeal to high-sounding words such as democracy, justice, and equality. . . . The point which is so hard to make clear to the masses affected is that a group is an entity which has a life of its own; it is the body corporate of an "interest," not of the myriad interests of the human units composing it, and the surrender of volition to a group means, quite inevitably, a surrender of the very things for which in most instances the individual is struggling. . . . It is, of course, true that "head" or supervising slaves are generally strong supporters of slavery as an institution.

And yet it is patent that the modern world can only be operated through a liberal use of the group idea. If we are to have great co-operative undertakings, by which alone, so far as we are aware, mankind can be freed from the necessity of devoting the major portion of his day to the acquisition of sufficient food, clothing, and shelter from the weather, there must be a submission by those concerned in such enterprises to a given policy, for instance, of production. But there are two qualifications which can be made in respect of this submission. The first of these is, in plain English, very largely bound up with the length of time per day or per year during which the submission is necessary, and it has already been observed that the free play of modern science and organisation would, under certain circumstances, tend to reduce this to a very small minimum within a very short time. The second qualification is involved in the phrase "freedom of association."

At the present time such a thing can hardly be said to exist outside the realms of sport. . . . If I enter a profession or business and find that I do not like it, or the methods under which it is conducted, it is true that I am free to resign, but the penalty attached to resignation . . . includes economic catastrophe for myself and family. In other words, I come up against the doctrine of rewards and punishments in an acute form, since it is absurd to suggest that if I resign the necessary work previously done by me will remain undone.

We have quite recently been treated to a dissertation by Signor Mussolini, suggesting that liberty is an outworn and discredited word. Signor Mussolini is mistaken. Liberty will come into its own, although it is quite possible that two groups which are deadly enemies of it and have much in common, including, very probably, a similar origin, i.e., Bolshevism and Fascism, may be necessary to clear the minds of the public of much of the misconception which surrounds the idea by demonstrating what it is not. Liberty is really a simple thing, although difficult to come by. It consists in freedom to choose or refuse one thing at a time. . . . It is the hedging round of actions with conditions of "Laws" of various descriptions so as to produce an artificial or undesired train of consequences, which constitutes an infringement of liberty, and in a very large number of cases, just as it is the Law which makes the Crime, it is stupidity which conceives the law.

It is in the method of attack on its problems that modern inductive science offers such a striking lesson to politics and legislation; in recognising the existence of certain forces in the universe which have real validity. . . . But the whole of our modern civilisation is hedged in, distorted, and confused by a number of limitations which have no validity other than that which we choose to give them. Non-automatic laws rest upon a very insecure foundation. When we see, as we do, statements in leading European and American journals to the effect that civilisation is tottering, it may be inferred without much difficulty that it is this fabric of non-automatic rules and regulations which seems to the writers to be in danger.

This being so, the picture presented to the mind of any thoughtful observer must be that of a bridge which has been reared through the agency of scaffolding and false-work. The problem is to get the false-work away without precipitating into a catastrophe the swarming multitudes who regard it as the real structure.

they would begin to soar like balloons, for while it can be conceded that they would remain a function of Cost of Production there is nothing on earth to prevent Cost of Production—and therefore Price, which bears a fixed proportion to it—from rising without limit."

It would have been more to the point if Mr. Goldberg had indicated what would cause the cost of production to rise. There would be "nothing to prevent" anything happening under Social Credit if people chose to make it happen. But Mr. Goldberg has forgotten his dictum about the necessity to show "causal relationships." The cost of production might just as easily diminish as expand. But even if it expanded, Price need not rise, for Price will not be a "fixed proportion" of Cost of Production. For instance, if costs be considered as going up from £10 to £20 for a given quantity of production, two alternative hypotheses present themselves. (A) The consumers receive the extra £10 as earned incomes when the costs are paid out, in which case the rise in cost does not diminish their consumption. Costs and incomes are both up £10. (B) The consumers do not receive any extra earned income, and therefore consume a less proportion of the production. In that case the Price Fraction would be adjusted accordingly, and the discount would be increased in an ensuing period.

Speaking of the Just Price Formula, Mr. Goldberg states it thus: "Selling Price (i.e. the Just Price) is: Cost of Production multiplied by Total Produce Consumed and divided by Total Productive Capacity." He comments: "How 'Total Productive Capacity' would ever be determined is one of the unsolved mysteries that need not detain us." But we do not need to solve the mystery. Social Credit sets financial conditions in which the "mystery" will solve itself. This is shown by Major Douglas in *Credit Power and Democracy* (Chapter XII.). So long as consumers are put in the position to buy the whole possible output from capital plant it is not necessary to know beforehand what that output will be. What ever the quantity is it will be made, because there will be effective demand for it all. There is no mystery in measuring, in respect of the cost of total production in any given period, in what proportions the money has been applied (a) to pay for capital development and (b) to pay for the manufacture of goods that have been consumed, plus the depreciation of capital involved in making them. It is done every day. As Major Douglas says in the chapter quoted above: " . . . We have every type of information required to fix the ratio we require at any moment."

"Europeans grew increasingly fearful last week, lest what they persisted in calling the "Morgan-Young Bank" should turn out to be a glittering gold and silver U.S. strait-jacket for European finance. The dread lest a controlling interest in the new Bank should be vested in Wall Street would not down, even when Mr. Thomas W. Lamont, of No. 23, Wall Street (The House of Morgan) solemnly assured correspondents that such fears are baseless. Unconvinced German cartoonists and lampoonists cartooned and lampooned the U.S. delegates. The Paris editions of the *London Daily Mail* screamed "Death Blow to World Bank! European Nations Against U.S.!" Asked the *Echo de Paris* in pompous fashion, "Are we not in the present of an ambitious enterprise on the part of American business men who are seeking to impose their hegemony?" Even in Manhattan a few hard words were said by President Charles E. Mitchell, of the National City Bank, a gentleman whose level eyes can sparkle with a very frosty glint. According to Mr. Mitchell, the U.S. market is in no condition to absorb an issue of German Reparation Bonds, such as is contemplated by the Paris sponsors of the Bank of International Settlements. On the other hand, it appeared that Governor Montagu Collet Norman, of the Bank of England, is solidly behind the Bank; and the financiers of London's City will follow him just as Wall Street may be expected to surge along in the wake of the U.S. delegates at Paris."—*Times*, March 25.

## Current Political Economy.

The political educators of England are now expounding General Election as though our lives hung upon the result; Mr. Baldwin, with apologies to the barber, keeps on smoking, and the Liberal Press pays him the compliment of a report that he is thinking. In the meantime Mr. Lloyd George, who should go down to history as the great promiser, promises to cure unemployment. His critics are at one with him on the important point, namely, that unemployment is a disease, but neither they nor he has thought of the only possible cure for it this side of a complete re-organisation of income-basis. There is a cure, of course, for unemployment without reform of the credit-system. There are at least two ways of doing anything. The cure is to scrap as many labour-saving devices as necessary to increase the amount of work to "enough to go round." What Mr. Lloyd George proposes is to spend over £250 millions, to be borrowed at interest from somebody. This is to set half a million men at work road and bridge making, building houses, extending the telephone service, developing the electricity service, draining land, and helping Londoners about by providing more transport facilities. Although it is a little late in the day, all this work could be useful, and could improve the amenities of the country. The scheme is to be criticised rather because so little is proposed than too much. Inasmuch as the object of Mr. Lloyd George's scheme, however, is not to provide the nation with amenities, not even to equip it in up-to-date manner, but merely to make work for the unemployed, England is demonstrated mentally bankrupt.

It is impossible for a community to take the necessary action in face of disorders when it does not know the purpose of political economy. The true purpose of politics is to enable the men, women, and children of the community to live together in security. The true purpose of economics is to abolish work. Even Mr. Lloyd George, who is at least as conscious as any other politician, muddles up politics and economics by regarding the function of politics as the making of work. The whole problem would be vastly simplified if it could be viewed not as one of making work, but of making what people want, and seeing that they get it. The result of the immense progress in labour-saving devices stimulated by a shortage of labour, in comparison with the demand for the goods, during the war, is that England's social machinery is obsolete. Of the men, women, and children, living together as the community, only a few enjoy security, and even they fear a near or distant threat of bankruptcy or expropriation. The idea that a political party can offer as its credentials for office a promise to make work is lunacy. Having made work it would in logic be forced to send round a diviner and the soldiers of Herod to put to death every child whose bumps foreshadowed an inventor.

The *English Review* criticises Mr. Lloyd George's programme in some detail:

"Any fool, or any knave"—Mr. Lloyd George is apparently intended—

"Can reduce unemployment to its pre-war limits for two years. The only man who is handicapped is the far-sighted man."

No doubt meaning Mr. Baldwin, cogitating on whether a reduction in the beer-tax will add sufficiently to the grateful flappers to justify him in relieving industry from rates at the expense of the consumer. But the *English Review* gives occasion for the rubbing of eyes:

"There is a perfectly simple way of abolishing unemployment altogether for two years: all that is necessary

is to declare war on a first-class military power, and we shall see charwomen once more resplendent in fur coats, and grand pianos. . . ."

If a war would get their women and children fur coats and grand pianos there are plenty of young men ready to fight one, ready, indeed, to see the Union Jack on the South Pole and defend it in cold blood. The gravest objection to solving unemployment by that means, indeed, is that such a war would be inhumane to the enemy unless the English were served with double portions of rum, and allowed to fraternise. Returning to the serious atmosphere of the *English Review*, we see no prospect in anything that this intellectual adviser of the Conservative Party can imagine but increasing unemployment. Even a war would cure unemployment only until peace was declared, when the charwoman's miseries would begin anew.

Finally, however, the *English Review* sees light. "It is pleasant to turn from Mr. Lloyd George's pamphlet to the report of the Melchett-Turner conference on unemployment. This report recommends, briefly, cheap money, trade with Russia, and rationalisation. It is of chief value because it recognises, in contradistinction to the Liberal and Labour parties, that the only permanent cure for unemployment is to get labour back into productive industries."

There can be no argument against cheap money, although the *English Review* argued against it before approving it. There can be no argument against trade with Russia on economic grounds; nor against rationalisation. In view of the boasts of industry regarding its efficiency it is disappointing that so much rationalisation is necessary. It shows the consequences of mixing charity, which is political, with production, which is economic. Nor can there be any serious objection to workers going back into productive industry, so long as somebody is waiting to receive their product. When the output of a productive worker was not one-tenth what it is to-day, he was not ready to go into productive industry for less than he will accept to-day. If the *English Review* will, with or without a war, provide the market, any fool or any knave can get the workers back into "productive" industry.

As surely as the market of any country (unless artificially expanded as the American has been by the instalment system) cannot absorb the goods it is capable of supplying, the market of the world cannot absorb the goods of the world. There is no producer who will not assert that he can produce his commodity, whether it be corn or cattle, cloth or concertinas, of better quality and for less labour than it required a hundred years ago. When he can restrict production he is in no danger. The he produces too much disaster is upon him. When sugar-growers do not suffer from sugar-famine, who from "over-production," which, as anyone who cares to think realises, means under-consumption. "Produce more" is a cry from which men have already suffered too much. The only shortage is of jobs and customers. Goods are to be had in any country on demand. Those workers who are not engaged in productive industry have mainly been pushed out of it by labour-saving devices, some of them having been lucky enough to attach themselves unproductively to the "cost" outlet. The clue to the economic problem is that the way to meet the people's needs is to let the people express their needs as demand. The development of the world economic system does not allow the re-absorption of labour as fast as it is displaced by invention. Not even "salesmanship" can make it do so. The remedy is incomes for all, work or no work, on the same terms as apply to dividends.

BEN WILSON.

## The Grammarian's Conscience.

A letter from W. A. W. in last week's *NEW AGE* offered friendly criticism on points of grammar. The examples chosen were the use of *as though*, which W. A. W. said should be *as if*, and of *like* as a conjunction, which annoys W. A. W. *like* a bit of grit under the floor cloth (annoys the user of the floor cloth). A further common error which W. A. W. dislikes is the misplacing of only. Discussions of grammar and syntax are interesting. But the cautious critic hesitates before agreeing that a grammatical conscience divides usage in language into categories of right and wrong. In language *as* in love, right and wrong is a fluctuating relationship dependent on the strength, courage, and creativeness of the personalities involved in it. Language grows. Those grammarians who would fix particular constructions as the final, never to be changed, bricks of thought-structure, resemble the political conservative who would fix for ever, say, the marriage, religion, or the monetary system. At the other extreme are writers, some of them having minds of acute perception and sensitiveness, who would scrap the whole grammatical structure of language as a cage in which only outworn thought can remain, precisely as some political extremists would scrap all social institutions from the State to the family. While language, *like* society, grows or decays between the efforts of the fixers and the liquefiers, nobody can defend slovenly or careless use of words. Even an executioner should do his job cleanly if at all. As W. A. W.'s examples are frequently chosen to illustrate the disrespect for English displayed by modern writers they are worth enquiry at some length.

What or who determines which of two or more constructions is right or wrong? English is a combination of several languages with constructions from all of them, on a foundation of Saxon. After the bigger changes had been assimilated there was a gradual assimilation of dialects. The educated university man and the educated metropolitan, having to prepare the documents and forms with the aid of which big societies keep order, gradually fixed in large measure the constructions in general use. Some constructions have been lost because of neglect; others because the nicer people did not like them. Speech has become a social hall-mark. Yet the movements of migrating individuals, for example, the country-boy coming to London, and the mixing of populations as in America, have forced new expressions into general use sometimes owing to the obvious vigour of the expression, sometimes because of the strength of personality of the user. The dialect poet has caused old-fashioned constructions to remain in general use, though at times between quotation marks. In England there are now two languages. One is the vernacular which literary people try to keep alive; it is rich in idiom, metaphor, and imagery. It expresses feelings, intuitions, and sensations. The other language does not permit the intrusion of anything but the intellect. It is used by Government departments in both their intercommunication and their communication to the public. It would be used by business if business were not so slipshod, *as* (not *like*) it is used by insurance companies, in regulations, and public announcements. Consider the ending of a business letter, such as "thanking you for past favours and assuring you of our zealous attention to your future esteemed commands." It has neither emotion nor imagery; it is pure politeness without feeling; it is, indeed, the social conscience intruding into business. It shows commercial English groaning under the necessity to purge itself of all idiom and attain a purely intellectual construction. It shows besides, of

course, *like* the income tax collector, "Your obedient servant," the mock servility of people who try to pretend that the sanction of force behind them need not disturb the pleasantness of their intercourse. But this is not here our concern. The English of commerce "expresses" nothing. It describes, informs, or advises; it contains only facts and decisions. It is an English by no means to be condemned, for it is absolutely necessary for its purpose. It develops more and more towards identity with statistics. Between the soul seeking expression in poetry or prose, and the intellect seeking the perfectly frictionless movement of affairs, without possibility of more or less being understood, than is stated, there is unceasing clash.

W. A. W.'s letter makes no appeal to authority. The writer is possibly so sure of his rightness that he considers appeal to authority superfluous. Yet authority is necessary for judgments of right and wrong. W. A. W. has a right to say, if he chooses, that he does not like *as though*. But usage is against him, and the scholars who have endeavoured to fix usage and the dictionary of Modern English Usage, regards *as though* and *as if* as interchangeable, both subject only to the rule of being followed by a past tense:—

He ate jelly as though it were mutton.  
He ate jelly as if it were mutton.

Nesfield, that friend of my childhood, explicitly agrees with Fowler. There are occasions when I am in a mood to suppose the whole regiment out of step except myself. On this occasion, unlike W. A. W., I agree with the regiment.

The conjunctive use of *like*, however, is a different case. Half the regiment is out of step, and there is a basis for disagreement. Nesfield gives no help, so far as I can trace. He despises, one may assume, this usage, to the degree of refusing to mention it, either to condemn or vindicate. But Mr. Fowler can hardly let his exposition of it drop. He writes much more than I quote, and the interested are referred to him:

It will be best to dispose first of what is, if it is a misuse at all (italics mine), the most flagrant and easily recognisable misuse of *like*. A sentence from Darwin quoted in the O.E.D. contains it in short and unmistakable form: *unfortunately few have observed like you have done*. Every illiterate person uses this construction among all who have not been taught to avoid it; the substitution of *as* for *like* in their sentences would sound artificial. . . . Those writers with whom sound English is a matter of care and acquirement rather than right instinct, and to whom *like* was once the natural word, deliberately weed it out.

Right instinct is, of course, a strange word for the gift of selecting approved constructions. Perhaps it means the phrenological faculty for perceiving rapidly which usages the best writers and speakers favour. For my part, my respect or otherwise for Darwin will not alter on account of his failure to weed out *like*. Indeed, before the end of the section, Mr. Fowler uses *like* apparently unconsciously:

This mistake, however . . . is not, *like* the others, peculiar to *like* (italics mine). In addition to examples from Darwin, the O.E.D. (as Mr. Fowler mentions) gives examples from Shakespeare, Southey, Newman, Morris, and other "writers of standing."

The use of *like* is possibly avoided because it presents analytical problems. Mr. Fowler tends to justify such a construction as the following:

You, like me, are disappointed.  
Grammarians will no doubt continue to dispute as to whether *like* is here a "prepositional adverb" or an

adverb proper to be followed by an objective case or by a nominative with a verb understood:

You, like (unto) me, are disappointed.  
You, like (as) I (am) are disappointed.

I recall a discussion, which shook a college, on this point, the principal of the college, a very scholarly man, disagreeing with his subordinate teacher by arbitrating in favour of the latter analysis. Fitzgerald's translation of Omar supports the principle:

... like water, willy nilly flowing  
... As wind along the waste.  
I know not whither, willy-nilly blowing.

These lines occur in the same stanza, and if *as* is a conjunction so is *like*. W. A. W. is at liberty to protest against the conjunctive usage of *like*. If he can give writers a bad conscience about it they will continue to weed it out. But it is so natural and so universal—I remember Mr. Baughan protesting against it in a poem by one of the Sitwell brothers—that the most careful weeders will overlook it somewhere, and thus join the natural company of those who, *like* me, believe that *like* is more appropriate on some occasions, and *as* more appropriate on others.

She cooks *like* mother did.  
She cooks *as* mother did.

The first is to my taste preferable. The difference is a question which those who demand accuracy above all do not take into account, namely, undertones and overtones, which have no place in purely intellectual language. "She cooks like mother did" implies that she gets as delicious results, bless her, as mother did. The second only implies that she makes as little fuss, or rolls her pastry with a similar gesture. Between *as though* and *as if*, both being "accurate," difference in choice will generally be found to rest on a difference in the overtones.

He looks as though he would be better for a meal.  
He trembles as if a tiger were near.

The second implies that a tiger is not near; the first implies an assurance, an approximation to certainty of judgment that *if* would not convey. But there is no need to formulate rules. One may use *as though* as though it were *as if*, *like* a person (who is) free to choose, and *as* one prefers. The instinctive choice will rarely result in anything so awkward as the foregoing. It will produce natural expression, and will accord with writers of standing. It will help to preserve language as a poetic instrument.

A. N.

## The Screen Play.

### "Looping the Loop."

The admirable acting of Jenny Jugo and Werner Krauss, excellent production and photography, and notable discrimination in the selection of small-part players characterise this rather unusual German film (Capitol). Incidentally, Miss Jugo, who is one of the most delightful of the younger generation of film actresses, shows herself here to be among the few possessing a genuine gift of comedy. Warwick Ward, who made his name in "Vaudeville," to which this film bears a certain resemblance, is, as usual, himself. Among the notable photographic details is an impressionist representation of a journey between Berlin and London. Despite the slightness of its story, "Looping the Loop" is a connoisseur's film.

### "The Iron Mask."

Douglas Fairbanks is deservedly one of the most popular of film actors. He would probably be the last person in the world to call himself a great artist; he is often regarded as an acrobat rather than an actor; and he has never appeared in a great film. Yet his art is essentially cinematic; he projects his personality across the screen, and the secret of his popularity is that he incarnates both romance and the eternal schoolboy. Decidedly, a drab world

could ill spare Mr. Fairbanks. "The Iron Mask" (New Gallery) is not one of his greatest successes, although Dumas is a rich quarry for the spectacular film of adventure, while the character of D'Artagnan might have been made for him. Despite excellent production and photography and good acting, this film just fails to grip; it embodies the letter rather than the spirit of the Three Musketeers. All the same, I recommend it as excellent entertainment, of the type which the screen can provide so much better than the stage.

### Films Worth Seeing.

Two films very worth seeing and entirely dissimilar are being shown in London this week. "The Woman Disputed" (Astoria) has a banal story, but is gripping, and is notable for the acting of Norma Talmadge, a screen actress who knows her job. The Capitol is showing "The Crisis," which I hope to notice at greater length next week. It should on no account be missed, owing to the remarkable combination of G. W. Pabst, as director, and the inimitable Brigitte Helm, as star. Pabst is among the world's greatest film directors, and in Brigitte Helm he has a type of actress who is the ideal material for the producer of genius.

DAVID OCKHAM.

## Drama.

### Wake Up and Dream: Pavilion.

It is contrary to the character of revue that it should have any deep significance. That is not the same thing, of course, as saying that it cannot be delightful. The answer to those who complain of the passing of the old music-hall, and to those others who lament the decline of ballet, is that revue has amalgamated them, and that the amalgam at its best is better than either music-hall or ballet at its best. As a spectator of revue one deliberately ceases to participate in life and surveys the world disinterestedly. If the revue is good the world as aesthetic phenomenon is justified. "Wake up and Dream" is an inspired title for a revue which glides from San Francisco to Granada, and from one century to another, with the effortlessness of free association, whipping the cream of life everywhere. The opening of "Wake Up and Dream" presents a case-hardened financier and his crabbed wife roused against their wills by the husband's "dying sense of humour" to wake up and dream of the good things of life. This is an allegory with too many possible meanings for me to pursue it. The dream, however, which follows, is a panorama of beauty which one prayed might not end, though one knew it would. Columbine, Venus, and many Niggers, Queen Elizabeth, Melisande, and many besides, not omitting the eighteenth century lady, all the romantic figures of our childhood and adolescence, promenade as in a dream Paradise. Through a film of blue, as it were, the world and the clock are turned round to any point dream power could wish, everything but romance swept from existence. During that scene it seemed that Mr. Cochran, who has long presented revue at its best yet, had at last given the world the year of sheer grace which he can, and surely wishes to, give.

For those who can forget anything they do not like, Mr. Cochran's banquet leaves an enchanting flavour. San Francisco in the Gold Rush of 1849 probably did not in the least resemble, in colour, lighting, costume, music, or dancing, the setting of this revue. The envy is properly, San Francisco's, not Mr. Cochran's. "Coppelia," staged as if the audience were in the wings of the theatre instead of in the auditorium, was an enjoyable novelty. The scene on the promenade of the old Leicester Square Empire in 1910 brought up reminiscences from lower depths of pre-history than flints and bones. "Split seconds with the great" has good-natured bite in it.

Mr. Hannen Swaffer, the first of the great in order of appearance, contemptuously dismisses Mrs. Siddons as no actress because she is not receiving "a percentage on the gross." Mr. Noel Coward interviews Mr. Ruskin, who had the old-fashioned idea that an interviewer provided an occasion for oratory. So Mr. Coward got in only two "Good-mornings," one each for greeting and parting. The piece was too brief to tell whether Mr. Coward or Mr. Ruskin got his way about the time of the interview, as "Good-morning" may imply either ten, or one, o'clock. Mr. Bernard Shaw, clad under his dressing-gown in the vest and knickers of Cashel Byron, received nonsense for nonsense from Dr. Johnson. The skit on Sir Thomas Beecham, however, was not so good-natured, and it trespassed almost on vulgarity. The comparison of the morals of the eighteenth, nineteenth, and twentieth centuries, in which the evens had it on the ground that the odd was disqualified for hypocrisy, was again excellent tabloid comedy.

To please somebody, however, Mr. Cochran has not yet provided revue at its best possible. The charm of colour and movement in the spectacular scenes and the nonsense of the comic ones are interleaved with lyrics which neither refresh nor create. To take the worst of several examples, what right had "Let's Do It" among so much loveliness. It suggested to me either the producers despising their audience or the worst faults of the old music-hall crushing in among the best work of the new revue. Such lyrics are not artistic, not clever, and not comic. At the interval somebody near me remarked that there was too much dancing. For me, of the sort that I enjoy, from waltz to ballet, there was not enough. Some of these "lyrics" had a way of almost raucously spoiling the spectacle of graceful movement. Another observation of the audience is that it could be moved to applaud with enthusiasm only feats of endurance. One graceful backward somersault in the rhythm of the dance of which it forms part can be thrilling. Ten are only repetition work. Strength and speed enrich dancing only when exhibited as grace. How delightful by contrast with the temptation occasionally to overdo a violent thing was the economy of speech in the dialogue, and the perfect brevity of comedies which the farce-maker would have spun out to the length of a fragile play. In "Only a Schoolgirl," a comment on modernity in which a child waiting for her train on the way back to school advises her elders common-sensibly about their love affairs, appreciable pauses are required while the implications of her very short speeches are gathered in by the audience. In spite of the intermittent faults, largely due to the effort to cater for all tastes some of the best time in return for the right to please only the best much of the time, this co-operative effort of Mr. John Hastings Turner, Mr. Max Rivers, Mr. Frank Collins, and Miss Tilly Losch, with their excellent company, is a tribute to Mr. Cochran's unquestionable showman genius.

### Afraid of the Dark: Royalty.

The programme frankly describes "Afraid of the Dark" as an exciting improbability. Herbert Alden as a child was so much afraid of the dark that he had to convince himself of his courage by burgling. In private life he was a stammering young man who wrote poetry, and disappointed his father by having no career. Professionally he was the king of jewel thieves. The author, Mr. Howard Irving Young, has a mind far too good for writing crook plays, and the story would be credible, if told, that he wrote this one to convince himself that he could, as William Archer wrote "The Green Goddess." There are, for example, no police in the play, the detective in it being the agent of an insurance company. Alden's childlike comments on

ways of money making other than safe-cracking are subtle. When his sister's fiancé boasts of success on Wall Street, for instance, Alden mistakes "market" and "stock" for a real market and such things as "pigs and geese." Unfortunately Alden turns out a snob. Learning that his sister's fiancé is also a jewel thief, he objects to a professional colleague marrying into his family. If his reason had been that this thief had also made tainted money on Wall Street logic as well as excitement and improbability would have been kept up. Alas, Alden had made honest money on Wall Street, and had been a cracksman only for a lark. The play is better put together than most crook-plays, though the detective is just as silly—he had no paste duplicate of the jewels used as bait—as in other plays. The claim to excitement and improbability can be granted, and the surprises come pleasantly. No guns go off, and no screams are heard off. The stage is darkened only once, and then legitimately. The thrills are mainly obtained by the exploitation of dramatic crisis and suspense. The acting of Kenneth Kent, Fewlass Llewellyn, H. R. Hignett, J. Farren Soutar, Arthur Chesney, and Mercia Swinburne is excellent. Why doesn't an author with such ideas and craftsmanship write real plays?

### The Man at Six: Queen's.

The coming of summer in the theatres is marked by a crime wave. In my view this is a mistake from the box-office point of view. The craving for excitement is past its zenith. "The Man at Six" has the attraction of Dennis Neilson-Terry and Mary Glynn. But it asks too much of credulity. Clever private detectives, outshining the fools from Scotland Yard, are too numerous. Sexton Blake and Sherlock Holmes are quite enough to do away with all crime. The audience is misled too much. People hang about when common sense would take them away just to remain in the play. Clever crooks and clever people choose morons for partners. Too many jumps are obtained by revolver reports and screams. Jumps are not thrills. The acting is far too good for the play. It ought, by the way, to be very risky for anyone connected with the play to motor through Kingston after such a libel on the Kingston police.

PAUL BANKS.

## The Turf Exchange.

### I.—EXPERT PROPHECY.

At the end of the 1928 Flat Racing season the *Middy Standard's* summary of results of selections made by a group of thirty experts showed that together they forecasted 1,251 "winners" who won, and 3,522 "winners" who didn't. Moreover, each selection was what is called a "nap." The average selection, that is, the one "best horse per day." The average result per expert works out at to about 42 winners and 118 losers, or one winner to every three losers. The financial result of staking one shilling on the 4,773 selections would have been a net loss of 830 shillings for the season; or a loss of about 28 shillings if a single expert had been followed whose successes and failures corresponded to the above average figures of 42 winners and 118 losers. The win-lose ratios of the experts themselves range from 72:106 ("Uno" of the *Daily News*) at the top, to 10:112 ("Larry Lynx" of the *People*) at the bottom. Yet the financial return from following even the *Daily News* correspondent would have been a loss of 13s. Two experts with lower ratios than the best ("Marajax" of the *Daily Dispatch* 48:129, and "Form" of the *Sporting Chronicle* 56:121) show a profit on the season of 23s. and 13s. respectively. These are the only critics out of the thirty who do not show a loss. The reason for the anomaly is of course a question of the prices of the winners. A simple calculation on the above figures will show that the average price per winner must have been 2½ to 1. Since the average ratio of losers to winners was 3:1 it is clear that the average price per winner would have had to be 3 to 1 for the backer to avoid a loss. "Marajax," whose ratio of winners to losers is only about one-half that of "Uno,"



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