

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

A correspondent elsewhere refers to our comments of last week on the secessionist movements in Australia, and points out that one of these—that in the Armidale district of New South Wales—is of long standing, commencing a long time before the present financial crisis in the Commonwealth began to develop. Further, he shows that the movement there is based on a clear, practical grievance sufficient to afford a motive for it, apart from any incitement by bankers. All this we accept and allow for; and it will be remembered that we dwelt last week on the subject of the differentiation between the prime motivations of various secessionist movements. As our correspondent courteously allows, the fact that a movement begins spontaneously does not exclude the possibility of financial interests subsequently exploiting it for their own purposes. That is to say, the Armidale district may be, or may become, a Mansion House outpost in New South Wales. At present, he suggests, there is no clear evidence of this; and we agree that events have still to provide it.

But Armidale is not the centre of the particular movement that we are watching. Armidale lies well to the north of Sydney—about half way to Brisbane, in Queensland. But there is another movement in the south, in the Riverina district, which appears to have, as its objective, secession from New South Wales, and absorption into the State of Victoria. A cable from Sydney, dated March 8, appears in *The Times* of March 9, which reports as follows:—

"Some 5,000 countrymen assembled at Narrandera, in the Riverina, yesterday, and enthusiastically passed resolutions similar to those passed at the Wagga Wagga meeting last week, demanding a reduction in the costs of Government, the relief of primary producers, and [if the Government refuses] . . . secession from the State of New South Wales. There was also passed a resolution emphatically opposing the repudiation policy of Mr. Lang, the New South Wales Premier." (Our italics.)

The only item that can be construed as a spontaneous demand of these five thousand countrymen

is that for "relief of primary producers." The first item—"lower costs of government"—suggests spontaneity on crutches; while the third—"down with 'Repudiation'"—is spontaneity in a litter. That is to say that the essential necessities of countrymen are fully reflected in the second, half reflected in the first, and not reflected at all in the third. To put it another way, what the bankers want is kept out of the second resolution, is a large constituent in the first, and is the whole substance of the third. What on earth is the essential relation between the relief of primary producers and the repudiation of "Repudiation"? Give us an audience of plain unsophisticated farmers, as these were, and we will undertake to get them shouting for Repudiation as one means of affording them relief—and will do so with better logic than the bankers have dared to use in getting them to shout the opposite. Relief of any kind to anybody is dead against banking policy, as can be illustrated, for instance, by the persistent obstinacy of the Commonwealth Bank to meet the demand by primary producers for more generous advances on their wheat crops. Again, we would quickly show such an audience that what was hurting them was not the amount of money the Government spent, but the directions in which the Government was compelled to spend it—directions which entailed the depression of agricultural interests for the benefit of industrial monopolies. The secessionists in Western Australia saw it right when they declaimed against their exploitation by the "industrial east." It is precisely the "industrial east" which the banker encourages, because his "security" depends on monopolistic exploitation, and such exploitation is easier to carry out in the case of factory products, whose output can be adjusted to the scarcity-level day by day, than in the case of agricultural products, whose profusion or scarcity is a matter which nature decides season by season. A farmer cannot pull up his wheat and sow oats when he sees wheat-prices slumping; but a manufacturer can instantly stop making ploughs and substitute lawn-mowers if the farmer goes bankrupt. "We always appear on the scene," said that bank-manager in Court on one occasion, "before the bottom falls out of the market." What he meant was that the



banker collects his loan before the borrower's money disappears. Conversely he is content to let loans remain so long as his manufacturer-clients are doing well at the expense of their farmer-customers. Next to the private consumer, the primary producer is the hardest-hit victim of the banking monopolists.

Reverting to the meeting in question—the report proceeds as follows:—

"Mr. Charles Hardy, who was the leading speaker at Wagga Wagga . . . emphasised the *non-party nature of the rally*, and assailed those 'damnable party politics.' . . . The *big issue was repudiation*, which, he said, was a pawnticket of the nation's honour. . . . The attendance included farmers from places 250 miles away. Further meetings are pending at Deniliquin, Moulamein, and Balranald." (Our italics.)

Party politics reflect party interests—party interests reflect conflicting economic group-interests. Therefore non-party politics must reflect either non-conflicting economic group-interests (which is a contradiction in terms, because without the element of conflict there would be no groups), or else it must reflect something other than economic interests—which it does, namely, the interests of credit monopolists, who want to consolidate their power to run an economic system of their own pattern independently of Parliamentary control or even advice. Non-party politics are bank politics. And we may observe here that the source of the growing popular contempt for party politicians is the fact that they do not attempt to pass party-legislation. Thirty years ago Mr. Hilaire Belloc pointed out, in *The Party System*, that it was not the Cabinet (i.e., the party in power) who decided legislation, but the "two Front Benches" (i.e., a non-party caucus). The bankers have cleverly posed as social psycho-analysts and have been teaching the public to believe that in its subconscious mind it dislikes a politician who presses for the interests of the people who vote for him. Their suggestion is: "You don't really want what you vote for, you know; and that is why you despise the politician who tries to get it for you. What you really want is a wise tribunal which will decide what is good for you."

Mr. Charles Hardy (who is virtually if not actually a bank-intelligence man, and is evidently making a progress through all the districts named like a judge on an Assize Circuit) very nearly said the above words to the farmers. In effect he told them: "You do not really want relief for primary producers, you know. What you really want—the big issue—is to defeat the policy of Repudiation. You are ready to lose everything you have to keep unstained the 'nation's honour.' You may think you don't, but I know you do; I know that you hold character far more precious than cash—do you not, now?—answer me, brethren, from your inmost hearts." After this the "enthusiastic" and "emphatic" resolutions followed as a matter of course—for these simple men, knowing everything about sheaf-binders, knew nothing about spell-binders. So the five thousand, purged of their concern about loaves and fishes, floated off to their homes on the wings of Mr. Hardy's eloquence. We can only hope that those of them who had to travel five hundred miles to hear the sermon thought it worth their fares—if they paid them.

In *The Times* of March 10 another cable says that:—

"The strength of the Riverina movement for secession from New South Wales has led to the belief that the promoters will shortly declare in favour of attachment to Victoria. Already attempts by Victoria to capture the Riverina trade have been successful, transport to Victoria being cheaper and quicker than to the N.S.W. cities. Strong affinity exists between Victoria and the Riverina,

and Melbourne has been regarded by many as the natural capital of the province."

Yes, and the natural provider of capital for the province as well. As regards the said "affinities," these of course can be created and destroyed at any moment by the State and trading banks in the areas concerned. It is all merely a matter of drawing in credits here and letting them out there. It should be observed that the capture of the Riverina trade involves a partial financial secession of this district, and this would be completed by political secession because Victoria would then collect the Riverina taxes as well as the profits from the captured trade.

Mr. Lang, the N.S.W. Premier, has made no conspicuous move lately except that of appointing Mr. A. C. Willis as Agent-General for the State in succession to Sir George Fuller. Mr. Willis was a Welsh coal-miner twenty years ago. Mr. Lang declares this appointment necessary so that "an informed person may explain overseas his financial policy." (*Times*, March 10.) The cable reporting this says that Mr. Willis has "not possessed the confidence of the general community in any particular degree"—which is something in his favour; for since he is Mr. Lang's spokesman in the Legislative Council, he is a rather important public figure, and the "lack of confidence" alluded to suggests that he is rather a *persona ingrata* in financial circles. We will write him down for the time as a dark horse that has not been doped.

Secessionist feeling in South Australia is being voiced by the Leader of the Nationalist Opposition in this State, Mr. Butler. The report (*Times*, March 11) says that he was once a strong Federationist but has now declared that he "sees ahead secession or ruin" owing to the "lust for power" which Federal Governments have exhibited. This is one more illustration of the bank-invented trick of relating defined economic phenomena with unspecified moral obliquities. Neither a "lust" for power nor the achievement of power has any causal connection with economic ruin. The economic consequences are contingent, not on the power, but on how it is used. The whole world could be put at the mercy of a Social Credit dictator, with consequences the exact reverse of "ruin." If Mr. Butler is looking for evidence of power-seeking he will find more of it in the Federal Loan Council than in the Federal Government. Did we not quote Lord Stanley (who was once Governor of Victoria) last week as stating that since the Council was formed "the power of the Commonwealth" had been "greatly enlarged" with the result that no State could impose repudiation? If it can be shown that the Federal Government controls the policy of the Loan Council, and good: but if not, the Loan Council controls the Government. And in any case the Loan Council's power is that of sanctioning loans. It has no power, as a Council, either to provide the loans or to make any institution or person do so. All it does is to submit applications privately to the banking-monopolists for decisions, and then to take public responsibility for those decisions. It cannot do anything else; for neither the Commonwealth nor any State could borrow at all against the will of these men and their overseas associates, who, between them, control the world-pool of credit. It suits them nicely to have people like Mr. Butler interpreting every impulse to break out of this control as reflecting a lust for power.

Since the plight of the Australian farmers is such that unless they get relief there will be no more farming, some way of providing it has got to be found. Mr. Latham, leader of the "Niemeyer" party, proposes that this shall take the form of a private loan

"raised in Australia under the control of representative commercial and financial institutions." (*Times*, March 11.) The reason for this proposal is explained on two grounds (a) that Mr. Latham's party cannot accept the Government's proposal to issue £18,000,000 new currency, and (b) that Mr. Scullin has definitely announced that the Government "cannot go on the loan market at present." The *Times* correspondent adds that as Mr. Latham's party has rejected the policy of currency issue the Bill for carrying it out will presumably be rejected by the Senate even if it gets through the House of Representatives. This is interesting. Mr. Scullin's Government is not going to be allowed to borrow money, or to manufacture money. That is to say, insofar as the scheme operates the prerogative of the Government is to be usurped by bankers. They will themselves do what they are preventing the Government from doing—they will manufacture new credit (of which the true ownership is that of the Australian population) and will use it to subscribe to (let us say) Farm Relief Bonds. They will disguise this action in the usual way, namely by selecting nominees who will appear to be the actual subscribers. But the true situation will be that they have manufactured the money and bought the bonds. There will be two effects: (a) the money will go out into circulation and will tend to raise prices, in which case, unless wages and salaries are raised, the general body of consumers will have to buy fewer goods—which will be their contribution to the relief of the farmers; and (b) the new block of bonds will be afterwards unloaded into the investment market with the consequence that all pre-existing investment-securities will tend to decline: some are bound to decline, and certain investors will lose money—which will be their share in paying for the relief of the farmers. (This of course assumes that the bonds do not go outside Australia.) It is true enough that the Government's proposed policy would have much the same ultimate consequences as things are at present; but that is not the point. Here we have a private non-responsible body manufacturing public credit over the heads of the Government, dispensing it and recovering it how they like without any obligation to reveal what they are doing—one of the items of which is intercepting money through the consumption and investment markets at the rate they want it, and to that extent reducing the taxable capacity of the community to pay the Government's own tax-charges.

A cable from Perth in the *Times* of March 12 announced that "drilling is going on among the unemployed in that city." On the next day a further announcement said that:—

"The Western Australian Government has issued a proclamation declaring drilling illegal, and fixing the maximum penalty at seven years' imprisonment for those who drill others, and two years' imprisonment for those who are drilled."

This is not surprising. The "Niemeyer" party is in office in Western Australia, and there is nothing in a person and military structure in a body. Company as you like: for all that happens is talk, talk, orders should be given. That's democracy—the bankers' most useful instrument of control through deception. But Companies, falling in behind an act of initiative, and content to obey orders without question except that they have first been told what it is all for—that is a different proposition entirely. For all we know, and for all that is at all likely, these leaders of the unemployed in Perth have no precise idea what they are going to do with their drilled men; but that does not prevent the bankers' getting nervous about the movement. The extent of their present nervousness is amply indicated by the sentences

they are threatening. They do not mind undisciplined action, for in the excitement of an emergency there is bound to occur an attack on property; whereupon the bankers can count upon popular endorsement of any measures, however violent, that are taken to punish the mob. But given a body of disciplined men, acting strictly to the orders of leaders who know what their objective is, and who have worked out the appropriate strategy, then the position would be practically reversed. For one thing they would most certainly be told to protect property, not attack it. And for another, their leaders would have first taken pains to proclaim their objective, which, if efficiently done along lines that we can visualise, would at least make the authorities think twice about how they employed violence to repress the movement. In fact, even in respect of the comparatively small movement in question, we fancy the authorities would find the consequences embarrassing if they did sentence a man to seven years merely for the act of drilling others. It is a dangerous bluff for them to put up, unless the Perth movement has publicly expressed definite intentions of attacking life or property. Perhaps someone will call it. We must wait and see.

This movement is a portent. When men are shut out of employment they may be regarded as involuntary secessionists from the organised economy of the State. Quite apart from political objectives, these men—who are not congenital loafers—will naturally seek to escape the demoralisation consequent on idleness by engaging in some alternative form of activity. In drilling they get what they have been habituated to in economic life—direction, training, and exercise. The drill-sergeant takes the place of the employer—he is a commander, he is an instructor, and he is a provider of work—even if that work be nothing more than marching. And over and above these three benefits to the men there is the stimulating influence of personal association—the preservation of the team-spirit. Looked at from this point of view the act of political authorities in prohibiting these activities is immoral—it condemns these men to an empty life which not only saps their spirit, but unfits them for re-employment. It says to them: "Lean up against the yard-wall till the foreman calls you in."

In a single political State these men—these involuntary secessionists—have to obey this order. But supposing that economic secession were accompanied by political secession the position would be altered. Last week we conceived the possibility of Mr. Lang being left with a "cabbage-patch" to govern. This was an exaggeration. What we meant was that the bankers might detach from New South Wales a vital part of its present equipment, leaving it a virtually primitive area. But assuming that that area could be independently governed by a Statesman who knew how to finance its productivity, he would be able to develop it as a military State. It would indeed be a barren area which could not at least provide food, warmth and shelter to two men for every one who worked. On that basis it would be possible in theory for half the population to drill while the other half looked after supplies; or for every man to do six months on the farm and six months on manoeuvres. The standard of life might be primitive, but it would be secure. And while the range of activity would be narrow there would be no limit to its volume. We suggest that, hard and frugal as might be the life in such a State, it would appear like a Utopia to the yawning unemployed in the contiguous bankers' States which would probably encircle it; and it is open to question whether the blockaded Social-Credit State would



not have the pull on the blockaders. Its Government might even have to do what the United States has done, and impose a quota limit on immigration from other States. It could get all the man-power it could support—and could pick the right stuff, too. To the question: "What would it do with its 'soldiers'?" the suggestion is that they would serve to prevent or to resist external aggression while the internal economic resources were being developed. For developed they would be, even if everybody had to start the job with his finger-nails. Finance can do most things, but it cannot cut off any people from access to scientific knowledge, nor stop them from adapting it to their special necessities. We are not qualified to do more than hint at potentialities, and are, of course, quite aware that many practical obstacles can be shown to exist. Nevertheless, miracles often happen on the edge of a great catastrophe, and the old feudalism of England, crucified by the High Priests of Finance, may yet rise again in the world in the perfected form of a Social-Credit State.

## Who Runs Your Business?

By C. H. Douglas.

Address to the Dudley Rotary Club, March 9, 1931.

In acceding to the kind request of your honorary secretary to address you to-day on a subject with which I am to some extent connected, that of critical finance, I have chosen the title of my address with a view to bringing into relief certain aspects of the subject which are apt to escape attention. In an address of this character it is, of course, impossible to cover the whole subject, and if I can cause you to think about the matter for yourselves from a point of view which may be a little unfamiliar, I shall feel that my objective has been achieved.

I suppose there is no-one in a gathering of this kind, where each member may be said to be representative of definite achievement in his particular life of activity, who would not agree with the proposition that he has steadily worked during his business life to achieve the control of his own business. In every case, no doubt, you each of you began life as, in some sense or another, an employee, and I am confident that the stage at which you acquired a voice in the policy of your business, as distinct from its administration, marked a very definite stage in the satisfaction to be derived from successful effort.

Few men who have arrived at this stage in business would admit that their sole, or even principal objective, was, as the phrase goes, "to make money." If pressed on the matter, however, they will probably say, "It is impossible for me to carry out my ideas in business without money, and in order to have money continuously I have to make it." In other words, the "making" of money is the primary condition of carrying on a business under existing conditions, and therefore, whether you like it or not, you must regard the making of money as the prime object of your business, since without it there will be no business. Consequently, whatever policy is necessary to make money must be your policy.

Now the first fact to be gripped in any attempt to understand this subject from the common-sense point of view is that, considered collectively, it is impossible to make money at all by carrying on what is commonly called "business" which would require that every one sold his product for more than he paid for it. If you place any number of business men inside a closed area, and they do business with each other from early morn to dewy eve, they will collectively only have just as much

money, neither more nor less, than they had when they began. Some of them have gained and others will have lost, but the gains of one section of the business community will be exactly balanced by the losses of the remainder, and this statement is not affected at all by the fact that if we included creative industry in the definition of business, the goods for sale and the services which can be rendered may have enormously increased in the same period. To put the matter shortly, when you grow a ton of potatoes you do not grow the six or seven pounds necessary to buy the ton of potatoes. If you sell your potatoes, you merely get six or seven pounds which somebody previously had.

Now before proceeding to a further examination of the general position, I should like to draw your attention to the rather special position in which you, as heads of businesses, occupy in the economic system. You are makers, traders, or dealers in articles which acquire monetary value by a well-defined process of adding together the costs of production, and you obtain your remuneration by doing business in these articles at prices which present the recovery of these costs of production from the general public, plus an undefined margin, which we call your "profit," if it exists. The existing financial economic system does insist that your costs shall be paid, but does not regard it as being essential that you should make a profit, and, curiously enough, during the past fifty years or so, an idea has been sedulously promulgated through Socialist and other media that there is something immoral in your making a profit at all. In other words, you are the one section of the industrial economic system which is not supposed to have an inherent right to be paid for its services, although you are the prime initiators of all goods and services. I mention this, not only because it is specially vital to the arguments I am placing before you, but as one of many indications of the inextricable confusion into which matters of ethics become involved when you allow questions of economics and morals to get mixed up with them. In saying this, I ought, perhaps, to guard myself in saying that I am convinced that there is only one genuine canon of morality, either in economics or in any other thing else, and that is practicability. My complaint against the existing financial system is not so much that it is immoral, although it is, in fact, immoral even by reference to recognised standards of morality, but rather that it is so fantastically unsound that the consequences of attempting to work it are bound to be disastrous.

Having, then, clearly gripped the idea that making goods and making money have fundamentally no connection with each other, while at the same time you cannot carry on business unless you do, as the phrase goes, "make money," you will realise that you have no control over your business if you have no control over the money side of it. To put the matter in a phrase, "control of finance is control of policy."

Now, if I had been addressing you ten years ago, I should have been obliged to take up some of your time in proving to you where money comes from, but in the past ten years, in spite of the boycott of the subject by the Press in general, this aspect of the subject is becoming better understood, largely through the pronouncements of Mr. McKenna of the Midland Bank in his yearly addresses, "The amount of that institution. To use his words, "The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every purchase of securities creates a deposit, and every repayment of a bank loan and every bank sale destroys one." In other words, the amount of money that you collectively can make is not in your control, and is not in the least affected by your effi-

ciency or otherwise. It is solely conditioned by banking policy.

Now, I particularly want you to notice your special position in regard to this matter. Ultimately every individual in the country is affected by monetary policy. But you, as owners of businesses, are the first to be affected. When, for some reason, which may have nothing to do with the interests of anyone in this country, those in control of banking policy decide to cut down the supply of money, there is nothing in the situation which reduces either your wage bill, or taxes, or rates, or any of the other disbursements which you make on a fixed scale, in fact such a policy may, as is the case at the present time, raise them. Other things being equal, a reduction of money in the country must produce two results. The first is, of course, to reduce purchasing power, and the second is to discourage production and raise selling costs. Ultimately you are the people who pay for the increased selling costs, and you probably pay for them out of financial reserves. If, on the other hand, the amount of money in the country is arbitrarily increased, you appear at first sight to be better off. Trade is stimulated, production increases, and money profits rise. This happy state of affairs, however, is almost immediately reflected in a demand for higher wages on the part of your employees, a higher cost of living for yourselves and the country in general, and a higher cost of replacement for your plant. You are welcome to take the losses but you must share the profits. Consideration of these factors has, therefore, made a very large number of people, including bankers and orthodox economists, say, "Oh yes, we have not managed very well in the past, but we will now stabilise prices, and everything will be all right." I propose to return to this alleged remedy shortly, but in the meantime I might summarise the objections to it by saying that, in the first place, it is impossible, and in the second place, it would not meet the situation even if it were possible.

The situation of the owner of a business then, as I see it, is something like this. He is expected to provide the original capital of a business and take all the risks of this being successful, or otherwise. If it is not successful, he is merely accused of lacking in business judgment or ability. If it is successful, his remuneration is obtained in the form of a profit, and that is sinful, and ought not to be allowed, and in any case is a target for predatory legislation. Over-riding all this, however, as a system which is operated by persons whose interests are entirely separate from that of the individual owner of a business, or even of a great company, and this system is not even operated in the interests of the country at large, because it is an international system. The only reason that the business depression of the present time is a world-wide depression is because financial policy, particularly since the war, has become extra-territorial, and we, in particular, are suffering from the results.

A minor consequence of this situation is that business executives suffering from the consequences of a financial policy over which they have no control, and which makes it mathematically impossible for them to achieve what are commonly called "satisfactory results," are forced to listen to lectures from factory chairmen, heads of insurance companies, and others connected with the financial system, on the efficiency of their plant and their backwardness in adopting new ideas, an inefficiency and backwardness which, to a considerable extent, is the direct consequence of lack of money with which to make use of the progress of the industrial arts. It is always a matter of astonishment to me, that great manufacturers and organisers with an intimate technical knowledge of physical production, accept so quietly these criticisms from men, who, if they were placed

upon a desert island, would probably starve from inability to make themselves a fire, and whose business, that of finance, is incomparably the most wasteful, corrupt, and illogical, which exists in the world to-day.

You will, no doubt, ask me what can be done about it, and the answer to that question is one which has been engaging a good deal of my attention in the past twelve years. It has two quite separate and distinct aspects, the first of which is, "what ought to be done," and the second is, "how to get it done"; the second is at least as important as the first. As to what ought to be done, the answer in general terms is that any satisfactory financial system must reflect the physical facts of production and consumption. Consider what this means. We have a production system which is essentially so marvellously efficient that not only can it produce the goods and services which are required, while 2,500,000 producers are totally unemployed, and those who are employed are certainly not working above a very low level of efficiency, but it can do this with a rapidly decreasing amount of labour. Of the so-called "employed," it is my opinion that at least 30 per cent., and probably many more, are engaged in what is essentially nothing but interference with the activities of the remainder. In other words, while the production system is marvellously and increasingly efficient, the economic system, which is based on the financial system, is increasingly inefficient. On the other hand, we have a growing discontent and an increasing sense of economic insecurity, simply because we estimate our economic condition, not by the physical facts of our productive ability, but by the purely artificial data provided us by the financial system. This reflection of the true facts in a modified financial system would, I think, involve the following factors. Firstly, that production should never be held up for want of money, and improved plant should not wait upon what are called "capital resources." Secondly, that the total output of the productive system should always be buyable by the population. Thirdly, that it should never be necessary to produce unwanted goods in order to provide money to buy goods already in existence, and fourthly, that since a decreasing number of individuals are required to produce all the goods which not only they themselves, but the rest of the population, can use, it should not require the whole of the population to be employed in order that the whole of the population should get the goods. If you will think these requirements over, you will see that price stabilisation is no answer to them. These considerations can, however, be met by a financial system which provides the following features: (a) That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country (irrespective of the cost prices of such goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption. (b) That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production, and shall be recalled only in the ratio of general depreciation to general appreciation. (c) That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary, as productive capacity increases per man-hour. I would particularly emphasise the latter. I believe the attack upon the dividend to be a basic attack on individual liberty, and a wide extension of the dividend system to be the key to national progress.

Finally, there is the question of how principles of this character, after being embodied in a system, can be actually put into operation, and in regard



to this there has been, I think, a good deal of loose thinking.

It has been commonly assumed that if the situation were made plain to a sufficiently large number of people, that conditions would within a short time be rectified. I do not believe so for one moment. In this matter we are, I am convinced, dealing with the greatest problem of real power which has ever been tackled by the British nation since the days of Runnymede, or before. There has been sitting for the past two years in London, a committee known as the Macmillan Committee on Finance and Industry, and it has been investigating the matters I have discussed with you. In spite of the fact that with one or two exceptions, its members were appointed directly or indirectly from banks and insurance companies, it is rumoured that the evidence placed before that Committee has been so startling that it is impossible to obtain a unanimity to a report, yet it is being freely said that unless that report is favourable to financial interests, it will never be allowed to appear.

Every so-called authority on this subject is either an official of a bank or insurance company, or is directly or indirectly paid by a bank or an insurance company, and if he is not, he is not allowed to be considered an authority. The Metropolitan Press is absolutely closed to any views which are not thus sponsored by the financial system, and the only economists who are allowed to use the British Broadcasting Corporation for the exposition of their views are also employees of banks or insurance companies. The problem, then, is to find a method of bringing pressure to bear upon, first of all, the Bank of England (which, like other so-called Central Banks, is beginning to claim sovereign rights) and at the risk of being somewhat banal, I am bound to say I think that there is no more suitable instrument for this purpose than the House of Commons, but it must be a House of Commons which is responsible to a large body of people in this country who know exactly what they want and are determined to have it. It is not an easy problem to solve, but I do assure you with all the gravity I can put into that assurance, that the fate of the world, and this country in particular, is dependent on the solution of it within the next five years.

### "THE NEW AGE" DINNER.

This will take place at the Restaurant Frascati, Oxford Street, W., on Saturday, March 21. Time, 6.30 for 7 o'clock. Tickets, price 10s. 6d., are obtainable from the Manager, THE NEW AGE, 70, High Holborn, W.C.1. The Chairman will be Mr. John S. Kirkbride, of Nottingham ("Old and Crusted.") Major Douglas will, as usual, be the guest of honour; and his address, we understand, will deal chiefly with certain aspects of the present European economic situation. It is hoped that applications for tickets, or at least requests for provisional reservation of seats, will be sent in to the office, as above, without delay, as this will facilitate the work of arranging adequate accommodation.

"Instead of spending his convalescence at Bognor Regis, as has been suggested, Dr. Lang, Archbishop of Canterbury, who is recovering from an attack of facial neuralgia, is going on a visit to the Holy Land at Easter with Mr. Pierpont Morgan, the American multi-millionaire. The visit is to be unofficial, and the cruise will be made in Mr. Morgan's yacht Corsair. Mr. Morgan is now on his way to London from America to join the Archbishop. Dr. Lang has been a close friend of Mr. Morgan for many years, and has travelled in his yacht before."—Daily Sketch, March 6.

"But still, I do not think it wholly true that the newspapers are what they are because newspaper readers insist on their being what they are. The newspapers created the demand for their particularly degenerate menu, far more than the public initiated it. Drug taking may result on the one hand from a desire for so unwholesome a stimulant, but it can hardly be denied that the habit may become widespread and incurable in consequence of the activities of dope-peddlers."—Chapman Cohen, in the *Freethinker*, February 15.

## Drama.

### Strictly Dishonourable: Phoenix.

Judging from the reviews of the New York critics there can have been few gayer evenings in any theatre than when they saw "Strictly Dishonourable." A Press audience is presumably a blasé one, stinting both laughter and applause, for ever remembering where it heard that one before. When "Strictly Dishonourable" was first produced even Mr. George Jean Nathan, who is difficult enough to please, so far forgot that criticism is either destructive or nondescript as to kick up his legs, hold his sides, and describe the play afterwards as "a fresh and jovial comedy, as lively, as engaging, as genuinely honest as any that has come this way for a long time." Mr. Walter Winchell, in the "New York Mirror," remembered the production as the happiest evening we have ever spent in any theatre. The critics are not invariably wrong. They were supported by the public to the degree that the play joined the company of only a score which have topped five hundred and fifty performances in New York. Mr. Cochran seems fully justified in moving the play, bodily with the actors, to London.

It is no use pretending that "Strictly Dishonourable" is a comedy of genius. There are many fine, hilarious passages, both of action and of dialogue. The point in the first act where Isabelle Parry, the speak-easy, described her native South was beautiful and genuinely pathetic. But on very many occasions the pathos is American, and is also a trick repeated by the author for blowing up the dying fire. To an Englishman, with no special affection for the speak-easy or its proprietor, the first act is on the whole slow. The conversation between Isabelle and her fiancé, in which each in turn wants to go home when the other wants to stay, is gently amusing, but it resembles a scrap-book picture stuck to the play. Most of it could have been dispensed with, but the author liked it, and believed the public would like it. In New York they did. If speak-easies are actually as portrayed, I could no doubt, quickly develop the affection for them which Americans appear to have, since the landlord presented was much more human, warm-hearted, and generous than the landlords of English public-houses have become since the possibility of a motorist in the offing claimed all their attention. I could understand the child-like Isabelle preferring these emotional Italians, who were more like the folk at home, to the bourgeoisie of her fiancé's suburb, New Jersey.

After the long mutual nagging between Isabelle and her fiancé she is introduced to Count di Ruvo, who is all heart. He has bought sentimental gifts to the speak-easy proprietor. A famous singer is incidentally heard on the gramophone. Pathetic little Isabelle confesses that she adores the singer, on hearing whom she has spent all her pennies. Count di Ruvo, masked by the incognito of his real name, discloses that he is the singer. Isabelle looks at him with the kind of emotion which no doubt prompted Englishmen to put Nelson at the top of the column, and Petrarch to love an unattainable woman. The play contains many just such naïvetés which, while they may be sparks across the universe for adolescents and Americans, splutter out in contact with the emotions of more sceptical Europeans. On the major issue, however, the play catches even Europeans in their weakest place. Wherever the pathos has been completely worked out, the author brings back the fiancé, and makes it look as if Isabelle will be faithful to her promise by marrying

him. Nobody can bear that she should become the drudge of this budding New Jersey commercial magnate. It is like presenting a bunch of violets to a bookmaker. Back comes the singer to renew hope that the great lover is after all going to prove a saintly protector to a child-wife. Threatening the audience with New Jersey enables the author to do anything he likes with them afterwards to give them relief.

Americans, grown-up Americans, indubitably draw from adolescent love beautiful pathos from which Europeans have either grown up or grown down; from the joyful, naked, contemplation of emotional states of which the North European is ashamed, of which the North European adolescent is ashamed the instant he becomes conscious of them. Since the war the Europeans, Bernard, van Druten, and many Austrians, have tried to portray those emotions in drama, but from a point of view quite different from the American. The European object is not to encourage them, but to analyse and understand them with a view to adolescents passing through them less painfully, with fewer scars. The American enjoys them, lives them over in unconscious delight, like a sort of Adam to whom the forbidden tree had not yet been pointed out. The cause, no doubt, is sociological; the effect certainly spoils American plays for European consumption. The lost children who hold hands in emotional bewilderment with love and the immensity of the world were ever characteristic of American thrillers. Another phantasy in which Americans seem to wallow is the idealisation of the child-wife, something that Europe had in the Middle Ages, and with which Mr. Benn, W. Levy and others have flirted with since the war. In "Strictly Dishonourable" unquestionably the kindly old judge was right who wanted to send Isabelle back to her native South and her "ain folk"; and the singer heaped up his plate with trouble when he decided to give us the happy ending of kisses and wedding-bells. Mr. Nathan may never have praised "The Music Master," "The Great Lover," "Abie's Irish Rose," or the many child-wife plays; and he might deny that "Strictly Dishonourable" bears any likeness to them. It reminded me strongly of all of them, and of many more besides. It is slightly more conscious of some things, but in the main it bathes in the same sentimental delights. It is, perhaps, American sentimentality tempered by the reading of Montaigne, who appears to have pro-riaged some of the wisecracks. For example, marriage is like gaol, easy to get in and difficult to get out. Montaigne said cage-birds, but it's the same thing. Can you not rather cow me, Isabelle asks of the great-lover musician in his bedroom, "then it wouldn't be my fault," recalls the woman who made herself dead drunk to have a baby without sinning, as well as others of Montaigne's episodes. Still, Shakespeare borrowed in chunks, so nobody need hesitate.

The acting justifies Mr. Cochran's bringing the cast over. The actors and actresses play for all they are worth. They roll their tongues round their various dialects confident that they are worth speaking; that the dialects have a robustness which polite speech, like polite thought, lacks. The actors do not imagine that the theatre is a school for the practice, quiet deportment, and genteel address for subsequent use in Mayfair drawing-rooms, as it has become for so many English actors. If the situation requires a man to run or jump or stand with his legs apart he does what is necessary, and damns the disapproval of his potential hostesses. There is, however, a tendency to play too obviously consciously; that is, for the actor with a dislikeable character to portray, to play for dislike instead of for character, and vice versa, which, if it be a little allowable in comedy, is carried to excess. But the only member of the cast with whom serious fault

has to be found is the star, Tullio Carminati. I am fully conscious of his established reputation both on screen and stage, among connoisseurs as well as in the gallery. Yet he seems to be acting for the screen while on the stage; and, like Moissi, he makes love to the audience, seduces it with excessive, crooning gestures. He has also one prominent repetitive trick of rubbing his hands together, which may convey something in shadowgraphy, but which the human, personal, articulate, stage resents.

PAUL BANKS.

## The Films.

### City Lights: Dominion.

Chaplin has not been fairly treated over this picture, his first since "The Circus." On the one hand it has been over-praised and declared to be the best thing he has ever done. On the other hand, there has been a singularly malignant endeavour to belittle the film, and in particular to cry down its box-office value. What most of the critics have signally failed to do is to attempt an impartial analysis of the artistic merits of an eagerly expected work.

I do not consider "City Lights" the equal of "The Circus," which I continue to regard as its maker's greatest achievement, an opinion in which I am not alone. There are some masterpieces that cannot be excelled, and save for the skilful and humorous use of sound, at times employed with salted wit, Chaplin has made no advance in technique. That he has not done so is in itself a tribute to his genius; all the essentials of "City Lights" were to be found in the pre-war "Easy Street" series. When he made those pictures, he was, in some respects, fifteen or twenty years ahead of his time, and it is the fate of pioneers to be so caught up by those whom they have inspired, as has been the case with Shaw, that the value of their achievement is apt to be belittled by those who have come to take it for granted.

Chaplin has in his latest picture abundantly vindicated not only his refusal to speak, but also to allow the rest of the cast to do so. The opening of this film is, indeed, a satire on the talkies; a pompous nonentity rises to unveil a statue, and from him and the other speakers come not recognisable words but an indistinct metallic braying. Sound adds to the humour of the film, as in the scene where Charlie swallows a whistle at a party, and in his agonised but unsuccessful attempts not to blow it calls up a taxi and all the stray dogs of the neighbourhood. But "City Lights" would have been just as good without a sound accompaniment; Chaplin is so perfect a mime that he could have made his audience hear the whistle if the picture had been silent.

"City Lights" has the Chaplin characteristic of economy in titles. It has also the Chaplin characteristic, which is that of the best Russian films, that the persons of the drama are universal types rather than individuals. Here no one has a name; there are instead a tramp, a pugilist, an eccentric millionaire, a butler, a blind girl, and her grandmother. It is, of course, one of the secrets of Chaplin's success that his appeal is universal; for that reason alone he has been wise to refrain from speech, so that audiences of every nationality can interpret him in their own language and according to their own imagination. Such interpretation is the easier when the players are symbols.

"City Lights" is admirably cast, and in Virginia Cherrill Chaplin has found a new leading lady whose charming personality is admirably suited to her role. Both she and Chaplin are at their best at the end, when the formerly blind girl discovers that the benefactor to whom she owes her sight is no millionaire,



but a tramp in the last stage of shabbiness. I find it difficult to make up my mind whether this scene or the final fade-out in "The Circus" is the better. Each is perfect in its way, and if Charlie's last appearance in "The Circus" had more whimsicality and gasconade, the end of "City Lights" has a greater pathos.

Just Imagine: Stoll.

This is an ingenious and high-spirited portrayal of an imaginary world fifty years hence, when the commonest means of locomotion is the aeroplane, people are distinguished by number and not by name, and marriage is prohibited unless a court of law approves of the partnership. It is a species of burlesque of "Metropolis," "The Spy," and "High Treason," and has also a touch of the "Fox Movietone Follies" of 1929, which was made by the same producers. The photography is superb, much of the décor is in just the right Futuristic manner, editing and directing, the latter by David Butler, are good, and the whole production is characterised by an unusually high degree of inventiveness, while the story is completely coherent. The scene in which a number of women dance round a Martian idol is a superb example of technique. The director's conception of Mars is, incidentally, entirely on the lines of any of Mr. Florenz Ziegfeld's musical shows, save that the speech of the Martians is confined to explosive monosyllables which mostly sound like "Boo-Boo." The photographic excellence of the picture is brought out to the full by the new screen at the Stoll, which gives an unusual combination of softness and brilliance.

Beau Ideal.

Although not a great film, "Beau Geste" was a very good picture, representing the best type of entertainment given by the silent screen. "Beau Ideal," its talking successor, is not so good, as is the way with sequels. It is, however, also good entertainment, but I hope it will be the last Foreign Legion film for some time to come. "Beau Geste" had the advantage of a much better story, and the end of "Beau Ideal," while exciting enough, lacks the tenseness of the scenes depicting the desperate defence of Fort Zinderneuf. "Beau Geste" also had a truly villainous villain in the person of Sergeant Lajeune, while in the sequel the Foreign Legion is represented in an uncommonly amiable light, with officers showing a paternal interest in the rank and file, and an adjutant taking his batman to a tea party given by the local Sheik or Sultan. Not having had the experience of serving in the Legion, I am unable to say whether this correctly represents the relationship between officers and privates.

The photography and editing of this film are extremely good, but the picture is marred by two preventable defects—over-insistence on the use of the phrase "Stout Fellow" (or is it "Stout Fella"?) and a mixture of accents which strikes the English hearer as ludicrous; in the opening flashback there are a number of children, of which only one is supposed to be American and the rest English, but with one exception they talk American with an accent that one could almost cut with a knife. The Legionnaires also employ an extraordinary variety of accents, including a hybrid Anglo-Franco-American mixture. Ralph Forbes is again cast as John Geste, and Lester Vail, a newcomer of promise, has the part of Otis Madison. The acting is on the whole good, but inclined to be stagey. The film has not yet been shown to the public. Incidentally, I suggest that an enterprising management might be well advised to revive "Beau Geste."

Current Films.

The week's films include "Sous Les Toits de Paris" (Rialto), "Berlin" (Tatler), "Dracula" (Capitol), "Outward Bound" (Regal), "The

Dawn Patrol" (Stoll and Tussaud's), and "Du Barry: Woman of Passion" (New Gallery). Concerning the last, which had already been showing for a week without objection, I am informed that "by the Censor's request the qualification "Woman of Passion" has now been dropped. I hope to review this film and "Outward Bound" next week.

DAVID OCKHAM.

Banks and Employment.

AN ADDRESS TO THE UNEMPLOYED.

Modern money is paper money. Its intrinsic value is merely the cost of printing it. The right of printing it is an exclusive monopoly of the banker. The power to decide how much shall be printed is also an exclusive monopoly of the banker.

Money passes from the banker to the community always as a loan. The power to choose who may borrow money, and when he shall repay it to the banker, is an exclusive monopoly of the banker.

Hence every scrap of money down to the last farthing which is in the hands of the community is lent money, and which is in the hands of the banker. If it were not owing to him it would not exist. This truth has been stated in another way by the Rt. Hon. Reginald McKenna, chairman of the Midland Bank, who has repeatedly said that the repayment of a bank-loan destroys a deposit—or, in common language, that when money is repaid to a banker it ceases to exist. For every shilling you possess in your own right there is a shilling owing by someone or other to the banker. So if you choose to save it in a real sense—i.e., take it home and hoard it in a box or a stocking—you will cause someone or other to default to that amount in the repayment of a bank-loan. The whole course of trade is therefore dominated by the necessity for producers in debt to the right side of the money of people who are not in debt. The primary concern of producers is to keep on the right side of the banker; and although it is true that they will cut profit all the profit they can, it is also true that they will grab to vanishing point rather than lose sales and become defaulters. It may also be observed that the policy of grabbing high profits where possible is to-day motivated less by "greed of gain" than by the desire to keep on the safe side of the banker by accumulating a reserve of money which will reduce the necessity for them to incur the risk of borrowing from him. Fundamentally it is the banker who is the cause of profiteering when it occurs.

Money has been well defined as a Right of Action. One aspect of this truth has been made familiar by reformers who have drawn attention to the power of the rich to "enslave the poor." But the truth is wider than that. Everybody who has money to spend can get somebody else to serve him. A shopkeeper draws no distinction between a shilling put on the counter by a bob and another put there by a dividend-drawer. A bob is a bob and will pay off a bob-debt wherever it comes from. It is money of course that large money can outbid small money, and may cause producers to make those things that small money asks for; but this does not invalidate the above definition. It merely shows that different Rights of Action in an unfair and undesirable direction. Foster and Catchings in America have said that money is voting power in the sphere of economics. The store-keeper, they remarked on one occasion, lays out his money on a guess as to what goods people will vote for—and his cash-register tells him if he has guessed wrong!

If you will substitute the term: "Right of Action," for the term: "money," in the opening paragraphs of this article, you will realise that the banker has the exclusive power and discretion to do any or all of the following things:—

1. Initiate action.
2. Dictate the character of that action.
3. Choose who shall take part in it.
4. Shape its course.
5. Put an end to it.

Thus the banker is the sole arbiter of Action—he employs you, and he disemploys you, at will. Of course, it is your immediate employer who tells you to start work or to stop work, but what he tells you depends ultimately on what the banker decides shall be done. Employers used not to be aware of this, but to-day large numbers of them are actually taking orders from auditors appointed by bankers concerning

the number whom they should employ and the wages they shall pay.

In saying this we do not suggest, as the Communists sometimes insinuate, that you should excuse your employers from responsibility just because the prime responsibility rests with the banker. On the contrary you should neglect no lawful action which will make it as difficult and unpleasant as possible for them to sack men and cut wages, or for public authorities to reduce doles. The reason is that so long as you behave like good boys to your employers the greater the obedience you yield to your employers the greater the obedience that the bankers will exact from them. Hence the more ground you yield the more ground you will have to yield. You have to hold up the momentum of this money-squeezing movement where you can: and as you are not in direct contact with the banker, but are with employers and local authorities, it is here where you must exert your power of resistance. You are not called upon to abate it in the slightest by reason of your knowledge that the banker is responsible for your condition. The one change like this: that whereas at one time your policy was to regard the employer as the principal, and to hand him a punch for himself (when you could) your new policy is to regard him as an agent, and to hand him a punch for the banker.

If three people, "A," "B," and "C" are walking in a row, and "B" keeps trampling on "C's" corns, "C's" natural and proper course is to push "B" off without reference to whether "B" does it for the purpose, or whether "A" pushes him. In the latter case, if "B" does not like being pushed off "C's" corns, "C's" obvious retort to "B" is: "All right! Then you keep 'A' in order." It is ultimately the problem of "A" + "B" against "C" or of "B" + "C" against "A." It is certainly not a case of "B" against "C." That is a transient phase. Nor should change places with "B" (the Communist policy of "expropriating the capitalist") for, so long as "A" is left alone, the corn-trampling will go on—this time "C" being pushed by "A," and "B" doing the pushing back. You can see this game going on in international politics to-day. In Capitalist London there is growling because Communist Moscow is trampling on British industrialists' corns; while in Communist Moscow there is just as much growling because Capitalist London is trampling on the corns of Soviet State-industry. At least this will be a true picture when the rivalry between the two boos baffled by bankers, each struggling to shove the other onto the kerb and walk in the middle of the row. Neither of them contests the banker's right to the inmost position next to the wall, where he can push and cannot be pushed. Labour—the kerbstone class in a capitalist society—does quite right to go for the middle berth, but only as a means to an end; not as the end itself. And in process of butting into the lurching employer the workers should make it clear that they are after the fellow on the inside, and that the employer in the middle will have to drag him out with or without their assistance, or else be dragged out of the middle himself.

Coming, now, closer to the current question of money-debt-burden which has to be met by taxation, because this is the main excuse offered for restricting the provision of employment schemes on the one hand and of adequate unemployment benefit on the other. "The country can't afford it." It has to be taxed, so you are told, to the amount of nearly £400,000,000 per annum on account of national debt alone—an amount equivalent to the wages of two million workers at £4 a week each. This sum is due to be paid to an admittedly small section of the community commonly referred to as bond-holders. And the justification for paying them is because they lent their own money to the nation. That is the story.

The first thing you must learn is that they did nothing of the sort. In 1914 the whole population had got only £900 millions—and out of that sum they probably required £850 millions for private and business purposes. So the bondholders in question could not have had more than £50,000,000 available to lend, even if they had that. In the following four years the Government borrowed from them, so you are asked to believe, £7,000 millions. That is marvellous enough, is it not? But would you believe it, the whole population of the country finished up with £2,000 millions of money—of which you may safely assume these bondholders owned as large a proportion as they did of the original £900 millions. But whatever the figures, the important fact is that the bondholders began with so much money, lent £7,000 millions, and had more left than they

started with. How could that miracle happen? It is easily explained. These bondholders did not lend any money to the Government or to anybody else. They lent the use of their names to the bankers. The bankers manufactured the money and lent it to the Government in the names of these bondholders.

What the bankers did was this. They got the Government to print bonds. They then circularised a selected list of firms and individuals, offering to lend them the money to buy these bonds. Let us take as an illustration a £100 bond bearing interest at 4 per cent. The banker's circular ran like this:

"To Messrs. Topdog and Mainchance,—Gentlemen, if you will sign the enclosed application form for a £100 bond we will pay the Government the £100 and charge you 3 per cent. on the money. The Government will pay you 4 per cent., which will show you a profit of 1 per cent. on the transaction."

Now, all you underdogs and slimchances were left out of this generous offer, as were the vast bulk of ordinary, honest citizens. Undoubtedly it is your business to shout about it. For the money was new money, manufactured by the bankers; and nobody in the country had any better right than anybody else to call it his money. Bear in mind that as money is a right of action, new money is a new right of action; and the right of ownership of the new money belonged to everybody who took part in the new action. This was war-action; and in terms of personal service (which is what the action boils down to) no man's contribution to the national effort was more essential or more valuable than any other's. Therefore you, and everybody else, had a valid claim to participate in the above profitable transaction of lending money you hadn't got, and getting paid for the use of your name. The bankers, by their act, were virtually handing over the lending-rights of all citizens to a small selected group of citizens. It may be of some moral comfort to you underdogs to reflect, when next you sign the register at the Labour Exchange and draw your few pieces of silver, that you are doing exactly the same thing as did those topdogs when they signed application-forms for War Loan. And if we were in your place we would point this out as loudly and forcibly as we could every time we went to draw our dole. But be careful to make the banker the villain in the piece, because, as we may show on another occasion, he twisted the bondholders after the war out of what they twisted you for during the war. To-day it is probable that nine-tenths of the £7,000 millions worth of bonds are owned by the banks, while the other tenth is still largely pledged with them for loans.

One word in conclusion. Why did the bankers wangle the loans in the way they did? Well, just think. Take one of the loan-issues of £500 millions, and assume that the population had consisted of 20 million adults. If they had all been allowed to participate, each one would have been a bondholder in the sum of £25, on which he would have been entitled to draw 20s. per annum from the Government and obliged to have paid 15s. per annum to the banker. But each bondholder would have had to pay 20s in taxes to enable the Government to pay him his 20s. in dividends. Very good; it would at once be seen that there was nothing in this bondholding scheme, and that the bondholders might just as well tear up their bonds and let the "Government" (namely, themselves!) write off the debt. That would have been common sense, wouldn't it? But do you know what the bankers would call it? A horrifying word—"Repudiation." In the above circumstances you would see through their nonsense. But in the actual circumstances of to-day they get away with it because of the general illusion that a small section of the community lent money of their own to the rest of the community. "But," someone may say, "what about the bankers' interest on the £500,000,000 they had lent us to buy the bonds?—we should still owe the bankers £15,000,000 a year." Quite so. But whose money was the £500,000,000? It was public money. The bankers would have had either to claim the right to pocket the £15,000,000 per annum as their profit (we should like to see them try it on!) or else to plead that they had to collect it as trustees for creditors. But who would have been these creditors? Why, the same people who were said to owe the money to them! So the debt to the bankers would have been revealed as being just as fictional as was the debt to the Government; and could have been wiped out in the same way.

So draw your dole with a good heart. You are only getting a small fraction of your own back; and although it appears to you at present that your fellow-citizens will have to pay it, that is not ultimately the case. The faster you crack up the "insurance fund" the more quickly will the War-Debt ramp be exposed and its ruinous restriction on industrial employment removed.

A. B.







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## The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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