

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2060] NEW SERIES Vol. L. No. 18. THURSDAY, MARCH 3, 1932. Registered at the G.P.O. as a Newspaper. SEVENPENCE

## CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	205	THEATRE NOTES. By John Shand . . .	212
Brewers and the beer-tax (comments continued from a fortnight ago).		<i>Derby Day.</i>	
STRAKOSCH AND EISLER. (Editorial) . . .	208	THE FILMS. By David Ockham . . .	213
SOCIAL CREDIT AND THE PRESS. (Editorial) . . .	209	Elstree's incompetence.	
"A + B" and the gas-tapping analogy.		MUSIC. By Kaikhosru Sorabji . . .	214
BLASPHEMY ON TRIAL. (Editorial) . . .	210	Emmy Heim. B.B.C. Symphony Concerts.	
<i>Blasphemy On Trial.</i> (G. W. Foote's speech before Lord Justice Coleridge.)		REVIEWS	214
FOURTH FORM ECONOMICS. By C. H. Douglas	211	<i>Camping and Woodcraft</i> (Kephart). <i>Sale By Auction.</i> <i>Benn's Ninepenny Novels</i> (First six of the series). <i>The Devil Drives.</i> <i>The Seven Niches.</i>	
Major Douglas's opinion of Mr. G. D. H. Cole.		CORRESPONDENCE . . .	215
DEFINING THE STRATEGIC POSITION. By John Hargrave . . .	212	C. G. M., Tom Dixon, Ian A. Ross, Philip T. Kenway.	
Diagram, with explanation, of the strategic position of the Social Credit Movement.			

## NOTES OF THE WEEK.

Our hope, expressed a fortnight ago, to continue last week our comments on the beer-tax, was not fulfilled—for the reason that the impact of the sudden Eisler-boom knocked us off that particular wavelength. The supervention of that event, however, has had the secondary consequence of lending point to our present resumed observations; and in this way, that but for its occurrence our speculations about what the brewers—or, for that matter, any other aggrieved business interests—might do beyond merely complaining of the situation in which they find themselves would have seemed to them more fanciful, more "up in the air," than they need seem this week. We reason it as follows. Firstly: the brewers are victims of banking policy exercised through the Treasury, as already explained. Secondly: redress involves resistance to banking policy. Thirdly: effective resistance cannot be created by a formulation of grievances (everybody has his own) nor by appeals to "justice" or "fair-play" (everybody applies such concepts differently according to his circumstances). Fourthly: even supposing the brewers could win a majority of the public to recognise their right to priority of relief, the majority-opinion could not be registered until an election; and if an election were held tomorrow, the registration of that opinion would be obscured or obliterated by other issues contained in electoral programmes: further, even if the public mandate was clear, no Government could instrument it against the will of the banking monopoly. Summing up, in the same sense in which it is said that God helps those who help themselves, and only affirmed that the Treasury spares those—"help those—who help themselves. By the phrase, "help themselves," we mean that unarmed, economic interests must lay hands on their enemy's weapon—which is the control of financial credit. The object of laying hands on it is two-fold: firstly and immediately, for each interest severally and on its own initiative to impede the enemy in the use of the weapon on itself as best it can: secondly and ultimately, for all of them collectively to wrest it from him, and so

stop him using it on any of them. Of course this policy assumes antecedent knowledge by the economic community of the fact that the bankers wield such a weapon, what it is, and what it does.

This is where the Eisler-boom comes into our calculations. Dr. Eisler has made certain proposals. Those proposals have been listened to by the Financial Committee of the House of Commons with every mark of respect, they have been frankly described in *The Times*, the *Observer*, and the *Daily Telegraph* (and perhaps other papers since), and they have been propounded by their author to several eminent social and scientific societies. The import of these facts is this: that Dr. Eisler's proposals are tacitly passed as fit for public consumption. And as they are directed to the problem of trade-recovery, every economic interest is impliedly invited to investigate them. Now, technical soundness of the proposals is, in the present context, of far less importance than the implicit recognition by Dr. Eisler—and therefore by his influential sponsors and sympathisers, whoever they are—of the fundamental proposition that general prosperity can be achieved over the heads of the economic community, masters and men alike. In plain words, trade depression and trade recovery are matters of credit-policy, in the control of which not even the Government, let alone any business interest, has the power to participate. All business enterprise is the product of banking enterprise; and general and consistent success in business policy can only happen as the product of a sound banking policy and technique. Such is the meaning underlying Dr. Eisler's proposals; and it retrospectively destroys all the pompous reproaches levelled by banking and newspaper magnates in the past twelve years against coal-owners, cotton-spinners, iron-masters, and so on for their "lack of enterprise," or "courage," or "tact"; and destroys also the allegations of teetotalist critics that the drink traffic is a contributory cause of the trade depression.

It should now be clear that the question of credit-control is a political issue overriding every other,

for upon the direction of that control depends the good or ill of every member of the community, employer, worker and consumer alike. It is, moreover, entirely different in nature from every other in the sense that it is a non-party question in essence, and can most easily be made one in practice. Party politics derive from economic interests; the function of a party politician is to relate some particular interest, or group of such, with the general interest. Thus the Liberal, holding that the "people" would be better in health for drinking less beer and more cocoa, and the Conservative, holding that the "people" are happier in the freedom to choose their own drink, are prophets of competing business enterprises. They cannot help it, in however good faith they advance their views. And so all round. But the situation no longer holds true when you have a financial interest, immune from the risks of commercial competition, and able, without cost to itself, to provide enough business to keep all competitors occupied and their men employed—which is Dr. Eisler's undisputed proposition—then it is the right, the duty and the privilege of every interest and private person to enter into the politics of credit. And in the case of grievances—all of which are now financial—the obvious reply of the aggrieved parties, whose affairs have been upset by the bankers, is to upset the affairs of the bankers. However little each can do individually, at least it is possible for him to do it without clashing with others who are doing it, and in the nature of the case each effort must supplement the force of the rest. In short, what we want is a non-party political movement of all economic enterprises to formulate and publish demands upon the Credit Monopoly. Readers of this journal are only too well aware how much progress the feasibility of this idea has made even in the last six months. For the very same reason that men and women of every type, experience, condition and aspiration have been consistently contributing money and effort to support THE NEW AGE and its credit-policy, the community at large—of whose structure our body of readers is a complete and exact cross-section—are ready to yield similar service to a non-party movement working on the same, or some compatible, principle in the politico-economic field. They are waiting for a lead; and when any business interest takes the initiative it will certainly produce results, the dimensions of which would initially depend upon the present political influence of the innovator, but which would in any case multiply at a startling rate when once the movement was launched and its object defined.

Now, the brewers appear to us to possess unique resources in men and equipment for a patriotic political crusade of this kind. Given unity, they stand in an analogous position to the Bank of England and the Big Five; and if one ignores for the moment the tremendous power of the banks to procure their political ends by secret financial coercion and persuasion, the political influence of the brewers is of no mean order in comparison. In pure and frank political controversy the brewer could hold his own with the banker. (It is amusing to notice in the Licensing Report, 1929-31, that some of the Commissioners mentioned with solemn disapproval the allegations of illicit methods used by "the Trade" to swing votes at election time. What is that compared with the bankers' methods of swinging the votes in Parliament itself?) The four cardinal points of scenic representation on the stage were once propounded by an authority as: A Castle, a Church, a Brothel, and an Inn. To-day he could eliminate the brothel and substitute a bank—a hardly less objectionable item, and just as appropriate to the stage when one reflects on the dramatic

situations that must have taken place in bank-parlours during the last year or so. However, brothels are not known in Britain any longer—nor will castles be in a short time—nor churches in a longer time. Financial stringency is causing the Nobility to cut up their estates and the Church to merge her parishes. It will be remarked that the brothel, the castle, the church, and the inn were each of them centres of political as well as social significance in their various degrees; and therefore their disappearance would leave the control of all information and opinion to be centralised in the hands of the banks and their agencies, the Press and the Wireless.

There are, at the present time, about 77,000 licences in existence as against nearly 100,000 in 1904. It may be mentioned parenthetically that in the same period the number of branch-bank premises has gone up from under 3,000 (it was just over 2,000 in 1890) to over 8,000—so that the ratio of banks to pubs has gone up from 1:33 to 1:10. There is no moral except that this symbolises the growing dominance of the doctrine of saving over that of spending. However, the brewers supply (let us assume) 70,000 different licensed premises, and, under the tied-house system, presumably control the majority of them. The licensee of a public house is the opposite number of the branch-bank manager or "resident clerk": both of them are functionaries carrying out orders from headquarters. Now every branch bank is the centre of more or less political influence—not in the sense that the manager talks party-politics, but that he assists bank-politics. Taking banking staffs collectively their advice to customers affects the direction of the investment of huge sums of money annually, and since political power reflects financial power, the head banks, from whom the advice proceeds, are able to alter the balance of political bargaining power as between various economic (or "party") interests, and thus ultimately to affect the complexion of Parliament itself. Bankers do not talk, they utter money, and the money does the talking. Insofar as they may be said to talk their own politics they do so by the negative method of talking slightly of everybody else's—sighing over "party prejudices" or "sectional interests," for all the world as if the struggle on the part of every business enterprise and employee to earn a living was evidence of a wanton whim to best somebody or have a row with him. If one interest, in the attempt to survive, menaces another, that is not the fault of either; it is the inevitable result of the dominance of banking politics over their own. The numerically smallest, and the least useful, section of the community gets its own way, and plunges all other sections into acrimonious competition for a market which, by the deliberated act of this small section, is too impoverished to support them all. The true view of the situation is that while the many separate interests are "sectional," they are not, as the bankers insinuate, mutually exclusive, but are mutually complementary in their essential nature—that is to say, they can all be satisfied together. The one problem is that of credit—the banker "section" apply its control methods which policy to that end, and by technical means, Dr. Eisler's proposals imply that this can be done by the bankers if they so wish. Therefore, it is up to British enterprises generally, and the brewers in particular, to use their political influence in a concerted effort to help them wish to do it. The question of whether Dr. Eisler's suggested method is the right one (and we say that it isn't) comes later. The immediate requirement is for economic enterprise to make the politics of finance its one preoccupation

—to educate itself, to educate the public, and to take such action in addition as will bring the issue to a head

We will digress a moment to say a word about Dr. Eisler's attitude. We are told by someone who knows him (we are not sure if he would care for us to reveal his identity) that he (the Doctor) is familiar with the Social Credit policy and method, but frankly avows himself out of sympathy with the objective of providing leisure. Leisure, he thinks, may accrue to mankind gradually over a long period, but for some time to come yet everybody should be set to work and kept busy. That being his dominant consideration, it is reasonable to assume (and our informant agrees) that he has not thought it necessary to investigate Major Douglas's technical analysis and proposals. That would be quite natural on his part. If you desire, on conscientious grounds, to protect your little son from militaristic ideas, you do not look in the toy-catalogue for tin soldiers and pistols. The analogy is not quite fair to Major Douglas, because as a matter of fact, all he contends on the question of leisure is that it is possible to provide it. If for moral reasons a community decide not to make use of the possibility, and prefers on that account to devote an unnecessarily large amount of human labour to economic tasks, that is their own look-out. But all the same he asserts that it would still be necessary for the financing of this all-in work-economy to be based on his technical principles, or otherwise community's incomes would not suffice to buy them the quantity of production designed for them to buy, whatever the quantity was and however hard they worked for it. The Social Credit technique, he has often asserted, enables a community to carry out their intentions, *whatever they may be*. If they like to decide that everybody shall work so long, on such and such a programme of production, for so much money, and shall get for that money such and such a quantity of the product—Dr. Eisler's "basketful of commodities"—they will need to apply the Social-Credit pricing principle to fulfil their aim. If they neglect it, they will find that the price of the basketful will exceed the shopper's purseful of money. Nor could they overcome the difficulty otherwise except by reverting to methods of production where either no money was used at all, or, if it were, there was no time-lag between the start and finish of productive processes. If Dr. Eisler can make it worth the brewers' while to employ a million men to brew a million quarts in a million pots, and the builders' while to enlarge the breweries to hold them, no doubt they won't mind: anything will be better than standing still and watching overheads piling up. Nor shall we mind either if this is the quickest practical step to cure poverty that the authorities will take. All we say is that there is a snag in the scheme. And as the working of the scheme would reveal the snag we should be content to wait for Social Credit to come into force that way. If it must be that wasteful economic devices are to be used for the relief of pain and anxiety, all right, get on with them. But: Humanity first. Pay them the price of their keep—and no promissory picture-postcard substitutes.

Reverting now to the brewers and their potential political influence, it is impossible to avoid the risk of talking impracticabilities when speculating on how they can use it. In the first place outsiders cannot know how far the bankers' coercive financial powers condition their freedom to act; nor, in the second, how to assess the probabilities of unity in their councils supposing they are free to act. We can only suggest, therefore, what we would feel the impulse to do if we were in their position, and were free to adopt a political policy without any external con-

straint other than that properly imposed by public opinion and sentiment. We should look upon our 70,000 licensed houses as so many centres of political education, and our own newspaper as an official gazette for the guidance of the tenants. This would not be setting up a new precedent, but developing a standing one—for there are still to be seen in many houses notices warning the public how "apathy" in the United States landed the people into "Prohibition." This kind of appeal will now be seen to have been too narrow—too obviously "sectional" and exclusively self-interested. The kind of appeal now wanted is one which will evoke response from, and even be capable of adoption by, people in every line of business, not only those who are consumers of drink and investors in the drink trade. It must be one which gives nobody the excuse for saying that the privileges granted by a licence to sell drink are being abused for sectional political ends. At the same time it must be one which suggests, or incorporates in its wording, the claim that brewers have as much right to use licensed houses for promoting political policy as religious denominations to use churches and chapels. It must be remembered that the most altruistic political policy under the present financial control transfers wealth from pocket to pocket—somebody must gain and somebody lose by the adoption of any policy. The centres where "temperance" education is carried on may be regarded as political committee rooms for the milk, ginger-beer, tea, coffee and cocoa trades. So if the advertised idealism of the temperance movement glosses over, as it does, this element of self-interest so that the public do not give any thought to it, the lesson for the brewers is to advertise a parallel "idealism." We have outlined what that should be, and we have shown that its promotion threatens no interests, not even those which are now competing with the brewers.

Within the scope of this general policy there is room for an educational campaign—and one perfectly compatible with the principle laid down—directed to emphasise the *collateral* amenities and services afforded by licensed houses i.e. apart from the selling of liquor. For example, the public house is made a convenience of by omnibus conductors as a retiring room between their shifts, and as a money-changing office when they are loaded with coppers or short of small change; also as a shelter for postmen out on letter-collection in cold or rainy weather; as a marketing place for itinerant hawkers, flower-sellers, musicians, and other poor people—not to speak of the Salvation Army girls with the *War Cry* on Saturday nights. Other and more familiar items are slate clubs, and charitable whips-round for hard-luck cases—particularly the chalk-ring relief-system in Lancashire and other northern counties. There are others to be added, and taking them comprehensively it can be fairly argued that a reduction of licences, let alone the closing down of the drink trade, would impose hardships on innocent individuals on the one hand, and on the other involve new public expenditure in some instances on providing substitutes for the withdrawn amenities.

It is common knowledge that at the moment thousands of licences are likely to lapse by reason of the inability of the brewers to keep the houses open. In many of them the revenue from sales barely pays the wages of the staff, let alone the rates and other fixed charges. This no doubt will gratify the temperance societies, but what is overlooked by the public is that if the consequence is to reduce the sales of liquor, the reversion of the saving will not fall to the people who save on their drink-bill and enable them to buy more of something else, but will go eventually to the banks in reduction of debt

and cease to exist as purchasing power in any market at all.

It is worth while recalling that when the Government began to experiment with betting-taxes there came a day when the exasperated bookmakers were knocked off business and "interfered" in a bye-election for the first time, with the result that they got their grievances attended. The trade depression has placed thousands of people in the position of having plenty of time to interfere in politics, time that they will devote to that purpose provided that the occasion constitutes a new departure from traditional party politics.

### Strakosch and Eisler.

Sir Henry Strakosch's speech before the Financial and Currency Group of the House of Commons (see *The Times*, February 25, p. 7), is perhaps, worth recording here as an event. Its content is hardly worth much analysis: the chief interest in it arises from the fact that it follows closely in time Dr. Eisler's speech to the above Committee which we dealt with last week. Strakosch is one of a large and influential body of financial Whigs who contemplate controlled expansion as a change from controlled deflation—the control, of course, remaining exclusively in the hands of "the Profession," and the change of policy held out by implication as a sound reason why the control of it should not be interfered with.

Our use of the term "the Profession" is intended to express the fact that essentially the bankers are no wiser, and certainly not so useful, as brewers. Supposing that "the Trade"—as the latter are slightly alluded to—had "de-alcoholised" drink like the bankers have deflated money during a period when they (supposedly) were in full control of licensing policy, and had stirred up a general revolt against themselves; nobody in his senses would regard their sudden panic-decision to put a bit more kick in the beer as justifying their continued control of licensing. Bankers behave even worse than this. To take an illustration from distilling, the public are entitled to choose between a liquor of low alcoholic content, e.g., whisky, at a high price, and one of high alcoholic content, namely methylated spirit, at a low price. The first is too dear to be bought, and the second is too nauseating to be drunk. The process by which the second is rendered nauseating is, we believe, described as "de-naturing." Methylated spirit is de-natured spirit. The reason why it is cheap is that it has other uses than that of a beverage; and the de-naturing is carried out in such a way as not to interfere with those other uses.

Readers will not need to exercise much ingenuity to formulate a parallel between this policy and that of the bankers with regard to money—or, to be accurate, with purchasing-power. When the orthodox banker has warned the public in the past: "The more money we circulate the less it will buy" he was saying the same thing as if a distiller said: "The more liquor we deliver the less alcohol there will be in it." But to-day, the Whig banker comes along and says: "Yes; we can circulate more money with safety so long as we 'manage' it"—which is like the distiller saying: "You can have as much spirit as you like so long as we decide how much of it is to be 'de-natured.'" That is to say, "managed currency" means methylated money. It can be used for any purpose you like except the purpose of personal consumption. Listen to Strakosch.

"All that this would involve, broadly speaking, would be to increase our monetary circulation and our credit structure at a rate corresponding to the rate at which our production and trade increase."

be increased at the same rate at which its use as fuel for production increases. For the last thing Strakosch is thinking about when he refers to an increase in "trade" is a quantitative increase in retail trade in this country. Dr. Eisler comes a step nearer to fitting our analogy; for in his proposals he provides for two specific kinds of money—bank-money and current-money: in other words "natural" money for the consumer and "de-natured" money for the producer. Whereas, in form, Strakosch appears to favour waiting to see in what proportions a single pool of money is applied to production and consumption respectively, Eisler wants to provide two separate pools, and to control both *ab initio*. As to the objective there is no distinction between these two "experts." They are "credit-methylators"—in common with the whole "stabilisation" school. The nauseating adulterant to be used is the costing-system. Price poisons purchasing power.

Strakosch says explicitly in one passage that the "sterling level of wholesale prices" should be pushed up to the level ruling in 1928. Then he goes on:

"That would involve injecting into our monetary system additional purchasing power by currency and credit expansion till wholesale prices are restored from their present level of 76 to 100."

A rise of one-third in wholesale prices means a rise of one-third in retail prices in any closed credit-area under the present system of finance. That involves a rise of one-third in personal incomes if purchasing power (in its true sense as against its Strakoschian nonsense) is to be maintained. Is this contemplated? Or, seeing that Britain is not a closed credit-area, is it hoped to work the scheme so as to hold the incidence of the rise in price off products consumable at home, and let it fall wholly on products exportable abroad? Again; there is no word about *costs* in the above passage. So is one to assume that the one-third rise in price is the result of a one-third rise in cost; or does it reflect the interplay of demand and supply—the seller charging "all that the goods will fetch"? If of a rise in cost, what does the seller get out of the deal? If of a "profiteering-ramp," what does the buyer get out of it? Probably the answer to the conundrum would be easy to arrive at if Parliament were able to get a return from the bankers showing to what aggregate amount British industry is in their debt. We do not mean simply the amount debited against it at the present moment, but the whole sum which, under strict rule, ought to have been repaid, including every excused repayment. What we want to see is the true margin counts in their private ledgers where the true margin is (or could be) recorded alongside the true margin between the balance-sheet value and the market value of the bankers' investments and property.

### STUDENTS ON BANKERS.

[Extract from *The Morley Magazine* for February. This is the organ of Morley College, and circulates free among the students.]

A Special Course for Perjurers, Forgers, and Confidence Tricksters has been arranged on ELEMENTARY MODERN BANKING. Special attention will be given to the following points:—

How to borrow money at 4 per cent., lend at 7 per cent., and pocket a balance of 19 or 21 per cent.—How to create a crisis.—Methods of making Prime Ministers dance to a given tune, and Chancellors of the Exchequer eat their words.

Students proposing to enter for this course must pass a double test. First, they will be searched for consciences, or parts thereof, discovery of which will disqualify them. Secondly, they will be required to prove that their admission fees have, as a result of any piece of sharp practice on their part, been unwillingly paid by other people.

### Social Credit and the Press.

#### "A + B" AND THE GAS-TAPPERS.

The Glasgow *Evening Times* of February 19 published an article over the initials W. A. entitled, "New Economics: The Douglas Scheme." It was prominently placed, and covered a three-column spread by a half-column depth. The author has made a good job, within the space allowed him, of his task of setting forth what he calls "an exposition for the plain man." Speaking of the A + B Theorem, he remarks that he sometimes wonders whether it is really necessary to force it upon the student. "If the latter already feels, as nearly everyone does to-day, that purchasing power is chronically short of enabling consumers to live up to what our productive powers can offer us, then I think we are ready to proceed to the Douglas pricing solution without further worry." We agree that, in a popular exposition, or series of such, you can take the "student" quite a long way without introducing the A + B Theorem; but as soon as he conceives the ambition to become a teacher himself (which of course is what you hope for in every new enquirer) you will find yourself bound sooner or later to discuss the Theorem with him, or at least to demonstrate the truth embodied in it. It depends how keen and how thorough he is.

In the case of the article under discussion the author's tactics are right: he refrains from the attempt to explain the Theorem to the "plain man," or even to state it, but he does call attention to it, and says of it that it marks "a stage in the Douglas exposition which apparently stumps many students." This implied suggestion that there are difficulties to be surmounted is useful for two reasons, one, that it tends to warn off dabblers in new theories and to put serious enquirers on their mettle; and, two, that it affords by implication an answer in advance to the question which frequently arises in the mind of a newcomer, namely: "If Major Douglas's discovery will enable us to do all you say can be done to cure these longstanding evils, how is it that nobody thought of it before?" The answer is, of course, that the fundamental concept on which the whole issue turns is extremely elusive; and if Major Douglas had not, so to speak, spotted it when he wasn't looking for it, and fixed it in writing before he forgot it, there is every probability (in our view it amounts to certainty) that nobody would have known of it to-day, nor might have known for another century. Take a good look round at the array of economic experts now paraded before the public, and ask yourself how near they would have come to such a discovery! It was a providential circumstance that Major Douglas, who, as an engineer, had been constantly faced with the problem of doing efficient work against the hampering restrictions of a cost-limit, should have got behind the scenes of the costing-system and been introduced to the "science" (!) of financial accountancy. Speaking for ourselves, and from a certain angle of view, we rather enjoy than otherwise the spectacle of bewilderment among orthodox economists, and loss of temper among the heterodox, over that "denn'd elusive pimpernel"—the A + B Theorem.

To resume our discussion; the popular propagandist can follow the example of the author in his introductory reference to the Theorem, and can thenceforth walk his followers round in ever narrowing circles (not spirals, please!) until they, or the hardy survivors from among them arrive at the centre, and, let us hope, receive the full revelation. On the way one has heard of the old trick of thieving from the gas company by tapping the main. In the performance of the twist, the delinquent of course taps the gas before it goes through the meter. But shall we

imagine an agent of the gas company to be lodging in the house? In that case we may suppose an arrangement whereby he connives at theft by the company by tapping the gas after it has passed through the meter. In fancy you can see this meter ticking away at the rate of, say, ten cubic feet an hour against the consumer, while perhaps five feet an hour are flowing back through a secret return-pipeline to the gasometer.

That is the first stage of the parable, suitable for the first lap of our circular walk. But bankers do not steal money in the way that the gas is stolen. They restrict its supply without making a profit by the restriction. So our hypothetical gas company can next be supposed to lead the tapped gas back, not to the original gasometer but to a second one used specially for the purpose. Let us call it No. 2 gasometer. In this case it is not necessary to regard the company as robbing the consumer; we may choose to say that it is causing him to abstain from using the five feet, and is storing it up on his behalf. Now, if the consumer makes complaint that he cannot get enough light and heat out of his supply, obviously the company will know how to put this right. It can either (a) stop tapping, or (b) while still letting the tapping continue, run a separate pipe out of No. 2 gasometer and deliver gas from it to the consumer in addition to the supply from No. 1 gasometer. (Operation "b" would be nonsense in actual practice, unless of course the company chose to deliver gas from No. 2 gasometer at a different rate than that at which it took it in. But this is not an essential part of the main argument.) The principle is just the same, namely, that the company has in reserve what the consumer lacks, and feels the lack of. And it goes without saying that if the consumer knew of the reserve he would know just as well as the company what could, and should, be done to put things right. So ends the second lap of the circular walk.

The third requires us to suppose that the company, for reasons of its own, desires to continue tapping its supplies without the consumer's knowledge, but without appropriating them to its own use. In that case it would not build a No. 2 gasometer at all, but would let the gas escape into the skies. There would then be no evidence that the gas had ever been tapped. In practice, of course, no company would waste its gas in such a way. But supposing such a thing as that it could get gas without cost and in illimitable quantity out of the earth, then the "waste," or "loss," would be nothing, and the company could do what it did for reasons entirely disconnected from material gain for itself, reasons, let us suggest, based on a moral philosophy. "It is not good," the directors might decide, "that John Smith should illuminate his house too strongly, or warm it too comfortably; and as we cannot rely on his resisting the temptation to use all the gas we can deliver, we won't let him get more than is good for him."

This is as far as it is necessary to outline the development of the parable. Readers who care to use it can probably improve on our treatment of it. We need only add a general remark, which is that when the author of the article speaks of the general recognition of the fact that incomes are short of prices, we relate that to a picture of John Smith's wife, with the meter-card in her hand, saying to John (and how often has she not?) "I won't believe that we've used so much gas." She's right: let her go on and blackguard the Company to her heart's content. But one hopes from John that he will take a stump of candle, go down to the cellar, and have a look round. He may not be a gas engineer, but what he sees may enable him to put two and two together; or, as one might say, "A" and "B" together.

## "Blasphemy On Trial."

Among Freethinkers Mr. Foote's three-hour address\* to the jury before Lord Coleridge is estimated as a classic among defences of Free Speech. It is said that Lord Coleridge, throughout the whole proceeding, never once took his eyes off the defendant. It is also recalled that Lord Coleridge's summing-up in the case—"a masterpiece in itself"—was published by his Lordship afterwards. This book is worth reading by all students of politics, and especially by those who realise the nature of the problem now facing critics of the financial system, namely that of getting a hearing. Foote's fight for the right to criticise religious doctrine and policy forty-four years ago may be said to have resulted in a victory over the Church—although Freethinkers of to-day maintain that the complete victory is still ahead, and that the fight must go on without slackening of effort.

From their own point of view no doubt they are correct, but a new generation of reformers are turning their minds to the practical question of what, precisely, are the fruits of the victories won by Free-Speech advocates in the past and being striven after at present. That is to say, supposing the temporal authority and economic privileges of organised Christianity were to be completely destroyed, and all religious doctrines left exposed to the same kind of criticism as, let us say, Free Trade, or Protection, or "Capitalism" itself; well then, what sort of harvest would appear?—and who would reap it? Fifty years ago—even fourteen years ago—Freethinkers could approach the working-classes and point out that in addition to the "spiritual" (so to speak) satisfaction of "speaking their minds" on Church doctrines, there would be the secular satisfaction of dividing up Church property and diverting its revenues to the service of the State, not to speak of the new power accruing to political Labour from the destruction of the Church's working alliance with Capitalism.

But what substance is there in any such notions to-day? Whatever the nature and measure of the anti-social influence exercised by the Church and resisted by Freethought, an immeasurably greater influence has been exercised by Finance against them both and against the whole community. The Credit Monopoly has always exploited political struggles to its own advantage. Every victory gained for Free Speech has been a defeat for Free Action. The more we may say what we like about the Deity the less we may do what we like with our own lives. The ultimate end of the process can be visualised in the picture of a people contentedly dying of starvation in return for the right to have blasphemies against the Deity carved on their tombstones! If the Freethought Movement is satisfied to win people the right to throw their chests out at the price of taking their belts in, the bankers are quite willing to help them do so. The very dimensions of the endowment fund which the Freethinkers have been able to collect during recent years will constitute, at least for readers of THE NEW AGE, presumptive evidence that the bankers are at least benevolently neutral in the issue between Theism and Atheism. It is not suggested that Freethought activities have been valueless—they have been most valuable in the sense that they have encouraged and taught people not to take the opinions of Authority for granted, but to prove things for themselves. Certainly no student of Social Credit, whose mind is at rest, and his hopes alight, as the result of Major Douglas's having looked the axioms of finance in the face and stared them out of countenance, can help a

fellow-feeling for those who have shown the same spirit and courage in other fields of research.

The parallelism between Social Credit and Freethought is far from exact; for in the case of religious doctrines their defenders can urge the antecedent impossibility of establishing their truth or falsity by the process of rational argument; whereas, in the case of financial doctrines, any authoritative banker who presumed to say explicitly that banking policy and technique were similarly inexplicable would be generally derided. The suggestion that God had revealed to the bankers in a dream how they were to discharge their functions would be too much for popular credibility—and, here, Freethinkers may justly take credit to themselves that few people nowadays, even among the most religious, would credit the Deity with undignified "office-boy" miracles of that sort.

The practical question is whether, to-day, allowing as much as you like for the anti-social influence of organised religion, there is anything to be gained by attacking it. By destroying it do you destroy the power of repression attributed to it, or would such power pass by reversion to organised finance? Are you assisting a larger tyranny to absorb a smaller one? And is the economic lot of the community going to be bettered simply because the "superstitious" basis of a religious autocracy gives way to the "scientific" basis of a financial autocracy?

It is highly significant, in this context, that Bishop after Bishop, here and overseas (e.g., Australia), is voluntarily descending from his "superstitious" fastness and talking bankers' "science," making this, and not the Word of God, the guide of conscience. The danger to Freedom, in all its connotations, is vastly more to be feared from these rationalist priests than any threatened by superstitious colleagues. They are manufacturing "sins" that the Church has never before heard of in her whole history. They should be admonished to mind their own business of interpreting God's will to man, and to leave the interpretation of the bankers' will to man's own reason.

### "THE NEW ENGLISH WEEKLY."

Readers should receive with this issue an inset prospectus of Mr. A. R. Orage's projected new sixpenny weekly journal under the above title which commences publication on April 21. It will be published at 38, Cursitor Street, Chancery Lane, E.C.4. Mr. Orage's qualities as an editor need no elaboration for those who recall his conduct of THE NEW AGE during the period 1905-1922, and one may be sure that what he and his contributors have to say will deserve to be read. The new economic concepts alive in the world to-day connote a transvaluation of values in every plane of thought, and insofar as it is possible to identify the new values and synthesize them in an intelligible form we know of no man better qualified to undertake the task than Mr. Orage. We wish for him a fair wind when he sets sail.

### NOTICE.

All communications requiring the Editor's attention should be addressed directly to him as follows:  
Mr. Arthur Brenton, 20, Rectory Road, Barnes, S.W.13.

Lord and Lady Reading left London for Palestine about the middle of December. His Lordship's journey was undertaken on behalf of the Palestine Electric Corporation, of which he is the chairman. On his secret visit to Tel Aviv he was made the seventh freeman of that old Jewish town. Lord Reading, who is 71, delivered, on December 28, the commemorative address at Haifa, on the first anniversary of the death of Lord Melchett, and Lord and Lady Reading later each planted a pine in the Balfour forest in the Valley of Jezreel. Early in January Lord Reading and his wife spent a week-end at the beautiful villa of the late Lord Melchett on the shores of the Lake of Galilee, and on January 6 left Haifa by train for Egypt. (From the Newcastle Evening Chronicle, January 22.)

\* "Blasphemy On Trial." G. W. Foote's Defence before Lord Coleridge on April 24, 1888. (Secular Society. 54 pp. Price 6d.)

## Fourth Form Economics.

IA review of Major Douglas's book, *The Monopoly of Credit*, appeared in a contemporary, commonly supposed to represent the policy of Mr. J. M. Keynes, a few weeks ago, over the signature of Mr. J. A. Hobson, and evoked some criticism from correspondents. Major Douglas wrote a comment on Mr. Hobson's reply, and suggested that an answer by Mr. Hobson to a test question which was given in Major Douglas's letter would clarify the position. Mr. Hobson did not answer this question, stating that he did not understand it, but reiterated his own view of the cause of the deficiency of purchasing power. Major Douglas replied to this, drawing his attention to the fact that the test question had not been answered, but suggesting that Mr. Hobson's explanation was, in fact, only a part of the explanation to which Mr. Hobson had taken exception. Mr. Hobson did not reply to this. Two weeks afterwards an article entitled "The Douglas Theory" appeared in the same contemporary, over the signature of Mr. G. D. H. Cole, making no reference to the previous correspondence, but reiterating in another form Mr. Hobson's dissent from the Douglas Theory, and repeating the criticism without quoting the generalised answer to it. Major Douglas wrote to the Editor of the periodical in question, offering to reply to which article under the same conditions as those in which the article itself appeared, and was met by a courteous refusal to accord equivalent publicity, coupled with a suggestion that a letter would be printed. Major Douglas replied that in the circumstances this did not appear to meet the case, and that he was not prepared to deal with an article appearing in a prominent position in the reading matter through the agency of a letter appearing in the correspondence columns.—Ed. N.A.]

Those disinterested and hard-working people who have brought the views with which the policy of this Review is associated, from the status of an idea into that of a factor in world politics, will long ago have recognised that the difficulty in obtaining an understanding of them is due not so much, if at all, to their inherent complexity, as to the fact that persons refusing to accept them do not understand the working of the present-day world. This is particularly true in the case of those who are detached from the productive process.

As I am credibly informed, Mr. Cole, amongst other activities, is Reader in Economics in the University of Oxford. Therefore, we are bound to assume that he understands some economic system. For reasons which I hope briefly to indicate, it is not the economic system which operates in the world to-day, but I feel sure it is a very interesting and venerable one.

It is not the current economic system, because Mr. Cole begins his criticism of my views by stating that I say there is not enough money generated in the course of the productive process to buy all the goods which are to be produced. I do not, of course, say anything of the sort, but it is clear that Mr. Cole believes quite honestly that his phrasing of my views is a satisfactory phrasing.

Now the first point to remark is that it is exactly in the difference between Mr. Cole's phrasing and my phrasing that an examination of the subject must begin. Or to put the matter another way, I think that Mr. Cole suggests that the converse of my statement is true, i.e., that there is enough money generated in the course of the productive process to buy all the goods that are being produced. The fact is that there is no money at all generated in the course of the productive process. The only thing that the productive process generates,

except goods and services, is *prices*. It *distributes* as much money as it can get hold of, but as it does not itself create any money at all, quite obviously what it distributes depends on something else. We know quite certainly from, amongst other sources, the speeches of Mr. McKenna, of the Midland Bank, that the amount of money that it can distribute or circulate depends almost entirely upon the amount of money which is actually created by the banking system, which is not the productive system at all.

In what, for convenience, we may term Mr. Cole's economic system, perhaps the most attractive feature is simplicity. There are so many things which happen that don't matter. The same elusive charm may be detected in Mr. Cole's polemics. What he doesn't agree with, is "mostly nonsense," and what he doesn't understand, is "confusion of thought." Like Dr

Jowett,

I am the Master of this College,  
All that there is to know I know it,  
And what I don't know isn't knowledge."

It appears to be a matter of no consequence who owns the money which the banks create. It is irrelevant whether debts are paid this year, next year, sometime, or, presumably, never; and, in particular, manufacturers' costs do not really affect prices, or in Mr. Cole's words, "the current levels of prices are based on a supply of purchasing power, including bank credits, to which the community has become acclimatised." The only thing that does matter apparently is that rich men save, and the fact that, while there are fewer and fewer rich men and they are doing less and less saving, the economic situation gets steadily worse, is presumably also irrelevant. It does not appear to matter in Mr. Cole's economics that the accepted reason for the existence of limited companies is that they should pay a dividend, and that therefore their receipts collectively over a given period of, say, one year, should exceed their disbursements if this condition is to be met. This would mean that no matter what they made, whether it be plant or buildings, which last for, say, fifty years, or consumable articles which are used up in two or three days, the cost of production must be recovered and more than recovered during the current year. Quite obviously no costs must be charged against prices, which are not distributed during the current year. If Mr. Cole can show me any undertaking which is paying a dividend which only recovers in prices sums which it distributed during the current year, and therefore makes no charges in its prices for the use of its plant, for depreciation, interest on capital, and so forth, I shall be most interested.

If Mr. Cole will refer to the published speeches of bank chairmen, he will find that the amount of money in existence varies from two predominant causes, the creation of deposits through the grant-causes, and the purchase of securities by banks. A bank purchases a security by the process of drawing a cheque on itself. That cheque is paid into a private account. Consequently, if it is in respect of an "old" security, that security represents not only the original money which was presumably subscribed to create it, but fresh money created by the bank's purchase of it on the strength of its own credit, but if it is a new issue, only the issue price. But that doesn't matter to Mr. Cole.

I should not have felt it necessary to deal with him, if Mr. Cole had not set out a number of arguments which have from time to time been put forward by myself, and those associated with me, to meet piecemeal objections to the general contention that there is no relevance between the sum of the costs created by the modern costing system and the amount of money available to meet





**ACADEMY CINEMA, OXFORD STREET**

(Opposite Warings). Phone: Ger. 2981.

SUNDAY, MARCH 6th.

Premier Presentation in England of  
Pabst's Great Symbolic Epic of the Mines  
"KAMERADSCHAFT"

Last Days "Sous Les Toits" and Hitchcock's "Blackmail."

**T.B.—A FREE BOOK.**

5,000 TO BE GIVEN AWAY.

Any sufferer from this disease who has not yet read the book recently published at 3/6, by an English physician on the treatment and cure of Tuberculosis, may have a copy, whilst the supply lasts, sent free of charge to any address. Applications to

CHAS. H. STEVENS, 204, Worple Road, Wimbledon, S.W.20.

**THE "NEW AGE" CIGARETTE**

Premier grade Virginian tobacco filled by hand in cases made of the thinnest and purest paper, according to the specification described in this journal on January 23, 1930.

Large size (18 to the ounce). Non-smouldering.

Prices: 100's 7/6 (postage 3d.); 20's 1/6 (postage 2d.)

Price for Export ex English duty quoted on minimum quantity of 1,000.

FIELDCOVITCH & Co., 72, Chancery Lane, W.C.2  
(Almost on the corner of Holborn and Chancery Lane).**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.

**SUBSCRIPTION RATES.**

The Subscription Rates for "The New Age," to any address in Great Britain or Abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

**CREDIT RESEARCH LIBRARY.****Books and Pamphlets on Social Credit.**

- BRENTON, ARTHUR.  
Social Credit in Summary. 1d.  
The Key to World Politics. 1d.  
Through Consumption to Prosperity. 2d.  
The Veil of Finance. 6d.  
C. G. M.  
The Nation's Credit. 4d.  
COLBOURNE, M.  
Unemployment or War. 12s. 6d. (Procured from New York to order.)  
DOUGLAS, C. H.  
Economic Democracy. 6s.  
Credit Power and Democracy. 7s. 6d.  
The Breakdown of the Employment System. 1d.  
The Control and Distribution of Production. 7s. 6d.  
Social Credit. 7s. 6d.  
The Monopoly of Credit. 3s. 6d.  
These Present Discontents: The Labour Party and Social Credit. 1s.  
The World After Washington. 6d.  
Social Credit Principles. 1d.  
Warning Democracy. 7s. 6d.  
DUNN, E. M.  
The New Economics. 4d.  
Social Credit Chart. 1d.

- H. M. M.  
An Outline of Social Credit. 6d.  
HATTERSLEY, C. MARSHALL.  
This Age of Plenty. 3s. 6d. and 6s.  
Men, Machines and Money. 4d.  
HICKLING, GEORGE. (Legion of Unemployed.)  
The Coming Crisis, 2d.  
POWELL, A. E.  
The Deadlock in Finance. 3s. 6d.  
The Flow Theory of Economics. 5s.  
TUCE, J. E.  
Outside Eldorado. 3d.  
YOUNG, W. ALLEN.  
Ordeal By Banking. 2s.  
W. W.  
More Purchasing Power. 2s. for 6d.

**Critical and Constructive Works on  
Finance, Economics, and Politics.**

- BANKS, PAUL.  
People Versus Bankers. 6d.  
DARLING, J. F.  
Economic Unity of the Empire: Gold and Credit. 1s.  
The "Rex"—A New Money to Unify the Empire. 2s.  
HARGRAVE, JOHN.  
The Great Pyramid—An Analysis of the Political-Economic Structure of Society. (With diagram.) 1d.  
HORRABIN, J. F.  
The Plebs Atlas. 1s.  
An Outline of Economic Geography. 2s. 6d.  
MARTIN, P. W.  
The Flaw in the Price System. 4s. 6d.  
The Limited Market. 4s. 6d.  
SYMONS, W. T., and TAIT, F.  
The Just Price. 2d.

**Instructional Works on Finance and  
Economics.**

- BARKER, D. A.  
Cash and Credit. 3s.  
CLARKE, J. J.  
Outline of Central Government. 5s.

Address: 70, High Holborn, London, W.C.1

Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C.1 (Telephone: Chancery 8470), and printed for him by THE ARGENT PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4.