

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

One of our old contributors who conducts correspondence with new enquirers into Social Credit occasionally tells us his experiences. In a recent letter he mentions two points that have been put up. One of his correspondents sends him a balance-sheet published by the National Provincial Bank as at the end of 1927, and uses the figures in it to prove that the recorded deposits in that bank exceeded the recorded advances by £146 millions—i.e., Deposits £274 millions: Advances, £128 millions. Another of his correspondents is incredulous about the "destruction" of money on repayment to a bank, because "when a banker is repaid a loan by (say) a cheque, he doesn't destroy the cheque." Our contributor remarks: "He seems to be under the impression that the banks hold a sort of reservoir of money in this way, and that when loans—and therefore deposits—are large, this reservoir is low, and when the loans are small the reservoir is much fuller. This is assuming Bank investments constant. He is not prepared to admit that this 'reservoir' can be inflated or deflated."

Dealing with the second point first, it must be remembered that credit can be destroyed (in the sense of Mr. McKenna's statement) without the destruction of the document signifying that credit. For instance, if you repay your bank a loan with a five-pound note, the bank does not destroy the note, but it destroys the credit represented by it. This point was directly involved in the arguments submitted by Messrs. Waterlow's counsel in the action now under appeal. He insisted that the notes which the Bank of Portugal issued in exchange for the illicit Marang notes had a different value in the hands of a "third party" (meaning any member of the public) than before they passed into his hands. In the hands of the bank before issue, he maintained, they were worth virtually nothing (merely the cost of printing) but when passed into the hands of a third party they were worth their face value. That is to say, they acquired value by

the act of transferring them. That was saying that the act of issuing a note created the credit represented by it. If that is accepted as a fundamental truth, then the converse of the transaction, namely the withdrawal of a note, destroys the credit. As one might say, the bank hands out a pennyworth of stationery, which thereby becomes five pounds' worth of credit: and the third party hands back five pounds worth of credit which thereby becomes a pennyworth of stationery. The "stationery" comparison here mentioned was chosen by Messrs. Waterlow's counsel, Mr. Gavin Simonds, for the purpose of his argument in the House of Lords; and it is an excellent way of bringing out the fundamental difference between a credit and a credit-document. Another of Mr. Gavin Simonds's comparisons was with a promissory note, when he submitted that supposing he had a wad of promissory notes *made out by himself to himself*, they would be worth nothing, whatever the sum of money written on them. He said that a note in the hands of a bank of issue was virtually a promissory note of that kind, and was worth nothing.

In the light of this reasoning it will be seen that the point made by the correspondent in question that a bank does not destroy a cheque tendered in repayment of a loan is irrelevant to the question at issue; which is, not what is then done with the cheque, but what becomes of the significance of the cheque. The answer is that this document loses its credit virtue and becomes a piece of stationery. (The body returns to dust and the spirit returns to God who gave it.)

With regard to this correspondent's idea of a "reservoir" he is on the right scent but must watch out against crossing foxes. There is a reservoir, but it is not in the banks; it inheres in the minds, muscles and machines of the whole community. The reservoir contains *real* credit not *financial* credit: the power of doing, not a system of counting. But even granting that there is a purely financial reservoir, the question still remains

unsettled: how large is it? It is a vital question; for we have a whole community itching to employ its energies in order to create real wealth, and held up by nothing else but some intangible, or at least costless, *something* out of this reservoir. What is it? What is the limit to its quantity? Where did the first drop of it come from? We are reminded of the Salt Tax in India. The sea is a salt-reservoir of ilimitable size. But the Government Salt Monopoly stands like a dyke between the sea of salt and the user of salt. One presumes that the natives are aware of the fact; but supposing they were not, they would probably conceive that Sir George Schuster had a limited store of salt and, like Joseph in Egypt, was jealously conserving it against a famine. Whether that would be so or not it is evident that this kind of illusion prevails in Britain about the nature and extent of credit-resources. As a tentative hypothesis—pending the elucidation of this "reservoir" mystery—we suggest that there is no such thing inside the banking system, unless one cares to accuse the banks of possessing a reservoir of red herrings.

This brings us to the question raised by inquirer No. 1 who has been trying to do sums with banks' figures. His mistake was to start his calculations without realising the significance of the figures. It was a natural mistake, because the banks categorise the items in their balance-sheets in terms which, though quite useful and intelligible within the framework of "operative finance," are entirely misleading within the framework of the fundamental technology of credit. From the point of view of scientific analysis the designations of the different groups of figures in the balance sheet must be viewed as "bankers' headlines," exercising the same hypnotic effect on the reader as do newspaper headlines. In fact the range of differentiation in itself, apart from nomenclature, obscures the fundamental meaning of the operations reflected by the figures. For in the frame of reference of the Social Credit analysis every item on both sides of a bank balance-sheet, with an exception to be noted later, is reducible in principle to a bank purchase or loan (on the assets side) or to a deposit made with the bank on the other (on the liabilities side). The correspondent in question made the mistake of (a) taking the National Provincial Bank's figure of "Advances" as being the only item which represented credit-issues of the nature of loans; (b) disregarding its figures representing credit issued for purchasing things; and (c) overlooking the fact that this bank is only one bank among several. He appears to have said to himself: "Loans are supposed to create deposits; therefore the loans declared as such by the National Provincial Bank ought to be equalled by the 'Current, Deposit and other accounts' declared on the other side of the account." Of course he is wrong. Firstly because he has omitted to count in all this Bank's deposit-creating transactions; and secondly because, even if he had, the deposits created by this Bank are not necessarily deposited with it, but maybe with the Midland, or Westminster, and so on. It is precisely on account of this last-named fact that a particular bank (as Mr. McKenna has more than once explicitly asserted: one occasion being during Major Douglas's examination before the Macmillan Committee) has to be careful how much it lends. For supposing as an example that the National Provincial lent £100 to a borrower who bought something with it from a customer of the Midland; the Midland would credit its customer and would have the right to demand £100 of legal tender or bank cash to the whole amount from the National Provincial. Things would work very much more smoothly for the managers of any large bank if only they could be sure that all the money they lent

would circulate among their own depositors and nowhere outside. The banking system as a whole (disregarding foreign transactions) can rely on receiving all the deposits created by its loans, and therefore has only to hold enough currency to meet the demands of ordinary depositors. It may be noted here that if the Big Five Banks were to amalgamate, and to develop the use of the cheque-system among the population, the amount of currency necessary to be held could be reduced a long way towards zero. The reason why they do not amalgamate is political, not technical.

Let us now have a look at the National Provincial Bank's balance sheet for December 31, 1927.

LIABILITIES.		£	s.	d.
1. Capital paid up	.....	9,479,416	0	0
A. Reserve Fund	.....	9,479,416	0	0
2. Current, deposit and other accounts	.....	274,460,678	12	9
3. Liabilities for acceptances, endorsements, engagements, etc.	.....	12,024,759	17	6
ASSETS.				
1. Coin, Bank of England and currency notes in the United Kingdom and balances with the Bank of England	.....	32,078,961	6	2
2. Balances with, and cheques in course of collection on other banks in the United Kingdom and Ireland, and cheques, drafts, etc., in transit	.....	9,737,553	7	8
3. Money at call and short notice	.....	21,817,454	17	9
4. Bills discounted	.....	38,993,471	15	8
5. Advances to customers and other accounts	.....	146,715,210	10	6
C. Bank premises	.....	5,436,743	7	7
6. Liabilities of customers for acceptances, endorsements, engagements, etc.	.....	12,024,759	17	6

Let us take the Liabilities and Assets in order, and translate the nomenclature of the items into terms of their fundamental meaning. It will be seen that some items are differentiated by letters from the rest which are serially numbered. The reason is that the numbered items are, or purport to be, accurate records of actual receipts or payments of credit; whereas the three lettered items are not, nor are claimed to be by bankers themselves. We will therefore deal with the numbered items first.

LIABILITIES.	
1. Deposits, permanent.	
2. Deposits, current and time.	
3. Deposits, contingent or hypothetical; and in any case offset by item 6 on the Assets side of the account. One might describe them as threatened deposits cancelled out by promised assets. In brief, a pair of ghost entries signifying nothing.	

We need only consider the figures of 1 and 2, which total (to the nearest million pounds, millions omitted) £284.

Next come the numbered assets.

1. Purchases of coin, currency notes, and drafts on the Bank of England. (Note. When the Government borrows from the Bank of England, say, £100, they will pay it, in one assume, to some contractor for services rendered, in the form of a draft on the Bank of England, which the pays in to, say, the N.P. Bank. Thus the Bank of England becomes liable to the N.P. Bank in the sum of £100, and this sum is counted as an N.P. Bank "balance with the Bank of England.")
2. Advances to customers on the security of cheques on other banks. They are assets because they are due to be repaid by other banks.
3. Advances, short term.
4. Advances.
5. Advances.
6. Ghost entry as explained under "Liabilities."

Items 1, 2, 3, 4, 5 total £249 (millions and fractions neglected as before). Some are purchases and some are advances, but it does not matter which are which for our present purpose because both sorts of transaction create deposits. So far, then, on the basis of the ostensibly accurate records of credit transactions this bank shows £284 of deposits against £249 of loans and purchases. Excess of deposits £35.

Now we come to the lettered items. There is one "liability," namely the Reserve Fund of £9. There are two assets, namely Investments, £38; and Bank Premises, £5. Now all three items are arbitrary valuations. But assuming, for the purpose of calculation, that the figures have the same authenticity as in the other cases, we get the following result.

LIABILITY.	
A. Deposit belonging to shareholders, £9.	
ASSETS.	
B. Purchases of stocks, £39.	
C. Purchases of corner sites, etc., £5.	

Deposits are £9, and Purchases £44; showing a deficit of Deposits amounting to £35. Place this against the excess of Deposits already arrived at; and the excess and deficit cancel out, and the whole account balances. Of course, someone will say, it is bound to balance. But the point is not in the balancing of the figures; it is in the nature and import of the things they balance—namely deposits on the one side and deposit-creating transactions on the other.

But, as we have previously pointed out, the National Provincial Bank does not enjoy the monopoly of banking. Some of its loans and purchases become deposits in other banks, and some of its deposits are derived from the loans or purchases of other banks. It would be a miracle if the N.P. Bank, or any other, fished deposits out of the general pool of credits at exactly the same rate as it stocked the pool with loans and purchases. Yet it appears to have done so according to our analysis. The explanation is that the item A—the Reserve Fund—is simply a balancing figure, showing the excess of Assets over Liabilities. Regarding the numbered items in the balance sheet as accurate and therefore constant, the size of the figure of A depends upon what size the bank chooses to make the figures of B and C. Supposing the premises belonging to the N.P. Bank, which appear in the account as of the value of £5,436,743 7s. 7d., had been assessed by the directors, in a burst of optimism after a good lunch, as worth £5,436,743 7s. 7d., then the Reserve Fund on the other side would reflect the enhanced stability of the bank in the figure £9,479,416 os. od. Or, to be extravagant, if we imagine the bank's investments of £38 million odd to be really worth £438 millions and so recorded, then the Reserve Fund would stand at about £409 millions. A sum like this, however, would whet the appetites of bank shareholders, and the enmity of bankrupt industrialists, nor of the obvious brain-wave that would occur to progressive politicians to save industry by amalgamating it with banking. However, we must not make mouths water by talking such fantastic figures, so we will conclude our argument with a generalisation regarding banking statistics as a whole, namely that whatever value the High Financial Authorities consider it in the public interest to assign to their combined reserves they adjust accordingly the values of their property and investments. If people won't accept this as a fact, we will meet them by calling it a theorem—let us say, the "A.B.C. Theorem." They may see

a measure of support for the truth of the theorem in the fact that the Reserve Fund of the National Provincial Bank is exactly equal to the "Capital Paid Up," both figures being £9,479,416 os. od. This coincidence exhales a slight perfume of judicious selection—eh, what?

The lesson of this analysis to new students who are tempted to verify Social Credit arguments by banking statistics is: Beware of "Managed Accountancy." Bankers are not subject to the same law as Lord Kysant; and the fact that they are not where he is does not mean that they are not doing what he did. They are; but the other way up. Stand on your heads and you'll see it.

The Irish Free State Policy.

A humorous episode revealing the way in which the discretion of Ministers is tethered to the judgment of permanent heads of Departments took place in the House of Commons on Tuesday, March 22. Mr. J. H. Thomas gave an answer to a question in which he stated that he had not heard anything from the Irish Free State Government on the subject of the Land Annuities. Immediately he had finished his answer he said that before he gave it he had received a communication of serious import from that Government, but that as it had arrived after the drafting of the official answer just given he had given that official answer just the same, but would give another official answer later [i.e. when the permanent heads had had a chat with the Treasury and Bank of England!]. Part of the joke is that the contents of the document, which Mr. Thomas could not trust himself to repeat to the House were almost simultaneously communicated to the Press by the High Commissioner for the Irish Free State, Mr. Dulanty.

We must record that a Mr. Majorbanks [who are the marjori banks?] interrupted with an invitation to Mr. Thomas then and there to characterise the stoppage of Annuity repayments as "repudiation"—but the Speaker called him to order. After all, the next instalment of annuities is not due until June, so the impetuous Mr. Majorbanks should have been able to contain himself for the few hours which Mr. Thomas required to get his official announcement ready.

It is interesting to note, by the way, that the annuities are receivable, not by the Exchequer, but by the National Debt Commissioners. Readers familiar with the process by which the National Debt was created, and who are therefore aware that it need never have existed if all the citizens of this country had been accorded the same privilege that the banks allowed their City friends, namely, of lending their names to cover the bankers' purchase of War Loan, will see their opportunity of making good propagandist use of this fortunate association of Mr. de Valera's reputed "repudiation" with the bankers' larger repudiation of the right of British citizens to the beneficial ownership of their own credit.

The bankers' rôle in the above ramp was exactly reproduced lately by the celebrated Mr. Marang when he used his illicit notes to purchase the stock of the Bank of Portugal. Imagine the joke—if he had remained undetected—of his walking into the Bank every half-year to collect the dividend on his "investment"! It is for precisely this sort of dividend that the banks are annually bleeding British taxpayers to the tune of £300 millions per annum. Yet for a tom-tiddling three million odd per annum we are likely to see a tempestuous agitation of the Australian anti-Lang type directed against the President of the Irish Free State. Happily Mr. de Valera's advisers are not less instructed in the mysteries of banking technology and machina-

tion than are Mr. Lang's—and, we should imagine, better instructed.

Since writing the foregoing, Mr. Thomas's statement has been made and discussed in the House, and supported by leading articles in the London Press. The doctrine of the "sanctity of Treaties" is of course revived in full force, although every experienced statesman knows that when Finance finds treaties an obstacle they are no more immutable than the "laws of the swedes and nasturtiums." The bankers are not interested in the Oath of Allegiance as it affects the prerogatives and dignity of the King, but simply as the financial contracts covered by the Oath affect their own. What they wish to exact from the Irish Free State is allegiance to the pound sterling and subservience to policy implemented by manipulations of pounds sterling. Dublin must remain a financial satellite of London—and given that, the City won't worry about affronts to the King. The *News-Chronicle* (March 24) asks Mr. de Valera what the King has done that his sovereignty should be repudiated: but the reproach would have come with better grace had the *News-Chronicle* asked the same question of Mr. Montagu Norman when the King's effigy was removed from the Treasury Note and the pound sterling thus signally placed beyond the reach of the King's Writ. The treaty was made for man, not man for the treaty; and the more or less constant agitation in the Press during the last several years for the "revision" of Treaties commits them to that doctrine.

It is legitimate to criticise the brusque manner in which Mr. de Valera has re-opened the issues of the Oath and the Annuities, just as it was to criticise Mr. Lang's opening gambit in New South Wales. But in the face of a majority vote in the Free State favouring treaty-revision it is a denial of the basic principle of Democracy to bang the door against all discussion of it. Of course every student of real politics knows that the democratic principle has long since been inoperative, but a formal repudiation of it is another matter: for all electorates believe it to operate, and vote in that belief; and to dispel their illusion will tend to sink politics down to the level of "pull goldbug, pull gunman."

The issues are complicated. They involve military as well as financial and economic relationships. Considering that Britain at any time may be involved in war she cannot afford to risk the possibility of the Free State's alliance with an enemy country, or even of the Free State's neutrality. If Britain walks out who will walk in? This difficulty, as our readers are aware, arises out of the general risk of war, and it will be insuperable if not dealt with in relation to the prime cause of all war-risks, namely, the financial operations of the credit monopolists. With some reflection it can be seen that Mr. de Valera, in "repudiating" the Annuities, may open up something which will eventually show the Free State population that the real basis of their anti-Crown sentiment is bank-exploitation, and that the whole bother about the Oath arises from the fact that the Crown is a servant of the Bank instead of being its master.

That is our only interest in the new crisis; and from this point of view the more crises the better so long as they become the occasion for public enlightenment as to the fact and the nature of the bankers' usurpation of sovereignty.

ITS FUNERAL PYRE.

Say, now, if Mammon holds the only match
To the world's tinder; will the tinder catch
And blaze or smoulder
As before
Famine or War?
Or merely go on getting dryer and dryer
Till it become, itself, its funeral pyre?

L. S. M.

Current Sociology.

The City Correspondent of the *Daily Herald* was permitted a corner of the front page to announce that confidence had been restored: which seems a startling thing to have been effected by a National Government on a policy with which the *Daily Herald* disagrees. Mr. Francis Williams's evidence of the restoration of confidence was that £270 millions had been offered by investors within three weeks for loans amounting in all to less than £9 millions. "Investors," Mr. Williams said, "are tired of leaving money on deposit with the banks, and prefer to take up really sound business securities." The writer tumbles over two clues to the fact that confidence is not restored, first, the nature of the oversubscribed loans, and second, the fact that what investors are looking for are really sound business "securities." From the back end of last year investment except in gilt-edged has practically dried up. The less than nine millions in question contained £2 millions Port of London Authority, £1½ millions Metropolitan District, £2 millions Metropolitan Railway, and £2 millions Metropolitan Government, and £2 millions Metropolitan Railway. A falling bank-rate and temporarily reduced Government borrowing merely caused a flight from deposit accounts to trust and gilt-edged funds. The investors were looking for security rather than development, and most of them were even then expecting to sell out quickly at a profit. There is a simple question to answer before confidence is restored, and that is as to motive force of the new demand for the products of development.

In the same issue of the *Daily Herald* Sir Henry Deterding, "the Millionaire Oil Magnate," helps forward the cause of Labour, apart from the largest nett sales, by moralising on the suicide of millionaires. "Success is not all," and "Money is not everything," Sir Henry writes, thus failing, as he must, to see the simple truth that the lack of everything of unemployed know, is the lack of everything. The hall-mark of a plutocracy is that a millionaire is by that fact deemed to be a great teacher. Sir Henry Deterding is a very bad teacher, even if his claim to be a model employer be entirely well-founded. "We are all on this earth for an object, that object is to create something be it large or small, and the man who never created deserves no reward" is both bad and insidious philosophy. Because of success in a particular field of activity, such a field which belongs rather to activity, such persons as Sir Henry Deterding necessarily conceive what can only be called partial loyalties; they hold something less than the whole potentiality of industry to be sacred. Not only captains of industry create something, large or small, that something is worth while only if it creates man. The financial and economic values which are implied by Sir Henry Deterding's philosophising actually thwart man, and threaten to frustrate him.

Lloyds Bank monthly review is reduced, along with other magazines, to *yes* and *no* presentations. Professor Schumpeter presents the German, and Mr. Jenny the French case, regarding reparations. Sir Arthur Salter, particularly well-known through the last reparations report, sums up. Sir Arthur is quite emphatic that the moratorium must be extended. After that Germany can pay, say, 400 million marks annually; partly in kind, partly in constructive works, and the balance in ordinary shares in Germany's railway and principal industrial concerns. In view of the trend of trade and unemployment in France

it is difficult to suppose that any extension of payment in kind or "constructive work" would be acceptable to the most intractable creditor, nor is it easy to see Great Britain offering to contract for new bridges over the Thames, or even for an adequate electrification scheme to German industrialists and workmen provided the costs were debited to reparations account. The proposal accordingly reduces itself to external control of Germany for the relief of French taxation, a scheme which, it is at least to be hoped, has not the slightest prospect of success.

Mr. Lloyd George has made his last throw for a place in the political sun by his exposure of the incompetence of the City experts on the reparations question; and has expressed his contribution to the question in definite language. He is, of course, a day after the fair, since the Chancellor of the Exchequer, in more carefully chosen language, has expressed the same view on behalf of the Government. In simply suggesting the cancellation of external war debts and reparations Great Britain, with nothing to lose and an inkling that something might be gained, renders no help to the countries for whom these "dues" mean a favourable or unfavourable balance of payments. Mr. Lloyd George contributes no more to a solution than Sir Arthur Salter. It is quite unthinkable that either France or America should release her debtors from their obligation to pay unless the financiers of at least some countries were first established on a real-credit basis, in which case release would not be necessary. If Mr. Lloyd George seriously wishes to come into history again, he must adventure again; but for that he would require a policy which has not yet been discredited by demagogic politics.

PAUL BANKS.

The Films.

O-Kay, Chief!

Fred Niblo, who directed "Ben Hur," and is generally regarded as having some knowledge of film production, was recently brought over from Hollywood by Eric Hakim, who makes British quota pictures for the Metro-Goldwyn-Mayer organisation. Mr. Niblo produced "Two White Arms," which was shown this month at the Empire, where it was not an outstanding success, and the immediate sequel was the cancellation of the director's contract. I am not concerned with the merits of the dispute between him and Mr. Hakim, who, according to Mr. Niblo, was personally concerned with every detail of the production. But I cannot resist quoting a sentence from the official communiqué; Mr. Niblo's contract has been terminated because Mr. Hakim is "convinced that the quality of British films must be maintained at their present high level."

The Water Gipsies.

Associated Radio Pictures made and Maurice Elvey directed this version of A. P. Herbert's best seller. Much of the first part is very good; here, at last, is a little of the real England on the screen; the England of leafy lanes, winding canals, barge dwellers, and cosy waterside pubs with an atmosphere, literally, of beer and skittles. And then the plot gets to work, and the picture comes over all Milneish. Not having read the book, I am unable to say whether the responsibility for this mawkishness rests with the producers, the author, or with both. But it definitely spoils what might otherwise have been a really good film.

As it is, "The Water Gipsies" is a mixture of the best and worst characteristics of the native screen. Its Cockneys are caricatures instead of

portraits from the life; the accents of the players alternate between those of Hoxton and West Kensington; the actresses are dowdily dressed; and the studio scenes are largely unreal. It is only out of doors that the film really quickens into life. Much of the photography is very good, as is also the cutting. There is a strong, good cast, including Ann Todd, Sari Maritza, Harold Scott, and Barbara Gott. The best performance is that of Miss Todd; Sari Maritza is good, but is over-produced, with the result that the role becomes too theatrical. As the young lover, Nicholas Hannen might with advantage have been a little less wooden, and Frances Doble is badly photographed. An admirable cameo is contributed by Raymond Raikes as a convincingly drunken young man.

The date and place of the public presentation of this film have not yet been fixed.

In Der Nacht: Academy.

Walter Ruttmann, who directed "Berlin," was even before the talkies a pioneer in the difficult art of wedding music to the films so as to make sound an integral ingredient of the picture. His "In Der Nacht"—a very short picture—is an attempt to combine pure film with music, and must be regarded as an interesting rather than a successful experiment. The picture itself is somewhat reminiscent of "Autumn Mists," which was better, and—although the matter lies somewhat outside the province of a film critic—the music struck me as incidental rather than essential. The problem is, of course, extremely difficult; its solution demands composers who can approach music from a new angle, and who have the cinematic mind, a quality so rare that is lacking in the majority of film directors. Easily the most successful endeavour to date is that of Georges Auric, who composed the music for "A Nous La Liberté," but this is a picture of action and ideas and with a coherent story, and not pure film.

Every experiment of this kind is to be welcomed. At the end of last year I saw a similar picture, which was also shown at the Academy. This was "The Silver Lining," directed by S. M. Eisenstein and G. Alexandrow, which aims at "visualising sound." It is an admirable example of pure film—much better than "In Der Nacht"—with superb photography and excellent montage. But it has the same characteristic as Ruttmann's picture; the music is more complementary to than part of the picture, and the effect might have been more convincing if instead of being suggested by music. The fact that such distinguished directors as Clair, Eisenstein, and Ruttmann are attacking the problem is, however, among the most hopeful signs of contemporary film development.

This Week's Films.

The early date at which this issue goes to press on account of the Easter Holidays prevents me from giving my usual list of the week's pictures. At Tussaud's and the Stoll is "Guilty Hands." This is one of the best of the current general releases; it is first-class melodrama, in which Lionel Barrymore and Kay Francis are admirable. The Academy has announced the presentation of "Mädchen in Uniform," but at the time of writing I am uncertain as to when this will replace "Kameradschaft." The English titles that have been fitted to the latter picture are, incidentally, very good; while the technique of the film belongs in the main to the silent days, so that the action is self-explanatory, the dialogue forms so excellent a commentary, that it would have been regrettable if it had been lost to film-goers unable to understand French and German.

DAVID OCKHAM.

James Quin, Actor and Wit.

By John Shand.

"Mrs. Tabitha Bramble is remarkably civil to Mr. Quin; of whose sarcastic humour she seems to stand in awe; but her caution is no match for her impertinence. Mr. Gwynn (said she the other day), I was once vastly entertained with your playing the Ghost of Gimlet at Drury Lane, when you rose up through the stage with a white face and red eyes, and spoke of quails upon the fretful porcofine—Do pray spout a little of the Ghost of Gimlet." Madam (said Quin, with a glance of ineffable disdain), the Ghost of Gimlet is laid, never to rise again. My uncle, frying with vexation, cried 'Good God, sister, how you talk! I have told you twenty times that this gentleman's name is not Gwynn.' 'Hoity, toity, brother mine, no offence I hope. I thought the gentleman had been come of Mrs. Helen Gwynn, who was of his own profession; and if so be that were the case he might be of King Charles's breed and have royal blood in his veins.' 'No, Madam (answered Quin, with great solemnity), my mother was not a whore of such distinction.' . . .

—Smollett's *Humphrey Clinker*.

This passage from Smollett's best book gives a pleasing glimpse of the famous eighteenth century actor and wit, James Quin. Though it is fiction it may serve as a prefatory sketch of this remarkable character; for Smollett was Quin's contemporary; and the words he puts into his mouth are in harmony with the player's more authentic utterances. In any case, I don't pretend to draw here a full length portrait of Quin as he looked and spoke and acted. But a rough drawing may be attempted by gathering together some anecdotes and descriptions.

His friends said that Quin had a majestic figure. In plain English, a tall burly fellow with probably an imposing gravity of countenance. Towards middle age he became bulky as well as burly, for he loved good eating and drinking. The town-wits penned many a lampoon on Quin's taste for rich wines, fat turtles and rare sauces. Not averse to women, his temperament was too comfortable to make a real Don Juan. He could not be bothered to lay regular siege to the sex. If the lady was not to be persuaded under an eternity of sighs and groans, Quin let her go, to console himself with a bottle. He never married. There are several good stories extant of his "amours"—but let them pass.

He was not unlike Doctor Johnson, I imagine. The face rather gloomy in repose, but lighting up with intelligence when animated by conversation. His brutal directness of speech was another point of resemblance. For example, he was playing lead in Addison's "Cato"—a part which he took over from Booth and in which he cleverly disarmed partisan criticism of his appearance in Booth's most popular part by putting on the bills that "the character of Cato will only be attempted by Mr. Quin." Playing a minor role in this dreadfully dull play (eighteenth-century audiences revelled in it only because of the topical allusions) was a Welsh actor who annoyed Quin by pronouncing Cato "Keeto." One night when the Welshman announced that "Caesar sends health to Keeto" Quin made the audience roar by saying "Would he had sent a better messenger." The insulted actor drew swords with Quin that night under the Piazza of Covent Garden, and was killed for his pains. The law then submitting to the custom of the duel, and the fight being proved a fair one, Quin was not even imprisoned.

The tone of Quin's conversation may be guessed by his answer to an importunate lady who inquired what he thought of Garrick in "Othello." "Othello? Othello, Madam? Pshaw, no such thing. There was a little black boy, like Pompey attending m'lady with a tea-kettle, fretting and fuming about the stage. I saw no Othello." There is a Johnsonian ring in this piece of rudeness, as in his retort discourteous to the actor-author, Macklin. Macklin

was about to bring out his own play "The Popish Impostor," and Quin, asked to read the script, said the piece would not do. He was right—and unkindly went up to the discomfited author to say, "Well, Sir, what do you think of my judgment now?" Why, I think, Sir, that posterity will do me justice." "Sir, I believe they will. For now only your play is damned."

I doubt, however, if Quin's ill-temper amounted to ill-nature; and his savage rudeness when provoked was balanced by many deeds of genuine kindness. As when he relieved the poet Thomson from a debtor's prison. Thomson had been taken up for £70, and when Quin heard of it he hurried to the sponging-house. He ordered a good dinner from the neighbouring tavern; when the table was clear and the wine before them Quin raised his glass to say: "It is time, Sir, to balance accounts. Mr. Thomson, tho' I have not had the honour of your acquaintance before to-day, the pleasure I have had in perusing 'The Seasons' I cannot put at less than £100, and I insist on acquitting the debt." So civil a way of relieving necessity may be as much commended as the generosity which loosened the purse.

Having now, I hope, some notion of the man one may try to guess more nearly what he was like as an actor. In the distorting mirror of Churchill's satiric "Rosciad" Quin may be seen as a pro-Garrick partisan saw him:

His eyes in gloomy sockets taught to roll
Proclaimed the sullen habits of his soul.
Heavy and phlegmatic he trode the stage,
Too proud for tenderness, too dull for rage,
When Hector's lovely widow shines in tears,
Or Rowe's gay rake dependent virtue jeers,
With the same cast of countenance Quin is seen
To chide the libertine and court the queen.

To modern ears this sounds like a very dull actor. Add to these lines the remark of another contemporary that "Quin's airs of importance and his gait are sufficiently ridiculous; he may be said to walk in blank verse as well as speak it"—and one may see Quin merely as a high example of the "Laddie" type of actor. There is probably some truth in this. But no actor in any age ever rose to fame only by being dull, heavy, solemn and statuesque. I find these same critical gentlemen also speak of "the sweet cadence of Quin's voice." Even Churchill is candid enough to say that when Quin spoke his lines:

In manly tides of sense they rolled along:
Happy in art, he chiefly had pretence
To keep up numbers, yet not forfeit sense,
No actor ever greater heights could reach
In all the laboured artifice of speech."

Quin was then an excellent elocutionist? Well, to be that craved a kind of wit, and was surely a particular stage virtue at a time when the tragic actor, be-plumed and buskined, supported the cumbersome machinery of Post-Restoration tragedy. "Cato," not the stilted drama of this period—"The Orphan," "The Mourning Bride," "The Orphan," "The Fair Penitent"—encourage and even require stiffness of movement and rhetorical operatic elocution in the actors, who, every now and then, had to hold up what action there was with speeches not less than two miles long?

Here, I suppose, one discovers the strongest reason for Quin's high success; and his sudden loss of favour with the arrival of Garrick. He was, as Churchill said, the pupil of Betterton and Booth; therefore he was the great inheritor of a technique bred by the blank verse play, the last true descendant of Burbage. But Garrick came upon the scene just when Quin was at the zenith of his fame, and Garrick immediately dealt the old technique a fatal

blow by founding with great brilliance a more natural school of acting, suitable to the looser, more nervous speech of the modern play—a school which to-day has been so far refined upon that many actors speak as badly and inaudibly as the man in the street. Thereafter, although of course the old technique never vanished, is indeed still alive, it began a swift decay from the fine flower of complete artificiality towards its grave in the absolute triumph of realism. No wonder, then, that Quin collapsed before Garrick like an old tree before the winds of March, no wonder if new audiences began to laugh at his pauses, his pedantic phrasing, his old-fashioned pronunciation, his buskined movements; but after all it was his misfortune not his fault to fall between two schools.

It was said of Quin that the language of Milton seemed formed for his mouth. What a high degree of skill this implies in the playing of a most difficult music! And I must not forget to mention the enormous popularity of Quin's Falstaff. Throughout his life he was asked to repeat this performance, and he never ceased to get crowded houses for it. After his retirement, when he would sometimes oblige a fellow actor by appearing at his benefit, it was generally Falstaff he was asked to revive. And he continued to play this part until he lost his teeth, when he immediately refused to appear on the stage again, and kept his word. He said he would do much to oblige a friend, but he would *whistle* Falstaff for no man.

I will take leave of him, as seems appropriate, by repeating one of his finest retorts. Quin, who was always welcome in the best company—so he could not have been such a bear as Dr. Johnson—was at a party in Bath. He had made the room laugh at one of his jests when a noble lord, not at all famous for intelligence, clapped Quin on the shoulder and said, "What a pity 'tis, Quin, my boy, that a clever fellow like you should be a player." Quin bowed. "Why, what would your lordship have me be—a lord?"

News Notes.

Municipal Credit-Creation.

The Municipality of the town of Raymond (Raymond, Alberta, Canada) has printed and put into circulation "Town Warrants." These are virtually long-term Municipal promissory-notes. They are being issued by the Municipality in payment to citizens for services rendered. They will be accepted by the Municipality at any time in payment of Town Taxes and Water Rates. Otherwise they are redeemable in cash in the January next following the date of issue. The Municipality have taken this step because of the heavy tax arrears that have accumulated. Raymond is a small town of 700 inhabitants. In addition to its usual agricultural activities it has a sugar-factory which draws material from beet-growers in the surrounding country. This experiment is described in a special report, dated February 19, printed in the *Calgary Herald* (Alberta)—date not communicated to us. It is hoped by the Municipality that traders and merchants will accept the warrants as payments, thus keeping them in circulation and so lessening the volume of borrowings from banks and saving the interest thereon. It is pointed out that there is no "crisis" in the district—unemployment is not serious; debts are not excessive; farmers are not destitute; there are large reserves of produce, particularly grain, awaiting an improved market; and "it would have been a simple matter to negotiate a loan with the banks had this been considered advisable." (Our italics.) A reproduction of one of these Warrants is published. It bears the serial number 501, and the date February 11, 1932, and says: "Pay to R. A. Vanorman [Registered 584536] 53 Dol.'s 00 Cets." It is signed by "W. G. Meeks, Mayor" and "O. H. Snow, Sec.-Treas." In the left-hand bottom corner is inscribed: "Negotiable To The Town of Raymond, Raymond, Alberta." The correspondent says that this experiment is believed to be the "first of its kind in Canada," and has aroused "widespread interest among debt-shackled areas on both sides of the provincial border." Readers of this

journal will probably like to communicate these facts to their local papers for the benefit of debt-shackled Municipalities in Britain. When writing it will be best not to make any comment, and not to mention THE NEW AGE. Just let the facts themselves soak in.

"The Banker" on "Reflation."

The *Banker* circulates a letter with its March number calling attention to the American scheme of credit-expansion. You are to observe that it is not inflation; it is "reflation." This term can be best explained by a parallel. You know what is meant by the word "ascent"—and "descent"? Very well, then, *reflation* gives you the idea of "reflation." It means a change in elevation without movement, or a movement without a change in elevation. Both animals are fancied, so we tip you to back them each way, kindly reserving us our usual commission of odds to a carrot.

"Pulse-Products."

According to *The Human Factor*, the organ of The National Institute of Industrial Psychology, "the pulse product is the product of the pulse rate per minute and the difference between the systolic and the diastolic pressures in millimeters of mercury." The Institute were called to a cotton mill to study the effects of a new payment system, and to discover whether workers were suffering from "undue fatigue" as a result of it. Time studies were made of the operatives at their work, and "records were kept of their pulse-products, weights, absences, accidents, &c." Also: "their subjective opinions on fatigue and boredom experienced were also collected." Unfortunately: "Matters were complicated by the intervention of a holiday period. . . ." We should say they *would* be! This number (March, 1932) is the most comic since the beginning; and it is a pity that the Institute do not offer it for sale.

Charlie Chaplin and Social Credit.

The *Daily Mail's* Film Correspondent (March 23) recalls Charlie Chaplin's interest in the "Douglas credit scheme," and reports that Chaplin recently sent to the *Daily Mail* for some standard works on "German reparations in general, and European war-debts in general," in view of "a work I am preparing." The Correspondent says that Chaplin is on the *Suwa Maru* returning to Hollywood via the Far East. He makes a speculative suggestion that the "work" is connected with the "scheme," and follows it with a paragraph in which he says: "Major C. H. Douglas is a member of the Institute of Mechanical Engineers and is the author of a scheme for making credit more easily available for industry. His scheme is based on the idea that the primary cause of industrial depression is financial. The author contends that the present economic system tends constantly to cause a deficiency of purchasing power, for which remedies are to be found in creating bank and Treasury credit and lowering prices by means of a subsidy."

Pastiche.

HIGH FINANCE.

A FINE DAY IN SUMMER.

John Bull: "Lend me a fiver."
Uncle Sam: "On what security?"
John Bull (drawing himself up proudly): "My reputation."
Uncle Sam: "But you will pay me 5 per cent.?"
John Bull: "Surely!"

TWELVE MONTHS LATER.

John Bull: "Lend me five bob."
Uncle Sam: "On what security?"
John Bull (drawing himself up proudly): "My reputation."
Uncle Sam: "But you will pay me 5 per cent.?"
John Bull: "Surely!—and here's your five bob on the fiver I had off you last year."

APING HIS BETTERS.

The man with straws in his hair was whacking a stone. Every now and then he lifted it up and looked eagerly underneath.
"And what do you suppose you are doing, my man?" asked the kind passer-by.
"I'm after gold," answered the man shortly; and, without pausing in his labours, "I've been fined 40s.—because I can't afford 7s. 6d. for a dog license"

S. M.

The Darien Fiasco.

The author of this book* is the leading authority on Scottish Colonial history prior to the Union of Parliaments. In it he traces the activities of "The Company of Scotland trading to Africa and Asia," of which the well-known "Darien Scheme" was only one branch. Dr. Insh has made full use of the new material that has become available recently—particularly of the documents discovered in 1929 by Dr. Meikle, the Keeper of the National Library of Scotland. In scholarly language he has pieced together a stirring story of adventure.

The birth of the Company was due to three interacting forces—the Scottish ambition to found a Scottish colony that would lead to a new market overseas; the desire of a group of London merchants to overcome the monopoly of the old East India Company by forming in Scotland a base for Eastern trade; and the persistent efforts of the Edinburgh merchants to establish direct commercial relations with Africa.

It is commonly assumed that William Paterson, the founder of the Bank of England, was the prime mover in forming the Company. But that eminent Dumfriesshire himself never made such a claim. He did, however, join the Company in its early stages; and even landed on the isthmus with the ill-fated expedition. The pioneers, who brought about the culminating Act of 1695, were two Edinburgh merchants—Robert Blackwood and James Balfour (an ancestor of R. L. Stevenson). The Act gave the Company the monopoly of Scottish trade between Scotland and America for a period of thirty-one years; and a "perpetual" monopoly of the trade with Asia and Africa.

The flotation of the Company was at once followed by a headlong fall in the price of the stock of the East India Company, which feared in this Scottish unit a potentially formidable rival. The subsequent strategy of those English merchants to scotch the Scots in their efforts to achieve their objective is highly illuminative of the jealous hostility that the new Company had to face from its inception in 1695 to its inglorious end in 1707. Though the Scottish Company at the outset had received the blessing of the King, the Kirk, and the State—a still-independent Scotland; and though its subscribers were drawn from every class—from nobles to farmers; yet the English opposition to this menace to their trade soon became evident. Both Houses of Parliament in London discussed with dismay the best means to "obviate inconveniences that may otherwise arise by the Scotch Act," as the Upper House expressed it. The King was "obliged" to frown upon this venture of his Scots subjects, the Royal policy being then dominated by the critical issues of the Spanish succession. That the merchant venturers of Edinburgh should plant a colony at the strategic centre of the Spanish Dominions in America was pleasing neither to London nor to Madrid. As evidence of the secret policy of Westminster to secure the defeat of the Scots who dared to "interfere" with English trade the following extract may be given. It is from a despatch sent by Mr. Secretary Vernon to the Hon. Alexander Stanhope, English Minister at Madrid:

"It is in the interest of England to take all the fair ways they can to defeat the settlement of Darien, the consequences whereof would be the draining of all our Colonies of the young and vigorous men, by whom the plantations should be improved and secured."

The dutiful Stanhope did his work so well that he was soon able to report that "not a man in Madrid that ever heard of the Scotch design but had been informed that His Majesty not only disowns it, but has done all that is possible to disappoint it." Confronted with the conflicting commercial interests of his kingdoms the all-too-human King William sided with those of the larger and richer dominant country. That ultimate disaster should have been the fate of "the Scotch design" is now a matter that is commonplace history, though Dr. Insh is the first to resurrect the facts from the tomb of previous oblivion.

In the subsequent negotiations concerning the Union of Parliaments the English Commissioners indirectly acknowledged the guilt of England in having smashed the Scotch scheme. For in the Treaty of Union was incorporated an article to the effect that out of "the Equivalent" a sum of nearly £400,000 was to be paid by England in order to repay the capital of the Company of Scotland to the shareholders, on condition that the Company should "dissolve and cease."

The value of this important historical work is further enhanced by five full-page illustrations and four maps.

SCOTT CURFEW.

* "The Company of Scotland." By Dr. George Pratt Insh. (Scribners. 343 pp. 12s. 6d. net.)

The Douglas Social Credit Proposals.

By C. B. DaCosta.

(Reprinted from "The Queensland Bank Officer")

Orthodox economists . . . do not understand money. For an exposition of this great mystery we must turn to Major Douglas and his followers.—"The Bank Officer," London.

"Money is buying power, and effective demand for goods and services, conversely, anything that has buying power is money."—Major Douglas.

Coinage and bank notes comprise but 5 per cent. of our money, such being the petty cash of society, whereas 95 per cent. is bank credit, created by the banks by mere book entries.

The only cost to the banks of creating credit is that of keeping accounts, so credit, i.e., money, is practically costless. The Rt. Hon. R. McKenna, Chairman of the Midland Bank, England, in his address to the shareholders in 1924, stated—"I am afraid the ordinary citizen will not like to be told that the banks create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits. Every loan or overdraft creates a deposit, and every repayment of a loan or overdraft destroys a deposit." Mr. McKenna's statement has since been backed up by leading bankers and economists, including Mr. J. M. Keynes, the leading English economist. Money is not a commodity, and to regard it as such is proof of a radical misconception; it is a ticket system, claims to goods and services, and its function is to promote the orderly production and distribution of goods and services.

All bank credit is a debt to the banking system and must enter into the costs of goods and services and be recovered from the consumers in the price of goods.

Every bank loan or overdraft is a creation of money or purchasing power, and increases the amount of money in circulation.

Conversely, every repayment of a loan or overdraft is a destruction of purchasing power and a reduction of the amount of money in circulation.

The deposits in Australian banks, including savings banks, total £530 millions, whilst the legal tender in circulation is less than £30 millions.

The only limitation on the banks' creation of credit is their legal liability to pay the legal tender; trading on the assumption that people will use paper (cheques) in the majority of transactions without requiring it to be changed into legal tender, the banks have built up an inverted pyramid of credit on a small amount of legal tender. "In a Clearing House show that during 1923 only .7 of 1 per cent. of total transactions were in legal tender."

"closed" banking system there is no limit to the amount of bank money, i.e., credits which the banks can safely create, provided they moved forward in step."—J. M. Keynes.

Credit is something based on belief, faith, trust or confidence, and is of two forms—Real Credit and Financial Credit.

Real Credit, whether of a community or an individual, is its or his intrinsic ability to produce goods or services.

Financial Credit issued in any given time should represent Real Credit.

In the ultimate, all financial credit is based on the community's collective capacity to produce and deliver goods or services of all kinds. Banks never lend their subscribed capital or the deposits; what they lend is the right of the borrower to draw upon and use the resources, in labour and material, of the people of Australia.

The Douglas Social Credit Proposals

The aim of these proposals is to give to the people the financial wealth or purchasing power which represents their Real Credit.

To achieve this purpose it is essential (a) That financial credit be proclaimed public property (as it really is), and the Government—The National Trustees.

(b) That the banks shall act as the agents of the Government administering credits and keeping the National accounts, for which they will be paid.

(c) That the community shall be enabled to claim goods and services up to the limit of productive capacity, i.e., the

Freethought and Social Credit.

In the foreword to Mr. Cohen's recent book* we are told that it contains excerpts from his writings over the past thirty-five years, compiled by a friend and admirer. Mr. Chapman Cohen states that his aim has always been to suggest rather than to supply a finished course of instruction; and for this reason he has always believed in short essays and small books. Anyone who will take the trouble to read this book will be struck by the moderation, clarity, yet forcefulness of his criticisms. One can admire the crescendo of his sledge-hammer blows, but would prefer that so much energy and knowledge were devoted to the present financial system, after the manner of our own "Notes of the Week." It is hard to see how all this generation and discharge of steam is going to carry democracy very far along the road of economic emancipation. Social Credit, while conscious of the wrongs and errors of the past, is more concerned with setting right the financial wrongs and errors of to-day, so that we may be able to look forward to the future with confidence for the first time in all history.

After reading these selections I was driven back to re-read "Economic Democracy," in order to get my true bearings and first principles right, as it is unsafe to stray too far from the Social Credit Magnetic North. If Mr. Chapman Cohen would bring as much zeal into studying Social Credit as he has brought to the criticism of religion, I am sure the bulk of these essays would have to be re-written while the balance would be thrown into the W.P.B.

The position of the Freethought Movement was admirably summed up in "The New Age" of March 3, p. 210, "Blasphemy on Trial": "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." H. H.

* "Selected Heresies." From the writings of Chapman Cohen. (Pioneer Press. 3s. 6d.)

Reviews.

Monetary Leadership. By J. F. Darling, C.B.E. (Director of the Midland Bank, Ltd.) (Published by Ernest Benn, Ltd. Price 2s. 6d. net.)

In this book the author renews his plea for the setting up of a Central Bank of the British Empire, and the rehabilitation of silver. He claims that his proposals, if adopted, would raise the price level and thus save the world from bankruptcy, revive the markets in India and the East, restore to Great Britain the monetary leadership of the world, and by broadening the basis of credit by the economies which would be effected in the use of gold and by the remonetisation of silver, start a great trade revival similar to that which occurred on the discovery of the Rand mines. Well, well, "Hope springs eternal"—even in the banker's breast, it seems. This should give all Social Creditors encouragement. It is interesting to note that Mr. Darling suggests that the Central Bank of Empire should belong to the respective Governments—"as the control of credit is not involved." M. J. W.

Gold in History and in Modern Times. By Dr. Walter Johannes Stein. Translated from the German by G. S. Francis. (Anthroposophical Publishing Co. 32 pp. Price 1s. 3d.)

Gold was regarded by the ancients as concentrated sunlight (p. 7). Of the Latin word for gold; aurum connoting the aura of the sun—which radiates light and warmth. Money is of religious origin (cf. Bernhard Laum's book, *Heiliges Gold*, or "Holy Gold"). The author cites the Orientalist, Jeremias, who says that gold was the symbol of the sun and silver of the moon. Their relationship in terms of value and silver of the moon. Their relationship in terms of value arose, not from the law of supply and demand, but from the relationship between the solar and lunar cycles. The relationship between the whole of antiquity was in the ratio of value during the whole of antiquity was in the ratio of 1:13 1-3. It has fluctuated in recent centuries between 1:11 (1501-1600) and 1:73 (1931). August Boeckh is referred to as having similarly traced the development of weights and measures to the astronomical observations of priesthoods (p. 8). Free traffic in gold has ceased (p. 15). France's hoarding is in keeping with her essential propensity to "centralise everything in France—in contrast to the English" (p. 17). Finance must be a "mirror of industry and commerce" (p. 28). The author's conclusion is that the economic trouble will only be solved when the States of to-day "renounce their right to separate solutions, and

purchasing power in the hands of the consumers shall be equal to the collective prices of goods on sale at any given time.

This can be done by the Douglas Automatic Price Regulations.

A growing disparity between consumers' purchasing power and the collective prices of industry's product arises from demonstrable faults in financial policy and is, moreover, the primal cause of the periodic economic breakdowns to which industry is subject.

Three factors contribute to the diminishing of purchasing power:—

- (1)—Savings from wages, salaries or dividends.
- (2)—The inclusion in price of costs, the money equivalent of which is never distributed to consumers.
- (3)—The recall and cancellation by the banks of loans and overdrafts before the goods produced are consumed.

That portion of financial credits distributed by industry in the form of wages, salaries and dividends, is the true measure of the community's purchasing power, and there is never enough buying power distributed to buy the goods or pay for the services produced.

The output of Australian factories in 1928 was £416 millions, whereas the wages and salaries and dividends distributed were only £130 millions, or about 31 per cent.; and labour saving (i.e., wage saving) machinery is rapidly reducing this percentage. An axiom of the present financial policy is that every payment made in the course of production is a "cost" which must be recovered in prices.

It follows that all wages, salaries and dividends paid are "costs" which must be eventually charged to the public in prices. Therefore the sum of, say, weekly savings from wages, salaries and dividends are reflected in an equivalent addition to the aggregate amount of costs awaiting recovery. The effect is to create a gradual piling up of unrecovered costs, physically represented by goods awaiting sale.

The producer thus finds that it takes gradually longer and longer for him to realise his outlay. His only course is then to reduce his output, while some of these superfluous stocks are being cleared off, which automatically reduces the flow of wages to would-be consumers, thus reducing their buying power. Insolvencies, writing down of capital, and selling below cost, are some of the palliatives that have helped to stave off a complete breakdown.

Science has solved the problem of production, and the Douglas Social Credit Proposals will solve the problem of distribution or consumption. Production and consumption are parts of a continuous process, the former being useless unless the product be consumed as fast as it is made.

Major Douglas has shown that the real cost of producing anything is the energy and materials consumed in the process. Consumable commodities must be sold at their "Just Price," which is that portion of their financial costs which represents the energy and materials consumed in the process.

The difference between "The Just Price" and the financial or book cost of production, and which represents capital depreciation, shall be liquidated by an issue of credit to the retailer free, this credit being debited against the accumulated assets of the community. This is justified because capital assets are not delivered to the individual; they are communal property, and depreciation of same should be paid for by debiting a National Credit Account which would be credited with every appreciation in the nation's capital assets. Thus, if during 1930, say, the ratio of total national consumption to total national production was 75 per cent., then during 1931 all consumable goods would be sold at 75 per cent. of their financial cost of production and the retailer reimbursed by the Treasury Department by credit based upon the 25 per cent. appreciation of communal production during 1930.

The expansion of the National Real Credit would precede the monetary expansion, the new money being based on wealth already created, and the credit issued conditionally and proportionately to a reduction of prices; so in no sense of the word do the Social Credit Proposals tend towards inflation. Their aim is by a readjustment of the credit system and a scientific regulation of prices to increase national consumption and to enable all members of the community to share in the national real wealth.

An increase in national consumption would set the wheels of production moving and abolish the evils of Poverty and Unemployment. The Douglas Proposals are purely economic and non-political; they involve no expropriation and no additional bureaucracy beyond the purely statistical department needed to calculate the data by which the issue and recall of money would be regulated automatically. They offer a basis for co-operation between all men of goodwill.

by leaving their solution to a world-economic organism which will have to be independent of them." (He cites this passage as a quotation from Rudolf Steiner.) The lore and learning in this pamphlet are made to converge, by suggestion, on the question of political evolution, which the author says is proceeding away from what he calls "Autarchy"—i.e., self-sufficient national economies. This is yet one more example of the wish of Finance fathering the thought of Philosophy. What he disparagingly calls "Autarchy" is a euphemism for what one is accustomed to call "Freedom." But it would not do for him to say that evolution was proceeding towards "Slavery." He has not coined an antithetical expression to Autarchy—so let us call it Aurarchy—government by the gold-sun-god. This warming word will act like Bovril and stop the shivery sinking-fund feeling that strikes us in the sharp breeze of returning overdrafts.

Pacifists in Peace and War. By Douglas Goldring. The "Here and Now" Pamphlets, No. 1. (Wishart. 1s.)

Mr. Goldring's able and passionate denunciation of war will have its least effect on New AGE readers, since, admittedly, he does not indicate what steps should be taken to stop it; it may, however, startle a certain section of the public into thinking about the subject.

M. J.

Several Occasions. By Mary Butts. (Wishart. 6s.)

This is a volume of sensitive and subtle short stories by an intelligent and well-educated modern writer with no special gift for writing. There are many such. Any writer for "Cassell's" or "The Story-Teller" would be ashamed of these stories, as stories, just as Miss Butts would be ashamed of their work from the intellectual point of view. I recommend an intensive study of O. Henry, De Maupassant, and Hans Anderson.

M. J.

Night Out. By Rupert Croft-Cooke. (Jarrolds. 7s. 6d.)

This is a clever and worthless book about a young man who had ideas above his station, went out into the world to try to live up to them, and failed happily. The only noticeable passage is a denial of the Pleasures of Pubs as described by Beachcomber and Belloc. Mr. Louis Golding maintains, on the dust cover, that "Night Out" cannot fail to establish its author's reputation.

M. J.

Ourselves and the Community. By E. E. Reynolds. (Published by Cambridge University Press. Price 5s. net.)

According to the publisher's note on the wrapper, this is "A book for those who wish to know what are the duties and rights of a Citizen, how the Local and Central Government of this country is carried on, and what is our relation to the Dominions and the League of Nations." It is intended to inspire the young to value their great heritage as citizens of Great Britain, but not, be it noted, to inspire them to claim their share; indeed, the author states in his first chapter that "In this country we have passed beyond the stage where we have to struggle for our rights; we must now concentrate on our duties." Could Lord Snowden put it better?

M. J. W.

The Mystic Rose: A Study of Primitive Marriage and of Primitive Thought in its Bearing on Marriage. By Ernest Crawley. (Watts. 2s. 6d.)

This book is already well known to students of primitive thought. The present edition, which gives great value for a small sum of money and in compact form, will bring it into the reach of the more general reader. After an introduction putting forward certain typical problems, the author discusses taboo, especially in its bearing on sexual removal known as marriage, that enables forbidden sexual relations to be established, and such secondary taboos as those between a husband or wife and his or her mother-in-law. Even those who are not much interested in the philosophy of the subject will find much to reward them in the mass of anecdote and custom which the industrious Mr. Crawley has brought together.

I. O. E.

Medieval India: Social and Economic Conditions. By A. Yusuf Ali. (Oxford University Press—Humphrey Milford. 5s.)

These "four lectures delivered in Urdu to the Hindustani Academy, Allahabad," should enable English readers to clarify their ideas of Indian history, from the middle of the seventh century to the days of the European invasion. The author, who is distinguished both in the Civil Service and in the higher walks of education, uses contemporary documents to draw up vivid accounts of life in India at the time of the pilgrimage of Yuan Chwang, during the rise of the Rajputs, and during the fourteenth century. He deals

briefly with every aspect of life, from the court to the castes of the Untouchables, glancing at daily life, ceremony, dresses, manners and customs, ornaments and cosmetics, laws, and religions, and even giving a typical Rajput heroic narrative. He includes notes on currency and economic matters. The fourteenth century "was fruitful in economic experiments," including a sort of tentative socialism that Mr. Yusuf Ali speaks of as injurious to industry; there were also experiments in currency and in schemes of unemployment relief, charitable reliefs, and an excellent system of public works.

I. O. E.

LETTERS TO THE EDITOR.

SOCIAL CREDIT IN ALBERTA.

Sir,—Regarding the U.F.A. paper and Mr. Garland's article on Social Credit, referred to in the February 11 issue of THE NEW AGE, I may be able to let in a little light on their view-points.

From conversations with several of our U.F.A. leaders at our annual conventions and at other times, as being a secretary of one of the U.F.A. locals and a delegate to the convention I have that chance, I am sure that they are not yet fully convinced either as to the soundness of the Douglas theory or as to its feasibility.

I have never heard one of them mention the price factor, or the necessity of price control. I judge from remarks in THE NEW AGE that you probably get our U.F.A. paper. If you do, and will turn to the February 1 and February 15 numbers you will see by the various reports of the president and board of directors that the stress is laid on co-operation and board of directors that the stress is laid on co-operation and board of directors that the stress is laid on co-operation and board of directors that the stress is laid on co-operation.

It may be that our members do not want to appear too advanced in their ideas, and in fact an M.P. told me he was afraid if he went too far that he might lose some support.

But it is certain that our U.F.A. leaders and our Federal M.P.s are more outspoken this last year than ever before on the money question, but for some strange reason Major Douglas's name is never mentioned.

I notice in our local meetings that the members are now more inclined to listen to talks on defects in the money system than they ever were before this depression.

The hardest thing to get over though is the idea that banks create credit.

I may add that these remarks are written by electric light on a farm midway between Calgary and Edmonton; and it is between twenty and thirty degrees below zero outside.

T. F. R.

NATIONAL ECONOMY.

Sir,—It is supposed to be common knowledge that anything connected with finance is a mystery.

Mr. Ramsay MacDonald has been talking about it, and about economy, to the Abbey Road Building Society at the opening of their new head offices on Friday last.

He wished he could impress upon everybody in the country that economy did not merely mean cutting down expenditure. It meant cutting down useless expenditure, and expenditure that could not be afforded—expenditure that could only be met out of capital or by borrowing.

I suppose that there is some hidden wisdom in this, but it does seem to me to be rather odd advice to give to a society that exists for the purpose of lending.

ARTHUR WELFORD.

THE DOUGLAS PLAN FOR SCOTLAND.

Sir,—I was very interested in the draft scheme for the reconstruction of Scotland by Major Douglas, published in the Glasgow Evening Times of March 11, 1932. To go into details of the plan would require a large volume, but I would like to discuss a few points as far as agriculture is concerned.

Agriculture has been sadly neglected in Scotland, the same as it has been in England and Wales. A country which persists in neglecting her agriculture is well on the way to committing national suicide. Agricultural output has been steadily increasing during the war period, but the war-time lessons of the national importance of food production were soon forgotten.

A country whose agriculture is in a prosperous condition is in a very favourable position for the inauguration of Social Credit. You may depend upon it that the dismal wails of the Jeremiahs (bankers) will do their utmost to put the fear of starvation into the hearts of the people. In

this respect the Irish Free State is in a far better position to inaugurate Social Credit, than, say, Scotland, although the real wealth of Scotland is many times greater than that of the Irish Free State. Bankers hate to see a country self-supporting; their slogan is "Interdependence." Major Douglas fully recognises the position, and in the very first item of his draft plan agriculture is treated with the respect that is her due as being an important part of the real credit of the nation. Farmers and farm-servants have a capitalised value and are also part and parcel of the national credit, together with the rest of the population.

Anyone who can make a success of agriculture in Scotland finds it child's play to farm elsewhere. It is therefore not surprising to find that most of the successful farmers in England and the Dominions are Scotchmen or men of Scottish descent. Fighting the drim dour battle with Nature in Scotland produces men of exceptional character and sagacity. Scottish farmers are no less intrepid than Scottish engineers, because they were successful farmers first and engineers second!

Now, if there is anything a Scotchman hates more than anything else in the world, it is Governmental interference with his work. He will produce the food all right providing the Government will look after the ticket side of the business, and I am sure that farmers will be pleased to learn that Douglas proposes to put the Government into its true place, in that no Government Department shall administer agriculture or trade. The duty of the Government is to sit tight on the National Credit and see that its proceeds are distributed as and when and where required to the community.

One of the fundamental principles for successful agriculture is security of tenure. Scottish farmers having made their granite slopes blossom as the rose, are very reluctant to leave their homeland; their love for the soil of Scotland is something that is indescribable and almost uncanny. Major Douglas proposes that no transfer of real estate will be recognised except to the Government. When this proposal is properly understood, I do not think farmers will worry, because there are plenty of lusty sons ready to take over the farm when the old ones retire. In any case there will always be some intrepid "Sandy" only too willing to try his hand at making loam out of granite! The only persons likely to jib would be the few shooting millionaires, who are absent for the greater part of the year. But there will still be plenty of room left for shooting and fishing for those that way inclined. As time goes on, there would be an ever-increasing number of townsmen, pensioned off on their national dividends, who would insist upon turning some of the surplus shooting moors into sheep ranges or into cultivation, without hurting the scruples of anybody.

Under Douglas, farmers would be exclusively engaged upon making two blades of oats grow where only one grew before; they would not be worried out of their wits, as at present, trying to market their produce as well as producing it.

Without going into too many statistics based on a scarcity of financial tokens a conservative estimate would show that agricultural production could be more than doubled in five years. In any case what Scotland lacked in foodstuffs could be imported in return for Scottish machines, ships, and brains! Diversity of consumption is desirable after primary needs have been satisfied. Given the full Douglas incentive, I would estimate that Scotland would ultimately be quite capable of supplying all her own requirements of fish, potatoes, mutton, oats, milk, butter, cheese, eggs, poultry, barley, bacon and pork, beef, and even honey—not to mention such delicacies as beer, stout, and whisky! She grows a lot of fruit, but would always have to import some. As far as vegetables are concerned, she could be independent of foreign supplies under an intensive system of growing, including glasshouse cultivation.

The latest figures that I can get hold of show that only 18 per cent. of her area is cultivated, 70 per cent. is permanent pasture, and 48 per cent. mountain and heath, while deer forests cover 4,000 square miles.

The only regret I have with this draft plan for Scotland is that I am very sorry for the Single-taxers; I am afraid they must be suffering from cold feet. This plan for Scotland knocks the Russian Five Years' Plan into a cocked hat, in that it ensures and maintains the initiative and freedom of the individual, without which life is worth nothing.

RICHARD HOLYOAKE.

THE BRITISH LEGION.

Sir,—I am glad to learn from Mr. Story's letter (p. 251) that Social Credit is at last being spread among the rank and file of the Legion. This good work was very long overdue.

In the early days of the ex-Servicemen's movement and

before the British Legion centralised it in the British Isles, political feeling ran very high. But individual initiative was destroyed and the movement became non-political. This was a fine piece of strategy on the part of the powers that be. Had the movement been able to keep itself unsullied, it might have developed into a real power in the land. As it is, the Legion is now dependent for its existence upon subscriptions (something like the Salvation Army) and receives generous support from certain well-known quarters. The Legion has now become as hide-bound and respectable as the Rotary movement. It now has its own official journal with its monthly sermon of uplift and goodwill.

I do not want to discourage Mr. Story, but I am certain that every resolution put up for the agenda of the annual general conference will be "blocked" and rejected as coming within the frame of political controversy, which is expressly excluded by the constitution and charter of the British Legion. It is a sheer waste of time and energy to try to influence Headquarters.

Social Credit has a far better chance of being spread amongst Legionaries by means of a de-centralised objective. The local branch is the media and frame of reference. Let each branch emulate the spirit of the Greenshirts of Coventry. Cultivate local tradition, civic pride, the British tradition for fair-play, reason, intelligence and justice for the settlement of the economic question via the Douglas principles. I can assure our friend Mr. Story, that his time and money will thus be better spent and there will be a good chance of doing something worthy of all that the British Legion should stand for in the eyes of the Nation.

"TOMMY ATKINS."

MANCHESTER DOUGLAS SOCIAL CREDIT ASSOCIATION.

The next public meeting of the Association will be held in the Library, at the Onward Buildings, 207, Deansgate, Manchester, on Monday, April 4, at 7.0 p.m. Speaker: Mr. Joseph O'Neill. Subject: "The Douglas Plan for Trade Revival." Admission is free.

T. C. WRycroft, Hon. Secretary.

4, Piccadilly, Manchester.

NOTICE TO READERS IN THE U.S.A.

The undersigned would be glad to hear from any reader of THE NEW AGE in the U.S.A., and will, if so desired, consider such correspondence as confidential.

A few readers in the West are thinking of forming a group for the intensive study of Social Credit, and would be glad to know of any others, whether nearby or at a distance, who are interested in this subject.

JOHN LORBER.

3005, Jackson-street, Alameda, Calif.

SOCIAL CREDIT IN AUSTRALIA.

The Australian Quarterly (No. 12, December 14 last) contains an article entitled Douglas Social Credit, by W. C. Wentworth. It is a 14-page attack on Mr. Rhys's 2nd H. M. M.'s pamphlet, and appears to have been dashed off under emotional stress. No doubt Mr. Rhys will deal with it if he is allowed the chance, and thinks it worth while.

Douglasites, among other crimes will, the writer says, dissipate all past savings because they do not allow for the depreciation of plant, etc.!

The magazine contains about 125 pp. and is published at 375, Kent Street, Sydney, N.S.W., at the price of 1s.

DINNER AT FRASCATTI'S.

At "The New Age" Dinner on April 9th, the guest of the evening will be Mr. A. R. Orage, the previous editor of "The New Age." Apart from his address, it is not intended to have any speeches other than a brief toast, briefly responded to by the present editor. It is hoped thus to provide more opportunities than previously for intercourse among the company present.

The time is 6.30 for 7 p.m. Evening dress. Tickets 10s. 6d., from "The New Age," 70, High Holborn, W.C.1

At the time of going to Press, no further arrangements can be notified by the promotor. We will publish these in our next issue.

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(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.

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Social Credit in Summary. 1d.
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