

# THE NEW AGE

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## NOTES OF THE WEEK.

Following our "Notes" of July 14 on the subject of blackmail used as an instrument of government and the recruiting of the secret service from the ranks of sexual perverts, it will be useful to extend our survey to cover the cases of addicts of pleasures who, though not legally indictable, would be ostracised by Society or excluded from public life by popular repulsion if they were exposed. Sir Charles Dilke was one of these, and there is not the slightest doubt that the legal action which culminated in his downfall could have been averted if the big people at the top of finance and politics had used for his service. But he was not *persona grata* with the High Clique: in fact he was, by reason of his brilliance and independence, a potential danger to them. So these regulators of legal traffic flashed on the green light with the word "Go," and the chariots of the law drove on, strewing the road with the debris of his reputation. What has this to do with Social Credit? The answer is: A jolly lot. There are persons to-day who by virtue of their position could do much to facilitate, and therefore to frustrate, the advance of our influence among the public, but who, by reason of indiscretions of various kinds, are not free to exercise their powers according to their judgment or conscience. The bankers are ultimately responsible for this state of affairs; but, leaving them apart, there is such a thing as, so to speak, a Front Bench Order, the members of which are protected by an unofficial Official Secrets Act voluntarily administered under an unwritten Gentlemen's Agreement. One may agree at once that irregularities in private life are often the obverse side of extreme competence in public life, and that there is something to be said for not exacting from the classes too rigid an adherence to the conventions of the masses. But that submission depends for what validity it may have on the assumption that the Front Bench Order possess unfettered freedom to serve the public interest according to their own wisdom. That assumption has been shown to

be untenable by the Social-Credit analysis, and therefore the submission fails. The Front Bench Order are a tool of Finance implementing the wisdom of Finance; and it is futile for any one of them to plead immunity from laws and conventions in the name of his own wisdom, except of course before an audience who hold it to be the prime duty of Ministers to act by the advice of the bankers. The size of that audience is to-day rapidly diminishing, as a glance through the newspapers reveals. Whether in club or pub financial policy in some aspect or other is being discussed with animation, and in terms and tones which, most significantly, are not even distantly re-echoed in the utterances of His Most Gracious Majesty's Right Honourable Ministers. So much for the politics of national government.

When we come to the politics of international government—which is what international politics really amounts to—the national Front Bench Orders coalesce and administer an international Official Secrets Act under which a member with a secret is not only protected, as now, from exposure within his own country, but from exposure in any other. The process is not complete yet, but is proceeding. What takes place in Geneva—the centre of international politics—whether officially or unofficially, is one step more remote from public scrutiny than what takes place in London or any other capital. Consequently one would expect that the personages chosen (goodness knows by whom) to participate in the deliberations, and especially in the distractions of the delectable city of Geneva, allow themselves more license there than at home. There is therefore a measure of credibility in some allegations published in a paper called *Searchlight*\* (July issue) purporting to describe the night life of these international legislators.

\*Published by the National Secretary, Workers' International Relief, 33, Ormond Yard, Great Ormond Street, W.C.1. 12 pp., monthly, one penny. The above-mentioned issue is No. 3 of the first volume.



It publishes an article entitled "Geneva's Orgies of Luxury and Vice"—"Wholesale Debauchery Hidden By Talks of Peace." The allegations are in general terms, and unsupported by verifiable evidence except in one instance where the statement is made about

"the opening of a special brothel, the Pension Massot, on the request of the delegates of one of the Great Powers, for the use of representatives of a League which declares that it is suppressing the white slave traffic." This may be taken as a fact. A similar statement was made two or three months ago in a popular Parisian newspaper, and was quoted by the *Daily Herald*. Apparently, on all occasions when the International Front Bench Order assemble in force, the night life of Geneva, which usually ends at 1 a.m., is extended to 3 a.m.; and dancing halls, bars and restaurants are crowded to the doors—daring cabaret turns are put on—while, elsewhere a gilt-edged trade is done by licensed vice-mongers.

"So shameful did it become that, last February, Henderson, the British president of the latest disarmament talk, had to issue a public appeal for less lavish entertainments. 'But,' he added, 'there is no intention to curtail private entertainment between delegates.' So the farce goes on."

There is a vague popular notion in this country that the laws regulating morals in Switzerland are parallel to our own. That is true generally, but not true of Geneva, which city enjoys all the luxury-privileges of Paris, and, so people say, makes more use of them. It was said that on one occasion Sir Eric Drummond wanted a certain conference of delegates to be held elsewhere than in Geneva, and was surprised at the widespread disinclination of the delegates to fall in with the idea. Gossip says that he made inquiries and found out the reason; but this cannot be confirmed.

*Searchlight*, as a Communist organ, no doubt overstates the degree to which delegates generally give way to illicit relaxation, and, of course, draws the wrong moral from such immorality as may actually take place. Nor, moreover, does the indictment come well from an organ of a movement whose intellectuals in many cases advocate Divorce-law reform and the rationalisation of Marriage-laws, and in some cases the extension of the system of *maisons tolérées* to this country. On the other hand this journal is entitled to ventilate the subject, and to affirm the unreality of the proceedings which take place under the auspices of the League of Nations, who, it asserts, are spending nearly £2,000,000 on a new palace. The purport of its treatment of the subject is to suggest that the Workers' International Relief, who were calling a congress for July 28 and 29 in Geneva, were going to do what the League had neglected to do, namely, put an end to war. This they call the "International Anti-War Congress"; and *Searchlight* publishes a list of British signatories supporting it. The list includes:—

Bertrand Russell  
Rutland Boughton  
Lascelles Abercrombie  
Tom Mann  
Frederick Soddy  
Virginia Woolf  
Kingsley Martin (Ed. *The New Statesman and Nation*).  
A. S. Eddington  
Harry Pollitt  
Sir Laurence Binyon  
Havelock Ellis  
Marquess of Tavistock  
Sh. Saklatvala  
Maud Royden

Foreign names cited include Henri Barbusse, Romain Rolland, Upton Sinclair, and Einstein. All this links up with the Einstein-Ponsonby crusade which we commented on recently; and the policy is the same. According to *Searchlight*

"It must be realised that the only force that can pre-

vent war is the working class—particularly those workers engaged in war industries and in transport."

In plain English the answer to the "war-mongers" is to be the strike. The above organisation matches that of the bankers both as to policy and strategy. The bankers do not want war. But neither they nor the Communists can, inside any country, overtly call upon workers to strike and cripple the war-machine of that country; the public would demand their suppression by the Government. Therefore they are internationalising the incitation and issuing it from abroad. The bankers in Basle can call out the Central Banks, and the Communists in Geneva can call out the workers. No national Government would know how to proceed against the authors of the mischief, and all they could do would be to use force against the workmen on strike, a measure which, in itself, would further the object of the international inciters, i.e., the holding up of war-services and possibly the precipitation of civil war.

### Current Plans and Planners.

A Mr. A. J. Siggins produces *A Prosperity Plan*. He wants Britain, the U.S.A., and Germany to unite as a "tri-national chartered company." Mr. Siggins advances no views upon the credit system nor advocates any reforms in it. Hence any prosperity accruing to the "company" would have to be the proceeds of economic smash-and-grab raids, quickly culminating in another world-war.

The International Standard Currency Association have produced a Resolution consisting of an introduction and twenty-one provisions. These provisions are virtually twenty-one tips to grandmother about the sucking of eggs. If they effect anything at all it will be to consolidate more firmly than ever the control of finance over economic activities and conditions of life. Thus the sponsors advocate formation of a Reserve Standard (gold and silver) and an International Clearing House for Central Banks who adopt that standard. Britain, U.S.A., and Germany are cited as the hoped-for pioneers in this scheme. Unless this is the outcome of grandma's teaching her grandchildren behind our backs to teach her in front of our faces how to suck eggs (which we are inclined to believe) the spectacle of Douglas after their own interests borders on the farcical. As Major Douglas has appositely remarked, all the best brains in the world that can be bought with money are at the service of Finance. The Advisory Committee of this I.S.C. Association would do well to pause and ask themselves what they can possibly have discovered which Finance has not already considered and pigeonholed. Look at the names of the Committee: Milner Gray (late Under-Secretary, Ministry of Labour); Norman Crump; W. Craven-Ellis, M.P.; Mr. Magnay, M.P.; J. W. Morrison; and J. Taylor Peddie. Mr. Peddie is apparently the Secretary. According to his correspondence he believes that the reason why "no progress is made" is that there are "so many schemes put forward that are not workable although the objective we all have in view is the same." By implication the I.S.C.A.'s Resolution is workable. But who has certified it so? Workable for what? In another letter Mr. Peddie says of this scheme that it "embodies certain broad ethical principles taken from the policy of the *New Political Fellowship*, but which are in effect only realisable through a reform of monetary policy on the lines we propose." The N.P. Fellowship and its founder, Mr. Pape, have been discussed in these columns. Mr. Peddie states that "Mr. Pape, Mr. Gray, and I are suggesting that we form a strong Centre Group of all those dissatisfied with the existing order of things, and that when we are strong enough we should make terms with one of the existing parties, or alternatively create a new one out of the broken fragments." Good. Let it be called the "Interdependence Party."

The Verdon-Roe Plan for "issuing new currency" is offered from Hamble House, Hamble, Southampton, in the form of a reprinted article from the *Hampshire Advertiser and Southampton Times* of July 2, 1932. Price 13d. post free, or 1s. per dozen, post free. A passage in the document reads as follows: "But why blame the banks. It is the Government who are to blame, because if a country is governed sensibly the producers . . . should rarely need to borrow money; they could obtain all they require from their own reserves, employees or from the public . . ."

## The New Economics.

Examination for the Ordinary (Pass) Degree.  
PART I.

(A practical knowledge of at least one handicraft will be required from all entrants.)

(1) (a) Construct a box 18 in. by 18 in. by 9 in., with a sliding top and mortice and tenon joints, of silver spruce, using carpenter's tools. (b) Charging your labour at 1s. per hour, and timber at 2s. 6d. per box, what does the box cost, and how would you divide your costs? (c) When you make the box do you make the money to buy the box? If not, who does? If money is an effective demand for goods, who does the box belong to?

(2) What would such a box cost made by machine methods? How would the division of cost be affected?

(3) What would be the effect in each case, on the division of costs, of doubling the output per day of boxes made by the above methods?

(4) State in not more than thirty words the difference between borrowing £5 from your friend Jones and borrowing it from a bank. How does (a) the Bank of England acquire gold for itself at the expense of the British public, (b) a Joint Stock Bank acquire stocks and shares for itself at the cost of bookkeeping?

(5) What is the object of the Inland Revenue in dividing Income Tax into Schedules A, B, C, D, and E? If I own a factory on freehold land which is just paying its way, what rate of Income Tax on the property shall I have to pay if the normal rate is 5s. in the pound?

(6) You are a convert to Planned Economy, and request your wife to furnish you with a schedule of (a) the type and number of hats she will require next February, and (b) the menus for next March. State as briefly as possible the remarks of (a) your wife and (b) the cook. What would be Mr. H. G. Wells's reply to these remarks? Forecast the increase or decrease of sales of the *Week-End Review* in your immediate neighbourhood subsequent to your effective conversion.

(7) State whether you consider the present crisis to be one of defective production or defective distribution. If the former, what are the defects? If the latter, what would be the effect of increasing the efficiency of the productive system?

(8) If it is correct that Great Britain must export largely because she has to import food stuffs, explain why nearly 3,000,000 acres of British arable land have gone back to pasture since 1920. What do you know about the Rothamstead experiments, and how much wheat per annum could be grown on 3,000,000 acres, having these in mind?

(9) How would you explain the objectives of the Shannon Power Scheme? Why were the contracts placed in Germany? Who controls the Siemens Actiengesellschaft?

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Owing to the holidays, and our going to Press early, one or two usual contributions are held over. Mr. Ockham's film-notices include *After Office Hours* and *Black Diamonds*, and a reference to the release of *Lovers Courageous*, also to the forthcoming showing of *One Night*. Each of these films, for various reasons, is worth noting.

## The Mal-Distribution of Income.

The unevenness in the spread of incomes is an effect, not a cause. Taking token figures, you can have a community of ten people, two of whom get £50 a week each and the other eight £5 a week. Under the rules of the present financial system a certain amount of capital (savings) must be continuously applied to maintain production. Let us assume the irreducible requirement for such maintenance to be £50 a week, and let us suppose that the two blocks of income contribute proportionately to it. In that case the rich would put up about £35 out of their £100, and the poor about £15 out of their £40. The consumption-income of the rich and poor would now be £65 and £25 respectively, and their combined consumption-income £90. Now, if the total price of consumption-goods exceeds £90—say it is £100—and the fact of that excess can be shown (as it can) to be the cause of the hold-up of trade, the remedy cannot reside in any system of redistributing the £90. Even if the ten people got £9 each the position would remain unchanged. Somehow the £90 would have to be increased to £100. The only way to do that, under existing rules, would be to draw the £10 out of the savings fund of £50. But this £50 is, *ex hypothesi*, the irreducible minimum needed to maintain production at a given level. To reduce it would therefore decrease the quantitative output of consumables.

This is what the proposals of the advocates of equitable distribution of income lead to. They are committed to the proposition that if the total income of £140 were to be equitably divided the amount spent on consumption would rise to £100, and the amount saved and invested fall to £40.

If so, and there is to be no reduction in the output of consumable goods, the "redistributionists" have to show that the present proportion of total incomes applied to investments is not an irreducible minimum, but is in excess of industrial requirements. Taking the above figures, they must show, for instance, that the £50 is too much, and that, say, £40 would be enough to maintain output. This they might do by proving that £10 worth of capital plant was doing no work—a task of no difficulty to anyone who looks round and observes what is going on in the world. That proved, there would be *prima facie* ground for a proposal to redistribute incomes; because the poor, who are consciously underspending on consumption, would tend to devote any rise in their income to increasing their consumption. Thus the rich would transfer investment-income to the poor who would convert it to consumption purposes.

At the same time, this way of doing it is not the only way. The problem being to bring £100 instead of £90 into the consumption market the efficacy of the remedy does not depend on who brings it there and gets the goods, but solely upon the selling of the £100 worth of goods. The same result could be achieved if the rich were to spend the £10 extra on themselves: it is not necessary that they should pass it over to the poor to spend on themselves. All that can be said is that "redistribution" would be the kinder method: it would not be the more effective. Politically, it would be less practicable because of the overt resistance of the rich reinforced by the covert acts of the bankers, whose policy it is to keep consumption down to the minimum.

Whether willingly or not, people like Mr. J. A. Hobson, who ascribe the economic impasse to mal-distribution of income, belong to the school of criticism led by Messrs. Foster and Catchings and Mr. P. W. Martin, who ascribe the impasse not to an initial mal-distribution of income as between



rich and poor recipients, but to a subsequent mal-disbursement of the collective income by both sets of recipients collectively. The snag, say those of authorities, is in the custom of investing out of income irrespective of who does it. Furthermore, these authorities hold that the collective amount of such investment measures the deficit of demand in the consumption market. Thus, on the figures chosen, they would hold that only £90 comes into the consumption market to meet costs totalling £140. Therefore, to close up the deficit, it would be necessary not merely to convert a proportion of incomes now spent with stockbrokers to be spent with shopkeepers instead, but to convert the lot—to stop investment out of income altogether. As our readers are aware, all three of these authorities have shied at this solution, presumably because while they have proved it correct in principle they cannot see how to make it work in practice. The rich are not to be persuaded either to stop investing or to allow their investment funds to be handed over to a multitude of people who won't invest them. As to coercion, well—the coercing body would have to coerce the bankers as well as the investors. It would at least have to usurp power comparable to that of the Soviet Government to do anything along this line.

So the three aforesaid authorities have dodged the logic of their analysis and resorted to a proposal irrelevant to the problem, namely that increasing the issue of bank-loan-credit when the shops are short of customers, and withdrawing it when they are full of customers. They would rely on the retail price-level to tell them when to work the supply pump and when the exhaust pump. A low price-level would mean that customers were under-consuming and a high one that they were over-consuming (whatever that may mean in terms of consumption commodities). The irrelevancy of this device lies in the fact that the regulation of loan-credit supplies upwards or downwards cannot, of itself, stop people investing. At the most it could only affect the amounts they invested, and the ratio of those amounts to their total incomes. Granting, for the sake of argument, that a remedy is possible within the framework of the loan-credit (i.e., producer-credit) system, it would at least require that some condition directly limiting (logically it ought to be eliminating) private investment out of income should be attached to the granting of the credit to applicants. What that condition should be is a puzzle which the sponsors of this scheme would have to work out.

We are not surprised that they have refrained from tackling it; for within the loan-credit system as it now operates investment out of income is automatically inevitable. For in this system all bank-loans on production are repayable in advance of the appearance of the products, or some proportion of them, on the consumption-market. Therefore the repayment of the loan in full at the due date is itself an investment in respect of the cost of products that have not yet reached that market. For example, if a manufacturer borrows £140 and has to repay it in one month, but is able to complete only say one half of the production in time to sell it to consumers before the month is up, then one half of the £140, i.e. £70, automatically becomes an investment. Whether anybody "invests" this £70 in the conventional form or not is immaterial. The manufacturer gets it from somewhere without delivering any products against it; and that is the essence of investment. To relate this transaction to our first illustration, we can imagine this manufacturer to have retained £100 for self and partner as their wages of management, and distributed £40 among the other eight members of the community. Assume seventy articles are on the market (the other seventy, or their equivalent, not being ready) and are priced at their proportionate cost, namely, £70,

or £1 each. The two partners buy, say, thirty for £30 and the eight others forty for £40. The two partners now have an unspent private balance of £70, and another £70 revenue in the till. They can now invest their unspent money in the undelivered goods (if you like to suppose it, they can print share certificates to the amount, and buy them). Having done this they pay the banker, who cancels the loan. But now, as an alternative, supposing that there is a law forbidding private investment, while the banker's terms and conditions remain the same. Obviously the seventy articles must be sold at £2 each. In other words, there is a process of involuntary investment through prices on the part of the whole community. The "poor," having only £40 to put down, the "rich" would have to put down their £100.

Incidentally it is interesting to notice that supposing the poor needed a minimum of forty articles to maintain life, the abolition of voluntary investment would have to be simultaneously accompanied by a provision raising the wages of the "poor" from £40 to £80 at the expense of the two partners—a transfer of £40 which had hitherto been part of income devoted by the rich to voluntary investment, into the hands of the poor, from whom it would now be taken as an involuntary investment—and this with the important difference that the consumer-investors would virtually subscribe capital without receiving shares. Even the partners themselves could not lay claim to the unfinished balance of articles, for if they did they would thereby be claiming the benefits accruing from an illegal act—namely, the act of investing. What would happen, someone may pertinently ask, to those articles? Well, since nobody could claim them—firstly because it wouldn't occur to anybody that he could; and secondly, because nobody would hold any legal tokens of claims to property (the money financing the production having been destroyed by the bank)—the articles would virtually fall into the custody of the banks.

Summing up, one can draw the general conclusion that the "equitable redistribution" of income would leave the technical effects of private investment unchanged, and would at the same time impose investors' sacrifices on consumers without conferring on them investors' rights. It is true enough that nowadays investors' rights, when surveyed universally, cancel out to zero; but it is important from a political point of view that investors should realise the risks of the game, and should be aware of the time, place, and measure of their losses. Their grievances are a valuable asset to the advocate of a sound economic system. The unwitting consumer-investor, on the other hand, would not be provided with any of these clues to the snag in the whole game, and would be most refractory material for the propagandist to rouse to action.

The true remedy for the whole situation is to deal with the fundamental cause which makes investment necessary. Until that is done it is illogical to decry voluntary investing, and to advocate the leveling up of the incomes of those who are unlikely to invest relatively to the incomes of those who dispose of large investment margins. If private investment is necessary in principle, large-scale investment is the most efficient application of the principle. The remedy is to make private investment unnecessary in principle by establishing and applying the principle that new production shall be financed by new credits. To give effect to the principle it is not necessary to prohibit private investment so long as its technical effects are compensated in the consumption-market. Such compensation involves the application of a second principle, that of maintaining a flow of free credit into the consumption-market at a rate which will continuously make good the shortage of revenue occasioned (other

things equal\*) by the abstinence of the private investor. That which he abstains from buying there won't keep; nor is there any reason why it should, because of industry's power to replace it at a continuously decreasing cost as time goes on. Therefore, it should be consumed by others. It is a matter of destruction in either case, destruction by consumption or destruction by burning, as in the case of the Brazilian coffee-crop.

Thus, in terms of physical reality, it is quite "safe" to distribute at any given time everything that is ready for consumption among those ready to consume it. No deferred claim can possibly be prejudiced apart from the supervention of a natural catastrophe which destroyed all or part of the national real capital. Being safe physically it can be made safe financially. The method of making it safe has been discovered; and the problem of today is that of dealing effectively with the opposition of those who do not want to see the method applied. That is a problem to be solved by influences and forces outside the control of the Social Credit Movement.

## Economy, Not Economania.

By Hilderic Cousens.

One of the old English common law principles held that acts which were calculated to restrain trade were unjust and illegal. It was the basis of the agitation under the Stuarts against monopolies conferred by Royal grant, and it should apply also to natural monopolies—those arising from agreement among private producers. The sad history of "trust-busting" makes it unlikely that any direct enforcement of the principle by anti-trust legislation would succeed, even though the raising of price, the deterioration of the commodity, and the impoverishment of the workers—those three inevitable accompaniments, so it was held, of every monopoly—should be patent. Nevertheless, there are certain other measures which ought to be taken to ensure sound goods, saving of costs to the consumer, and the general welfare. One of them is the use of the publicity resources of Government as a positive weapon in the struggle of mankind to wrest livelihood and comfort out of the natural environment. And this struggle is, of course, a matter of applying skill and energy in chosen directions, not primarily of achieving satisfactory figures in books under present accountancy rules.

From time to time inventions are announced in reputable newspapers which seem likely to help mankind in solving this problem of attaining a high standard of comfort and a high degree of culture with the smallest necessary human effort and the least waste of the world's stock of power and material. Some years ago, for example, the *Manchester Guardian Commercial* gave an account of a Finnish invention. It was a composing machine, simple in construction, by which a girl of fourteen could quite easily do the work of a linotype or monotype operator. What happened to that?

Not so long afterwards the *Manchester Guardian* had an account of a councillor in a northern town who was succeeding in lighting his offices by electricity with a current consumption of a fifth or so of the recognised normal. What has happened to that? Then there was Herr Anton Flettner, who

[\* This reservation is put in because the shortage caused by private investment is liable to be offset by new bank-credits finding their way to the market. On the other hand the shortage may be accentuated by the banks' withdrawal of overdrafts. In fact the measure of the flow of the free credit spoken of has to be related to what the banker is doing rather than the investor; for the latter represents only one of the agencies of the disturbance.]

had an improved windvane, by which he provided all the power needed on a six hundred acre farm near Berlin. This was said to be undergoing tests in Oxfordshire, but nothing seems to have been heard of that lately. It is possible, of course, that these things have on trial proved mechanically inefficient or unsound, but the infantile mortality of beneficial inventions must be very high. The British Patent Office and laws have been severely criticised from time to time as being calculated to check enterprise. Not that the officials are incompetent: but it seems as if they were being deliberately obstructed. An explanation, only too probable, is that the god *Work* must be kept in a good temper. I was lately informed that one of the leading electrical manufacturers in this country had invented in the last two or three years a vane and dynamo to be fixed to chimney stacks. The effect of it would be to enable any private house to reduce greatly its consumption of coal, gas, or electricity off the mains, and reduce the domestic servants needed to run it. The source of this information said that the firm would be unable to develop the invention because of the depressing effect on the labour market.

In other words, labour-saving and cost-cutting must be pursued with discretion and in moderation. Trade unionists are frequently accused of hostility to efficient production; and the accusation is not seldom right. But other sections of society respond in the same way to our system of making incomes, as far as may be, depend on jobs, without regard to the necessity or desirability of the jobs. Lord Fisher, throughout his career as naval reformer, earned the hatred of large numbers of people, from admirals to dockyard fitters, because he insisted on seeing ways in which a job could be done more efficiently by fewer people. Lord Wolseley, the Army reformer, was in the same position, but, not being in so much of a hurry and less given to speaking his mind so openly, seems not to have been detested so much or so long.

A Government bent on a real economy and not on a glorified botching of bookkeeper's figures would apply scientific criteria to as many jobs and their products as possible, with the aim of eliminating waste. Not that direct suppression would be the sole or chief or even an important method of doing it. But the maximum publicity of the results of accurate and experimental investigations would achieve a good deal. And there is one sphere in which suppression could be used. Advertising experts are fond of proclaiming that "Truth in Advertising" is the only policy that pays. The patent medicine industry is sufficient to prove that this is not true, but it might be taken at its face value and acted on. Let Government forbid the use of any superlative in an advertisement unless the advertiser can bring the details of a reputable research which, up to the date it is relied on, does prove that the wireless apparatus or lubricating oil or whatever is advertised is the best or the finest value for that class of goods. Let it punish people who made unfounded claims by fine or by stopping their announcements. Where superlatives were used and tests could not be applied, let them be forbidden altogether or let "untested" be insisted on in the advertisements. This ought to appeal to all our "business uplifters."

Then the Government ought to publish accessibly the specifications of material it orders for its own services, and such other standard specifications as are arrived at by non-governmental technical bodies, and let it keep a list of firms which make and sell products equal or superior to the Government requirements. Let it absolutely forbid the entry of foreign products which are deleterious or sailing under inflated claims. Such a policy would succeed in cutting out a great deal of waste, both of labour and material, and that without entrench-



ing on any of the virtues of competition or initiative. I understand, for instance, that the manufacturers' self-adopted standards for jam in this country are so low as not only to be worse than those taken by, for instance, Canadian manufacturers, but, for the lower grade, to be worse than that permitted at all in some countries. One of the claims proudly made for British industry as a whole, and it may well be true, is that the quality of its output is on the whole the highest in the world. Then let this be even more so. But as long as the absence of a National Dividend encourages a man's prime interest to be to keep a job rather than do his job well, just so long will waste of effort, skill, and material be considered a sign of sense and prosperity.

## Jewry and Civilisation.

By Francis Taylor.

III.

### Subjective Factors Enabling the Jews to Create and Expand the Capitalistic Spirit.

(a) Extreme intellectuality. No other people has valued the learned man so highly as the Jew. Listen to what a sensible Jew—J. Zollshan—has to say when he pictures the ideal man. Those who are differently constituted must surely tremble at the prospect.

"In the place of the blind instincts . . . civilised man will possess intellect conscious of purpose. It should be everyone's unswerving ideal to crush the instincts and replace them by will-power, and to substitute reflection for mere impulse. The individual only becomes a man in the fullest sense of the word when his natural predisposition is under the control of his reasoning powers. And when the process of emancipation from the instincts is complete we have the perfect genius with his absolute inner freedom from the domination of natural laws. Civilisation should have but one aim—to liberate man from all that is mystic, from the vague impulsiveness of all instinctive action, and to cultivate the purely rational side of his being."

Only think! Genius, the very essence of instinctive expression, conceived as the highest form of the rational and the intellectual! What of poets! What of women!

There is no doubt that these strongly developed intellectual gifts make the Jews prominent as chess-players, as mathematicians, and in all calculating work. These activities postulate a strong capacity for abstract thought and also a special kind of imagination. Their skill as physicians may also be traced to their calculating, dissecting, and combining minds. This applies equally to their success at the Bar and in journalism.

(b) The intellectuality of the Jew is so strong that it tends to develop at the expense of other mental qualities, and the mind is apt to become one-sided. He lacks the quality of instinctive understanding; he responds less to feeling than to intellect.

"Are we not continually struck," asks Sombart, "by the Jew's love for the inconcrete, his tendency away from the sensuous, his constant abiding in a world of abstractions?" He certainly sees remarkably clearly, but he does not see much. He does not think of his environment as something alive, and that is why he has lost the true conception of life, of its oneness, of its being an organism, a natural growth. In short, he has lost the true conception of the personal side of life. Proof will be found in the peculiarities of Jewish law, which abolished personal relationships and replaced them by impersonal abstract connections or activities.

One may find among Jews an extraordinary knowledge of men. They are able with their keen intellects to probe, as it were, into every pore, and to see the inside of a man. They muster all his qualities and note his excellences and weaknesses; they detect at once for what he is best fitted. But seldom do they see the whole man.

(c) Hence their lack of sympathy for every status where the nexus is a personal one. The Jews' whole being is opposed to all that is usually understood by chivalry, sentimentality, feudalism. Nor does he comprehend a social order based on relationships such as these. He is the horn representative of a "liberal" view of life in which there are no living men and women of flesh and blood with distinct personalities, but only citizens with rights and duties.

The Jews do not see other people as living beings, but only as subjects, citizens, or some other such abstract con-

ception. It comes to this—that they behold the world not with their "soul," but with their intellect. The result is that they are easily led to believe that whatever can be neatly set down on paper and ordered aright by the aid of the intellect must of necessity be capable of proper settlement in actual life.

(d) The Jewish outlook is teleological, of that of practical rationalism. No peculiarity is so fully developed in the Jew as this. He brings everything into relation with his ego. He is most subjective. He is forever asking "why, what for, what will it bring?" His greatest interest is always in the result of a thing, not in the thing itself. It is un-Jewish to regard any activity, be it what you will, as an end in itself; un-Jewish to live your life without having any purpose, to get harmless pleasure out of Nature. The Jewish religion is teleological in its aim. The entire universe, in the Jew's eyes, is something that was made in accordance with a plan. No term is more familiar to the ear of the Jew than "Tachlis," which means purpose, aim, or goal.

(This book of Sombart's was written in 1912. The reader cannot help applying these characteristics of the Jews to the present Soviet Government, which is composed of almost entirely Jewish elements.)

When this attitude of mind that seeks for a purpose in all things is united with a strong will, with a large fund of energy (as is generally the case with the Jew), it ceases to be merely a point of view; it becomes a policy. He is stiff-necked. Heine called it stubbornness, and Goethe said that the essence of the Jewish character was energy and the pursuit of direct ends.

(e) Mobility. It is astounding how quickly the Jew assimilates the superficial features of the people amongst whom he lives. His mental mobility makes him a super-salesman, always adapting himself to the mentality of his customer.

The corner stones of Jewish character are these four elements—intellectuality, teleology, energy, and mobility.

These characteristics are constant, and have persisted throughout history, just as the Jewish physiognomy has persisted.

And there is a remarkable parallel between the special characteristics of the Jew and the fundamental ideas of capitalism.

For instance, capitalism is the expression of abstract ideas, and abstract ideas are part and parcel of the Jewish character. Gold is a means to an end and strikes a sympathetic note in the teleology of the Jew. New methods of production and new possibilities of marketing which are a necessity for capitalism appeal to the intellectual mobility of the Jew. Capitalism rests on calculations, and the Jew is in his element in figures. Another parallel is between the feverish restlessness of Stock Exchange business, always intent on upsetting the tendency towards an equilibrium, and the restless nature of the Jew.

In conclusion, Sombart asserts that the economic importance of the Jews in the world's civilisation arises from the transplanting of an Oriental people among Northern races, into an environment both climatically and ethnically strange, wherein their best powers have come to fruition. Our capitalistic civilisation as the fruit of the Jews and the Northern races. The Jews contributed an extraordinary capacity for commerce, and the Northern peoples—particularly the Germans—an equally remarkable ability for technical inventions.

Sombart refuses to take seriously the myth that the Jews were forced to have recourse to money-lending in medieval Europe because they were debarred from any other means of livelihood. The capacity of the Jew for money dealing is a constant characteristic. In the Talmud (200 B.C. to 500 A.D.) some of the Rabbis speak as though they had mastered Ricardo and Marx. The Jewish religion—all these life, the dealing in money for so many centuries—results of the specific Jewish characteristics.

The economic differences between the Jew and the Northern peoples may be traced at bottom to the contrast between the nomadic and the agricultural life, between the dwellers in Sahara and the dwellers in the fruitful soil. The descendants of the restless Bedouin tribe have become town-dwellers—and the modern city is nothing else but a great desert whose inhabitants are nomads. Predominant factors in Jewish development were the wanderings in the desert with their flocks and herds. Shepherd life calls for little bodily work, but much organisation. Only in the shepherd's calling, never in the farmer's, could the idea of gain have taken root. Only in the shepherd's calling—in the multiplication of his flocks and herds—was counting a prime necessity. Is it accidental also that astronomy and the

abstract art of numbers first arose in hot lands among peoples whose pastoral pursuits taught them to count?

### Why Do They Do It?

We return to my starting point: "Why do they do it?" My answer is—they can't help it. They do it because they must. As I see it, the rulers of the world are Jewish, and the policy now being forced upon the world is an expression of the Jewish character, which is unfolding itself. Economic domination is the means by which this group expresses its will to power. It is seeking self-expression. That it collides with other groups and absorbs them in its onward course is a condition of its progress. It can be deflected from its course only by more powerful group action on the part of a group which objects to being absorbed and exploited.

For me Sombart's analysis of the Jew and capitalism confirms Major Douglas's profoundly significant utterance, that "one of the root ideas through which we come into conflict with the conceptions of the Old Testament is in respect of the dethronement of abstractionism. This is the issue which is posed by the doctrine of the Incarnation."

The dethronement of abstractionism involves the destruction of the Jewish fabric of economic doctrine. It must be replaced by a regime in which goods are always behind any money transaction. Money bills must be given substance and take concrete form. The positivism of the Anglo-Saxon must triumph over the abstractionism of the Jew.

The present conflict is fundamental, with its roots deep down in diverse racial and group conceptions. The prize for the race rather than the individual. The chosen people of Israel—an Oriental people, distinct from and opposed to the peoples whom it seeks to subject—is working out its destiny. The genius of the Jewish people is diametrically opposed to the genius of the Western world. Is the Western spirit great enough to insist on its own way of development, and to resist subjection?

(Concluded.)

## The Laws of Arithmetic.

A SUGGESTED VARIETY TURN.

Boob.—You cannot defy the laws of arithmetic.

Loob.—That's a good-sounding saying, brother Boob; how did you think of it?

Boob.—I read it in *The Times*, brother Loob.

Loob.—Does it mean something good?

Boob.—No; bad, brother Loob, very bad.

Loob.—What is the badness, brother Boob?

Boob.—We've all used up more things than we have made.

Loob.—But how can we —

Boob.—Now, brother Loob, don't you get talking like that. You are going to defy the laws of arithmetic.

Loob.—How so, brother Boob?

Boob.—This way, brother Loob. Arithmetic is counting, and some very clever people have counted up everything we have produced. That makes one heap of things, brother. Then they have counted up everything we have consumed. That makes another heap of things, brother. Two heaps—a heap of what's come, and a heap of what's gone. And what's gone is larger than what's come.

Loob.—But look here, brother Boob, if I get two things how can I eat three things?

Boob.—You mustn't think of things, brother; things pass away, but arithmetic lasts for ever.

Loob.—What is this arithmetic you talk about then, brother Boob?

Boob.—Well, it's like this, brother Loob, it's a way of counting what ain't there, in a manner of speaking.

Loob.—Counting nothing, then, brother Boob.

Boob.—Yes, and counting less than nothing, brother Loob.

Loob.—How can there be less than nothing, brother Boob?

Boob.—I can't tell you how, brother Loob, but the laws of arithmetic prove it.

Loob.—Can you explain what you mean, brother Boob?

Boob.—Yes, brother Loob. In arithmetic you can say to yourself: "Take three from two."

Loob.—Three what, brother Boob?

Boob.—Look here, brother Loob, directly you say "what," you defy the laws of arithmetic. Arithmetic ain't got anything to do with "whats"—it's all numbers. So, as I tell you, you can say to yourself: "Take the number, 3, from the number, 2."

Loob.—What happens when you do it, brother Boob?

Boob.—You get an answer.

Loob.—And what is that answer, brother Boob?

Boob.—You get an answer.

Loob.—And what is that answer, brother Boob?

Boob.—You get an answer.

Loob.—And what is that answer, brother Boob?

Boob.—You get an answer.

Loob.—And what is that answer, brother Boob?

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Loob.—And what is that answer, brother Boob?

Boob.—You get an answer.

Loob.—And what is that answer, brother Boob?

Boob.—You get an answer.

Boob.—It is called: "Minus one." One less than nought. Loob.—That is very hard to see, brother Boob.

Boob.—But you've got to believe it, brother Loob. You can only see it if you forget to count things. Think of nothing, brother: then think of a hole in it: and that hole, brother, is a "minus quantity." A "minus quantity" is the size of the hole which you have to fill up in order to get up to nothing.

Loob.—I think I get a dim notion of what you are telling me, brother Boob. You mean that in arithmetic, when you think of numbers and forget things, you can un-count.

Boob.—That's a good remark of yours, brother Loob, a very good remark. It assists even me to comprehend —

Loob.—Oh, brother Boob, I'm —

Boob.—Your humility does you credit, brother Loob, but let me continue: I can comprehend more clearly what *The Times* meant.

Loob.—I'm obliged to you, brother Boob. Can you communicate to me something of your new comprehension?

Boob.—Yes, and with pleasure, brother Loob. *The Times* was speaking about the Budget. The Budget is a sum in arithmetic. The answer to the sum was a minus quantity, and was arrived at by the law of un-counting, as you have so aptly —

Loob.—It was quite a chance —

Boob.—So aptly put it, let me insist, brother Loob. Well, this minus quantity is called by the name of Debt—National Debt.

Loob.—Is it a large debt, brother Boob?

Boob.—Very large. The hole in nothing which the experts have un-counted is a number called seven thousand millions. Now *The Times* says that you and I cannot defy the answer given by this law of arithmetic.

Loob.—But do we want to defy it, brother Boob?

Boob.—No, not exactly that, brother Loob. *The Times* means that the hole disclosed under the law of un-counting has got to be filled up under the law of re-counting. The minus quantity has got to be made up to nothing by a plus quantity.

Loob.—Has that got anything to do with us, brother Boob?

Boob.—Yes. And I work it out this way, brother Loob. You see, the un-counting had to do with numbers only, not with things, as I have shown you. But the re-counting has to do with things as well as numbers.

Loob.—What are those things, brother Boob?

Boob.—Bread, cheese, beer—everything we are all making to eat and drink and keep ourselves comfortable. We've got to go short of them now.

Loob.—Why is that, brother Boob?

Boob.—Because of what I told you at the beginning, brother Loob—because we consumed more than we produced, taking the large heap out of the small one. Our extravagant consumption was the cause of the un-counting; so now we've all got to un-consume before the re-counting can begin.

Loob.—But I want to ask you, brother Boob, as one private gentleman to another, you don't believe, in yourself, that we could have really taken more things off the heap than were there.

Boob.—I will confide in you, brother Loob, that I do not remember any such thing.

Loob.—Nor can you see how it could be done?

Boob.—No. But I am not an expert; and if experts tell us that arithmetic proves it, we must take it in faith, brother Loob.

Loob.—And we have to give up our bread, cheese, and beer to put back into the minus heap, as you might say, until the re-counting is finished and we start afresh with nothing.

Boob.—Something like that, brother Boob.

Loob.—I would prefer not to do it, brother Boob.

Boob.—Quite so, brother Loob. *The Times* knows that; and it is because everybody feels like you that it warns us that the law of arithmetic cannot be defied.

Loob.—There's no way out, then?

Boob.—Well, I did hear something—a book going into —but some gentleman's brought out a book going into what he calls the deep-down laws of arithmetic. I only know what I've overheard, but he's got some idea that the true answer to certain kinds of sums hasn't got to be "plus" or "minus"—it can be either.

Loob.—Can you choose the answer you like? That sounds more cheerful, brother —

Boob.—Not so fast, brother Loob. An answer can't be true just because you like it.

Loob.—But if you like it enough can't you make it come true, brother Boob?

Boob.—Now you're taking me out of my depth, brother Loob, you're mixing up feelings with figures, which won't



do at all. I can only tell you this: the gentleman says about this "plus" and "minus" that the question of which is correct depends not on a law of arithmetic, but on what the arithmetic is applied to.

Loob.—What do you think he meant?  
Boob.—As I told you, I only heard about it. But I did hear some gentlemen say he was quite right. They talked about atmospheric pressure, and said that a number of atmospheres could be "plus" or "minus" depending upon what you were doing. They talked about electric bulbs being emptied of air and about cylinders charged with gas, and they agreed that the number of atmospheres would have to be called by contradictory signs to denote contradictory purposes. "The arithmetic's the same," one of them said, "but the purpose is different." And he finished: "The purpose decides the sign." And that's all I heard.

Loob.—I can see this much, brother Boob, I know that an electric bulb bursts inwards and a bottle of beer outwards. There's more than nothing in a bottle of beer, and I suppose you would say there was less than nothing in an electric bulb.

Boob.—Yes, brother Loob. The pressure is inside the bottle and outside the bulb. The pressures go in opposite directions. Yes; "plus" and "minus," and whichever you call the one you must call the other the other.  
J. G.

### A Social-Credit Statement.

[The following is a reproduction of a document which has been circulated among business men by two of our readers in Wales.—ED.]

The exasperation of the average man, submitting perforce to a starvation policy in the midst of "overproduction," may be exemplified by the following letter to the editor of the *Daily Telegraph* of December 2, 1931:—

"Sir,—Since the beginning of October business has taken me to the United States, Canada, Belgium, and France. There, as well as here, it was obvious to one who has made these business journeys for the past thirty years that economies, many of them insensate, are fast killing trade beyond recovery.

"It is equally apparent that the world was never richer. Factories, banks, homes, and motor-cars were never finer, and there is more gold somewhere in the world than ever. The economy epidemic is making misers of many who will never be able to spend half of their possessions.

"Seemingly, December 1, when we are getting ready to buy Christmas presents is the best moment for the youth at Eton to go blazerless, knickless, and colourless. Let all these useless luxuries be destroyed like other more useful commodities which have been similarly treated in a world which grows crazier daily.—Yours, etc,

#### BUSINESS."

Such exasperation was indeed prophesied by the authors of the Macmillan Report (presented to Parliament June, 1931). See paragraph 268:—

"But it is obvious that the reduction of money incomes must encounter resistance. Each individual, whatever may be the ultimate effects upon the standard of life, represents the lowering of his salary or his wages by economic pressure, and cannot readily believe that this can be necessary at a time when the technique of production is making revolutionary strides forward. Governments and Central Banks will, justly or unjustly, be blamed for the

The distribution of the blame can be made without any great effort after the following paragraphs have been read. The responsibility for the present financial policy is therein stated explicitly.

The Rt. Hon. R. McKenna, Midland Bank annual meeting, January, 1925:—

"To define monetary policy in a few words, I should say it is the policy which concerns itself with the quantity of money. As I shall show later, it is controlled by the Bank of England. . . . I understand by money all currency in circulation, together with Bank deposits drawable by cheque, which in the aggregate represent the purchasing power of the public. By far the larger part of money consists of Bank deposits. . . . A bank loan creates a deposit and therefore creates money."

Paragraph 96: From this brief review of the mechanism of our monetary system we may now see the machine as a whole. The Bank of England, as the Central Bank, is in complete control of the creation of the cash base of the country, subject to such limitations as result from the statutory restrictions upon the issue of legal tender money

and the obligation to meet demands for the export of gold.

Paragraph 97: By its control over the cash base the Bank of England is in a position to regulate the volume of bank deposits, so long as the joint stock banks adhere to their normal practices in regard to the distribution of their assets, or indeed to offset any change which might be made in these practices. The volume of deposits, in turn, is the approximate measure of the amounts which the commercial banks are prepared to employ in various ways and more particularly, from the point of view of our enquiry, the amount which they are ready to lend to trade and industry if the demand for accommodation is forthcoming. Money so lent and actively employed in production is disbursed in wages and other payments and becomes the incomes of those who will purchase commodities. It is through this relationship that the creation of credit affects the level of prices.

McKenna: same speech.  
"Price level is dependent upon the quantity of money, the rate at which it is expended, and the amount of goods and services available for purchase. The quantity of money is thus one of the three prime factors determining the price level, and it follows that whatever controls the quantity of money is to that extent determining its value."

Macmillan Report, paragraph 273:—

"It is often argued, and it may well be true, that the power of the banking system to hold a business expansion in check is greater than its power to revive business when depression has set in."

From the Report in *The Times* of March 21, 1930, of the half-yearly Court of the Bank of England, March 20, 1930:—

After Mr. Hargraves had said, "They held the hegemony, so far as this country was concerned, in finance, and he thought he might say, considering the way in which they were regarded in foreign countries that they also held the hegemony of the world," Mr. Montagu Norman said, "He was glad to note what Mr. Hargraves said about hegemony in one place and another. He believed it was largely true, so far as overseas were concerned, and if it was true, it was largely the result of work which the Bank had devoted, first of all to the stabilisation of Europe, and secondly to the relationships between the Central Banks, which were originally advocated at Genoa. He liked to hope, too, that they might expect and see during the next period of ten years a similar hegemony in this country in which the Bank of England might play a not inadequate part."

It is now certain that any steps taken to acquire for John Bull the benefits of an enormously improved industry will necessitate an attack on the banks' position as arbiters of finance and industry. There is fundamentally a difference in outlook between the banker and the average man; the former looks at financial values of industry, while the latter seeks the real wealth which can so readily be created. Apart from the difference of outlook there are errors, arithmetical, into which the banking system has fallen, errors which are depriving the community of the benefits expected to result from the intensive application of science to industry. It can be shown that the potential output has increased many fold in the last few decades; e.g., the manufacture of pig iron and of automobiles can be effected with one-third the expenditure of time and energy that were necessary twenty years ago. This improvement being general over all industry the incomes of all—expressed in terms of real goods—should have increased several times in the last few decades. That, without assuming any alteration in the distribution of incomes among the different classes.

Let us examine the errors:—  
1. From the quotations of Mr. McKenna and the Macmillan Report it is evident that industry creates goods and prices, and distributes purchasing power, all of which starts as a loan from the bank. If we assume (but see 2) that the purchasing power which is distributed as wages, salaries, and dividends, while goods are being manufactured can purchase the goods (prices of goods = wages, etc.) it is evident that any money saved causes a gap between the prices and wages, etc., and so creates a surplus.

While the existence of the industrial surplus (overproduction) is mainly due to the second error (later we may here quote Mr. McKenna on the necessity for exporting this surplus). Speaking before the American Banking Association:—

"Year by year England produced more than she could either consume herself or could exchange for the products of other nations, and she could not obtain a market for her surplus unless she gave the purchaser a long credit

British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way."

The industrialisation of other countries has produced the same conditions all over the world. The undeveloped countries where Great Britain could formerly invest her surplus have become developed—perhaps with surpluses of their own. The advanced industrial countries are suffering as we are. America maintained for some time her internal markets by mortgaging future incomes on the instalment system: a further proof of the gap between prices and purchasing power. There can be no way out of the impasse by attempted adjustments of foreign trade by Free Trade or Protection; and the situation grows worse with every improvement in industry as will be seen in

2. The discovery of Major C. H. Douglas, M.I.Mech.E., M.I.E.E., published in "Economic Democracy" and "Credit Power and Democracy" immediately after the War. The following is from Major Douglas's Statement of Evidence submitted before the Macmillan Committee, May 1, 1930:—

"The double circuit difficulty has been stated by me in the form of a proposition, which has been popularly known as the A plus B theory. A factory or other productive organisation has, besides its economic function as a producer of goods, a financial aspect—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the medium of wages, salaries, and dividends; and on the other hand, as a manufactory of prices—financial values. From this standpoint its payments may be divided into two groups.

"Group A.—All payments made to individuals (wages, salaries, and dividends).

"Group B.—All payments made to other organisations (raw materials, bank charges, and other external costs).

"Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

The A plus B Theorem may appear simpler if it is realised that payments under B are mainly payments inside the productive system as a whole, finally resulting in the repayment of a bank loan; this repayment cancels the money (see McKenna's definition) created by the bank loan, but the amount remains in "price" of the ultimate article purchased by the ordinary consumer. (McKenna: "The withdrawal of every bank loan destroys a deposit.")

It is the existence of credit instruments that enables the purchasing power to be wiped out. If payments were made in gold coin, this concrete purchasing power could not be wiped out of existence as can the figures of the banks' books. This is, however, not to discredit "credit instruments"; let them be regarded as instruments in the production and distribution of real goods.

After emphasising that equivalent purchasing power does not automatically appear against the results of labour, e.g., if one grows a sack of potatoes its value in money does not appear in some other spot, the general principles required of any efficient financial system can be summarised as in the addendum given by Major Douglas to the Macmillan Committee by request after cross-examination.

(a) The cash credits of the population of any country at any moment shall be collectively equal to the collective cash prices for consumable goods for sale in that country (irrespective of the cost prices of such goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption.

(b) The credits required to finance production shall be supplied not from savings, but by new credits relating to new production and shall be recalled only in ratio of general depreciation and shall be recalled only in ratio of general depreciation to general appreciation.

To bring about these desired conditions Major Douglas has suggested: 1. That ultimate commodities should be offered to buyers at a proportion of their financial cost of production. 2. That this proportion should be calculated as

$$\text{Price} = \text{Financial Cost} \times \frac{\text{Total Consumption.}}{\text{Total Production.}}$$

The justification for this is that in modern industry appreciation is greater than depreciation; the prices to be paid for ultimate articles should represent depreciation and consumption. This means sales and prices below "financial costs," and so we have thirdly: 3. That the Treasury or other public issue department should then reimburse to the vendors the amount they were out of pocket. Several methods of carrying out this policy have been

suggested, e.g., see Major Douglas's evidence before the Standing Committee on Banking and Commerce of the Canadian House of Commons at Ottawa, April, 1923. The discount on retail prices could be returned to the buyer through a dividend as in the Co-op. We suggest as an instalment of the full policy the following simple method:—

Let the B expenses of production be treated as at present and fully accounted in prices; but subject the wages and salaries (i.e., "A" expenses minus dividends) to the above ratio; in other words, reduce them by the ratio, *consumption : production*. Wages and salaries would be paid in full to their earners, but only a fraction of their total would be carried forward into prices. In this way every business would reduce its costs, first in A expenses, and then in B expenses due to the reduced A expenses of other firms. The result would be a gradual lowering of prices which would absorb the "surplus" and provide an expanding market.

Notes.  
A census of production would be necessary (v. Macmillan Report, p. 180). The new money supplied by the Treasury is not inflation—it is supplied after census and price fixing.

The method amounts to a recognition of the two factors in industry—production and consumption. Credit for the maintenance of the productive side has been regarded as the sole necessity (apart from the instalment system); the new method provides credit for the equally necessary consumption.

The proposals are purely financial and economic. They contain no political bias. They do not set one class against another. They lower no incomes—not even the bankers', though power is removed from them for the control of currency becomes again invested in the Crown.

National competition for the disposal of "surpluses" disappears; for each nation is able to purchase its production or the portion of another's production which appears in its market as a result of exchange. With the removal of the cause of wars economy in armaments can be effected.

We shall be able to fulfil the words of Lord Wakefield, Authors' Club, December 7, 1931: "The extraordinary strides made in this matter of mechanical speed during the past twenty years symbolise for me the equally rapid growth of mechanical power and mechanical production of necessities and luxuries that has taken place in the same period. It is in effect a silent revolution, the potentialities of which we are as yet far from realising. There is almost no limit to our power of providing for humanity's material needs and at the same time short-circuiting many physically laborious tasks. This may be good or bad for human character, but, looking ahead in a spirit of prophecy, it appears to me inevitable. (Loud cheers.)"—*Daily Telegraph* report.

### Cole's Blind Spot.

Two books,\* both by G. D. H. Cole, and published by Macmillan and Co., Ltd., should be in all public libraries. Social Credit propagandists with plenty of spare cash might even buy the first mentioned volume for its wealth of facts and statistics—raw material for building up their case against the present economic system. Mr. Cole is symbolic of the system he describes—his productive capacity is marvellous, but when it comes to the distribution of ideas for solving the problems he so well sets forth—he leaves one amazed at his misapprehension of the position, and lack of co-ordination of thought. For one who has admitted that Douglas audaciously promised to halve prices as well as increase the supply of money—and some people believed a blind spot. He will not see any remedy, except Socialism. One can, of course, appreciate such an attitude, if consistently held. But what can you do with a man who, in a single chapter says (a) "it" [Socialism] "is not merely a matter of political or economic policy, . . . but . . . a way of living in harmony with oneself, as well as with others"; (b) that "I distrust the man for whom the Socialist ideal, or any other ideal, looms so large as to cover the whole of life"; and (c) "Socialism is for me, I think, the most important single thing that exists. But I am not sure even of that. And I am quite sure that it is not the only thing that matters." No wonder Cole cannot steer a clear course through the money maze. As he says "When people are frightened, they do not think straight." Apparently Cole is thoroughly frightened! He ought to give up economics for a while, and go back to detective tales, in which field the creation of facts and theories does no harm. After his rest he might study Douglas!

F. G.

\*"British Trade and Industry: Past and Future." (16s. net.) "Economic Tracts for the Times." (12s. 6d. net.)



Notes on the Barney Trial.

["Brief Phrenological Reading of a man's head, from profile view only." Author's note. The man's head was that of Mr. "Michael" Scott Stephen cut out of a newspaper. The author was not aware of his identity. We sent the picture only, and asked for a reading.—Ed.]

Supposing the contour is correct, the head shows more intelligence than emotionalism, more lofty idealism than social feeling, more kindness than affection for people. The frontal lobes take up a large proportion of the cranium; therefore, it is through his wits this man should earn a living. He has a fair amount of push, and is mentally active, clear-headed, and well-intentioned, but needs more fighting capacity and self-confidence. Travel attracts him, and his mind is stored with information gained in going about. Home would have to be made very attractive for him to love it: he is not naturally a home-maker nor devoted to children. Sex feeling is very moderate. One cannot imagine that ambition to found a family is cherished. The social side of life needs cultivation: friendships should be made while young.

With all his fine ideals and intellectual powers, there appears (again provided the contour is correct) some falling off in adherence to duty: kindness might interfere with administration of justice. The head is not one of a ruler or disciplinarian.

There is patience, consideration, and respect for those in authority, with plenty of determination on occasion.

This brain investigates, remembers places, recalls details, and appreciates method.

In speech he is not verbose, but accurate in the use of words, in spelling and writing. He is imitative, probably mimics, criticises, and, if he had journalistic training, should prove a good reporter, or reviewer. The stage would interest him.

He has in him more of a writer than an orator.

Reviews.

**America: World Leader or World Led?** By E. M. Patterson. (Sidgwick and Jackson. 3s. 6d. net.)

The author is Professor of Economics in the University of Pennsylvania, and President of the American Academy of Political and Social Science. This is yet another volume added to the flood of books that may as well be called "The Interdependence of Nations International Library." A few quotations from the last pages of the last chapter give the keynote of the whole:—

"To many the thought of a world economy is chimerical. Its problems are stupendous and perhaps are impossible of solution. But if they cannot be met the future is foreboding. Yet the Bank for International Settlements at Basle is a hopeful development. It may in time be a world bank. . . . The efforts to control copper, sugar, rubber, coffee, nitrates, and the rest may in time succeed and . . . may ultimately develop a world structure."

In particular the author is against any form of "economic nationalism." For America, he says, "and for all other countries the outlook is gloomy if we must talk in terms of national leadership. In some way, somehow and swiftly, there must be developed more rapidly an international economy and a world economy in which national groups as such will be subordinated. The alternative is a terrible one."

Well, here's to national economic insubordination against the Bankers' World Economy! Here's to an "Invergordon policy" developed on a national scale in every country—and especially in this country. S. R.

**Soviet Russia and the World.** By Maurice Dobb. (Sidgwick and Jackson. 3s. 6d. net.)

The author is Lecturer in Economics in the University of Cambridge, and this little book of 175 pages is a most straightforward, level-headed account of Soviet economic and political development. It is a really valuable outline study of a complex subject, clearly written in good English, with no jargon.

In the Introduction we read:—  
"A world in which wheat rots in Canada, the boll- weevil is counted a blessing in the cotton districts, and money is spent to find ways of turning coffee into fuel, while not many hundred miles away cotton mills work short-time and millions starve; a world rich in every sort of capital equipment, which rusts while labour throngs unemployment queues for lack of some device to bring

machines and hands together; a world in which 'economy' is preached as the sole salvation, at the same time as advertisers are spendthrift of ideas and money in maniac zest to make people buy—such a world might well appear a sardonic caricature of a planless order. And as though the artist gave his caricature quite a needless twist of emphasis, we find the only country which does not share in the universal paradox to be a country which has harnessed all its energies to a Five Year Plan."

The eight chapter headings show the general scope of the book:—The First Five Year Plan and the Second—The Planning System—The Political System—The Historical Setting—The Question of Liberty—"The Cultural Revolution"—Peace or a Sword?

We have ploughed through most of the tomes on the Russian Revolution (they seem to be pouring out of the presses daily just now), but this slender volume by Maurice Dobb gives a clearer and, we venture to think, a truer picture of the organisation and aims of Soviet Russia than any of them. It is well printed, well bound, and well worth 3s. 6d. No serious student of economics should miss it. S. R.

**The Key to Prosperity.** By Noel M. P. Reilly. (George Allen and Unwin. 4s. 6d. net.)

"This," we said to ourselves, as we read the first chapters, "is yet another man who has seen through the hoax and—yes!—seems to have hit upon the one logical solution to the economic problem—Social Credit!" But, alas! we were mistaken.

There are eleven chapters in all (together with an Appendix, Notes, and Index), and the first chapter or two, diagnosing the economic disease, might very well have been written by a convinced student of Social Credit. However, Mr. Reilly's solution would appear to be (a) a flat-rate general tariff on all imported products whatsoever, (b) the fixing of a minimum wage at, say, £2 to begin with, and gradually rising wage-rates to "increase consuming power." The author calls this a "tariff and subsidy arrangement," which, of course, it is.

As regards the price problem, we read (p. 23):—  
"The effect of increased purchasing power among those who are only too willing to spend it is therefore to enable lower prices. . . . Increased demand would enable factories and distributors to work to capacity, and by enabling them to spread overhead charges over many more units of production would automatically reduce prices."

A further quotation (from page 94) states Mr. Reilly's case:—

"The whole argument for raising wages rests on the extra turnover possible by increased purchasing power. Unless the fixed overhead charges in production and, more particularly, in selling are spread over the sale and manufacture of a greater number of articles, then the price must rise. In our supposed closed economic unit, first the unemployed and then the redundant distributors would be absorbed into production to supply the extra demand resulting from higher wages; the remaining distributors would be doing a much larger trade, their fixed overheads would be carried by many more sales, and consequently competition, which prevents capital from earning more than a fair return on investment, would force prices down."

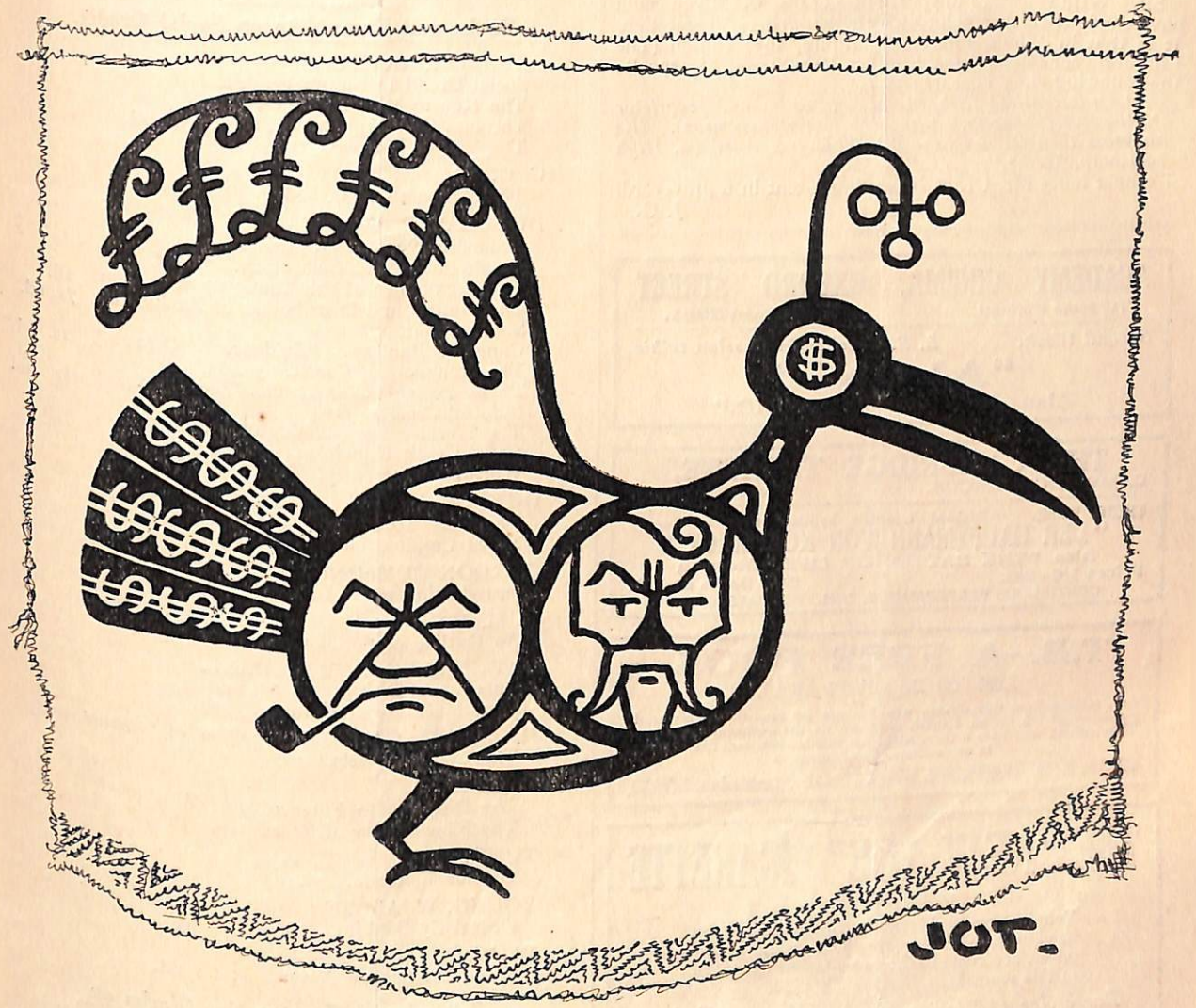
On page 95 we read that "any scheme for raising wages must carry with it a collateral provision for the regulation of foreign competitive imports." Hence the Tariff-and-Subsidy Scheme. It would be interesting to know whether Mr. Reilly has come across Major Douglas's analysis and proposals? S. R.

**Through the Gates of Death.** By Dion Fortune. (Inner Light Publishing Society.)

"This little book tells how to meet Death; What happens after Death; How we can help those we love as they cross the Threshold."

So runs the cover announcement; to which one is naturally tempted to reply "So that's that," and leave the matter there. Yet the problem is of such interest to everyone that it is quite impossible to shut one's mind against speculation. It is a problem of the most peculiar indeterminacy, regards the safe to say that no one, whatever his claims, regards the remotest approach to objectivity. Either he is carried along by his desire for survival towards the hypothesis, or his determination not to be so tricked carries him in the opposite direction and the problem is rendered more complex by the fact that one may believe in survival

CARTOON BY "JOT" (No. 14).



THE BIRD OF HOPE.

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The above design is drawn from a totemic painting (Chilcat country of North West America) in the British Museum.

one's heart while denying it in one's mind, or one may assent intellectually while one's heart is full of misgivings. Observe the most confirmed believer in the presence of impending death, and you will be convinced that his assurance is not nearly so great as he claims. On the other hand, the most assertive materialist, if he is honest, will admit that he is often a prey to the most disturbing doubts and hopes and fears, not to mention intentions which only await Blougram's "sunset touch, A fancy from a flower-bell, someone's death, A chorus-ending from Euripides," to "take hands and dance there, a fantastic ring Round the ancient Idol on his base again. The Grand Perhaps!" It would seem that there is a certain indestructible portion of a man which refuses always to be ignored, always to be silent, no matter how much the narrow world of observable fact may be against it. And perhaps this is the only, and the only necessary, "proof" of survival. On the other hand, if any man became thoroughly convinced of his immortality to the very bottom of his heart and mind, this He must ipso facto die. Meanwhile we must live with half-realised truths and guesses. Hence the mythologies, and hence this book. Their air of certitude is from one point of view unwarranted and may be pernicious, from another it is necessary. We must learn to treat them as Plato treated them, with respect but with suspicion, with suspicion but with respect, realising that in all probability they are not true, but that something remotely resembling them is almost certainly true. N. M.

**Socialism.** By Robert Richards, M.P. (Pitmans. 2s. 6d. net.)

This short study of Socialism is intended merely as a guide to what is, of course, a voluminous subject. The chapters, ranging from the Middle Ages, the Industrial Revolution, Owenism, French and German Socialism, Marx and Marxism, to British Socialism, are well arranged and clearly written. The whole, within the compass of 103 pages, indicates the tremendously vague muddle that "Socialism" is. It also contains many useful facts for the student of politics-economics. E. G. B.

**Song of Doom.** By Virgil Markham. (Collins. 7s. 6d.)

Mr. Markham's method, without being merely imitative, is suggestive of Wilkie Collins. His plot is more complicated and better knit than that of the average crime-story of to-day, while the writing is more careful and the characterisation more solid. The final explanations are a little disappointing, but the body of the story moves with speed and excitement. M. J.

WEST RIDING SOCIAL CREDIT ASSOCIATION.

Meeting for members, and others interested, on Tuesday, August 9, at 7.30 p.m., in the Central Co-operative Library, Cheapside, Cleckheaton. Main topic for discussion: "The Most Effective Line of Action." Convenor (pro tem.), J. J. Taylor, Claremont House, Cleckheaton, Yorks.



## LETTERS TO THE EDITOR.

## THE "DEATH" OF "THE NEW AGE."

Sir,—With reference to your article of last week, you could have made a further point against the writers in question. It is that in *Who's Who In Literature*, 1932 edition (The Literary Year Books Press, Ltd., 67, Dale Street, Liverpool), the following entry appears:

"Orage, Alfred Richard . . . editor and proprietor 'New Age,' 1907-22. Author of" (certain works). His address then follows as:—"The New Age," 70, High Holborn, W.C.1."

I cannot fancy Mr. Orage inhabiting a tent in a graveyard.  
J. G.

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## The Social Credit Movement.

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

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