INCORPORATING "CREDIT POWER."

WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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# NOTES OF THE WEEK.

A correspondent sends us the first number (new the Scientific Worker. It is an amalgamation of tute sends, which was the correspondent butter of the British Insti-Progress, which was the organ of the British Institute of Social Service, and the Scientific Worker, that of the Association of Scientific Worker, the Call Service and the Scientific Worker, the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association, and Editor of the Call Secretary of the Association of Scientific Workers. General Service, and the General Secretary of the Association of Scientific Workers.

Major A. G. Church who was prominently associated by the General Secretary of the Association, and Editor of the Scientific Worker, was at one time (circa 1929) to the Church who was prominently associated by the Church who was prominently associated to the Church who was prominently associated the Scientific Workers. The the Scientific Workers. The the Scientific Worker, was at one time (circa 1929) ted with the New Realist, which subsequently association. Professor B.W. Holman, M.I. Chem. E. Association with the business manager. Their policy it thus comes about that the "Progress" departs Confidences, new magazine is represented by such as Fitzroy (Speaker of the House of With Per, Baldwin, MacDonald, Simon (Sir John), as Chairman of Executive Committee and Sir Francis Goodenough as Treasurer.

The occasion of our correspondent's calling our by Pertive magazines is the publication of an article first issue of the new series. Of this article it say Mr. All to say that one of the problems set out that of Sufficiency of the new series. Of this article in Mr. Alto say that one of the problems set out in the price level, and the other that of stabilistic of the correspondent wrote a protest to the was goin seeing it asking what useful purpose it He was going seeing it, asking what useful purpose it her to serve in a magazine of science. He has to serve that the magazine Progress was the magazine expect the non's scientific and that he must expect the Social Service "generally."

Social Service "generally."

Social Service "generally.

This is plausible enough on the surface, but, as he organication is: "The relations between scientific tentral and Finance ought to be watched."

Strakosch's address to the British Engi-

neers' Association and our comments on it in THE NEW AGE of March 26, 1931. (See also some biographical notes on him in our issue of April 9, 1931.) The theme of that gentleman's address we summed up in the phrase: "We engineers"!—for he tried to make out that the principles and practices of financiers were identical in parture with those of engineers. ciers were identical in nature with those of engineers that their monetary methods of directing and measuring economic energy were as soundly based in principle and as reliable in use as those of the engineer and chemist. Thus the gold standard, as he insinuated, was a measuring device just as exact as, say, a volt meter. (The abandonment of this precious device by the Bank of England last autumn has made hay of that story. Readers interested in this subject will derive some amusement from it if ाः ज्ञात वर्ष they turn it up.) \$A. 49: 101.14

Now, all the Social Service "Officers"—all these by the Strakoschean influence and are bound to reflect and discominate the nation that flect and disseminate the notion that, because one function of finance is to measure, the operators of finance know how to measure. The danger is that single finance workers will be hypnotized into interpreting financial jargon as evidence of scientific knowledge. We wonder, for instance, how many readers of Mr. Alden's article spotted the incongruity between his double proposition—raising and stabilising the price-level—and any proposition that would be laid by a scientist before scientists. Let it be conlaid by a scientist before scientists. Let it be conceded that he does not claim to know how to raise the price-level, yet he should know, and be able to explain, what the raising is in itself, what it implies in theory, and what it would accomplish in practice in theory, and what it would accomplish in practice. That is certainly what scientific workers would demand of any lecturer on subjects within their tradimand of any lecturer on subjects within their tradimand of any receased of designed and tradinately, whenever the subject of "money" comes up, they suspend their critical faculties, either up, they suspend their critical faculties, either because they feel that the subject does matter, or that it is beyond their compreher. They leave it to "the Economists," beir aware that, as De Quincey remarked once temporary economic thought, it is the pro-

dregs of the intellect." As a matter of fact the incomprehensibility of monetary science is due entirely to the fact that the money-monopolists do not wish it to be made comprehensible. In pursuance of that policy they take measures to ensure that only those shall be accredited exponents of the science who speak and write in unintelligible terms. To be intelligible is to be found out—as Lord Hewart remarked of the bureaucrats.

With regard to Mr. Alden's proposition we hap-pen recently to have exposed the nonsensical character of such propositions in an article entitled "Keflation and Barter" (THE NEW AGE, June 16, p. 76). The occasion was the League of Nation's resolution that "a rise in prices is desirable." Not a rise in some prices, but in all prices—i.e., in Mr. Alden's term, a rise in "the price level." In terms of things the nature of the problem is recognised in his article. The "paradox" consists in the fact that the industries of the world have produced a surplus of things which the people of the world cannot buy. Postulating that personal claims on things must be derived wholly from personal services in the system (which is an axiom of current financial doctrine) it follows that to get rid of the paradox the total monetary remuneration of the persons must be equal to the total monetary price of the things. In other words the price-level of all personal service must be equal to that of all things produced. Note that this is what would happen under a barter economy—the personal shares of the things would add up to the number of things. Note, too, that nobody has improved on the principle of barter, nor come out in the open to impugn its results—i.e., the sharing out of all there is to share. In fact, a monetary economy is defended on the ground that it "perfects" barter.

Obviously if any raising of the price-level is to be relevant to the problem it must apply to both levels, not to one only. Moreover, in the present circumstances, where the services-price-level is lower than the things-price-level, the former should rise faster than the latter to catch up with it. Mr. Alden's proposition implies that if the T.P.L. (so to abbreviate the term) is raised, this will lessen the gap between it and the S.P.L., and if raised sufficiently will close it up—at which point the equilibrium should be "stabilised." But before hurrying on so fast it will be well to ask why the S.P.L. is lower than the T.P.L. at the present time. Say that the S.P.L. is 6, and the T.P.L. 10, is there anything in the operation of raising the 10 to, say, 20 that will raise the 6 to 20, or even to 12?

We pointed out in our former article that in raising of the price-level—in this connection the raising of the T.P.L. from 10 to 20—you are simply altering symbols of inter-exchanges between the categories of things held by industry within industry: you are not touching the problem of getting the things collectively out into the hands of the

We can amplify our meaning by quoting from our earlier article before mentioned.

Quotation begins. Note that the analysis now quoted referred only to the T.P.L. and took no account of the S.P.L. buyers' (consumers') income-level, not to the

In a barter-economy "prices" would be in terms of things. Thus one table might exchange for two chairs, or forty loaves. We can formulate the ratio the ratio of tend to alter; and T:C:L might become the ratio of course, and T:C:L might become o or 1: 11: 20, or anything else. But whates you use to express the ratio, you can-ibly assert that the ratio, as such, is

'too low'' or "too high." Lower than what? higher than what? There is no standard ratio with which to compare it. And, if there were, it would still be impossible to say that one was higher than the other. The "highness" or "lowness" would attach, not to the ratio, but to the constituent things into make a state. things inter-related within the ratio. For instance, if T: C: L changes from 1: 2: 40 to 1: 3: 50 you can say that the exchange value of T has risen in terms of C and L, and the value of C and L fallen in terms of T. But you cannot say that the ratio T:C:L, as such, has risen or fallen; for that would be to say that T, C and L had all simultaneously risen or fallen each in the land all simultaneously risen or fallen each in terms of the others!

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But this is precisely what is involved in the bankers' diagnosis—"the fall in the world pricelevel," i.e., the fall in the T C L ratio. What they are trying to say (or rather to keep quiet about) is are trying to say (or rather to keep quiet about) is that the figures are trying to say (or rather to keep quiet about) is that the figures expressing the ratio are smaller.

The nearest approximately approxim The nearest approach to their mentality under a barter system barter system would be illustrated if some barter experts pointed out that the reason why people could not exchange the tables, chairs, and loaves they made was because the ratio T: C: L had "gone down" from 2: 4: 80 to 1: 2: 40. But the ratio has not altered. The bankers' method is apparently to add up the numerical terms of the ratio, compare add up the numerical terms of the ratio, compare the totals—in this case %6 and to and conclude the totals—in this case 86 and 43—and conclude that because 43 is only one half of 86 the world must expect to be only one half as rich in tables, chairs, and loaves

The present-day "crisis" is a matter of unsale able production of all sorts—or in "barter age, unexchangeable tables, and chairs, and loaves. That could only happen if the people stopped want age, unexchangeable tables, and chairs, and loaves. That could only happen if the people stopped wighting any of them. It is true that more tables of the be made than the people wanted, or more of the other things taken separately. But to ask one other things taken separately. But to ask one in simultaneously, and that their common into simultaneously, and that their common exchangeabilitie too much for one's gravity. And when, to still the three "too muches" are visibly in existing this, the three "too muches" are visibly in existing the proposition of desperate "not-enougheers, and the proposition of the proposi ence in a society of desperate "not-enoughers, the proposition simply laughs itself out of every the Central Banks, where all critical faculties dissolved in the higher mathematics of the court in the world except the Courts of Directors are the Central Banks, where all critical faculties high dissolved in the higher mathematics of the financiers.

It needs no reflection to see that Mr. Alden's proposition is irrelevant. position is irrelevant to the under-consumption problem which he says (and correctly) awaits solution. His article would therefore he cut of place in our journal, but is particularly so in a magazine purperly ing to cater for men and women trained in methods of reasoning. When Wilberforce, in thick tried to a word of place in and women trained in methods of reasoning. When Wilberforce, in thick tried to a word of place in the purpose in the word of place in the property in the property in the property in the place methods of reasoning. When Wilberforce, in this side of the family he claimed descent from of reside of the family he claimed descent from of residence in the less and versatile intellect who plunges into see of the side of the family he claimed descent from of residence into see of the side of the family he claimed descent from of residence into see of the plunges into see of the side o less and versatile intellect who plunges into scientify to obscure the state of the less and versatile intellect who plunges into scientify questions with which he has no real acquaint That to obscure them by an aimless rhetoric. The whole gang of Rt. Hon. Spellbinders who captured the direction of Progress and the fac Worker. In its Editorial it that organised science is represented on its will contain the magazine has a science with the new magazine has the new mag that organised science is represented on its will contain "joint expressions of the scientific and of istic outlook." A glance through terms editorial quickly shows that what it contains "some of will reflect a moralo-scientific outlook." So the sions "spoken of will reflect a moralo-scientific outlook, or as any scientist would say, a pseudo-scientific outlook—natural." look, or as any scientist would say, a pseudo-scientist outlook—natural laws expounded "Hallelujah"!

It is interesting to remember that The Realist (1976) 30) called itself "A Journal of Scientific Humanism

and had on its Editorial Board humanists like Arnold Bennett, Harold J. Laski and H. G. Wells! Readers will remember that the editor of THE NEW AGE contributed an article in *The Realist* of December, 1929, discussing "The Snowden Commission and the Financial Problem" in the light of the Douglas Analysis. That was the first and last occasion when, in that magazine, humanity and science were properly correlated within an economic science were properly correlated within an economic survey. In the last paragraph were two consecutive

"The scheme [i.e., Major Douglas's] would cut along the grain of human impulse. The only question is whether it is inherently unsound as a scientific proposition, and would therefore break down in spite of the concerted attempt of the concerns companity—masters, men and attempt of the economic community—masters, men and customers alike—to make it work." (Our italics.)

The implication is clear: that humanity and science cannot be fused into a "joint expression," but are two separate from the first asking: two separate frames of reference, the first asking: Do you like the results which it is claimed that the scheme will scheme will produce? and the second: Do you think the scheme? the scheme is technically efficient? Do your heart and your head the second t and your head approve it? Turn from this to any moral approve it? any moralo-scientific appeal to popular judgment and you will find the you will find the proposition unfolded not only cuts across the grain proposition unfolded not only makes across the grain of human impulse but actually makes undesirability technical soundness. its undesirability a test of its technical soundness.

Thus Mr William that the test Thus Mr. Winston Churchill's dictum that the test of a sound control o And all the accredited "economists," under crossexamination, would be driven to a disclosure of the same confusion of thought.

By a most opportune coincidence the British As-Sociation opened its proceedings last week and Ewing, to deliver himself of the prize howler of the prize Ewing, to deliver himself of the prize howler of the same "paradox" season. Speaking on precisely the same "paradox" sea of abundance—he said (*The Times* paraphrase in article Sentember 1) leading article September 1)

a bounty; the command of Nature had been put into his hands before he knew how to command himself."

This is what comes of letting moralism take charge bracience. of science. The failure of applied science is due to mand of Nature has been taken out of man's hands. Man of Nature has been taken out of man's hands. lan commands the means of scientific discovery, but means of the means of scientific discovery, but the means of scientific discovery, but the bankers applying it are vested in the hands of and the arbiters of the application are the financiers. Applied science is financed science, in the sarbiters of the application are the financiers. It is based on a that the bankers' exploitation of science to impose on a code of ethics of their own and is used is based on a code of ethics of their own and is used or impose that the bankers' exploitation of science or impose the bankers' exploitation or impos originalse that code of ethics of their own and duction scientific research into the problem of protection, but boycott scientific research into that of bution. The reason is that while scientists are are, in the problem of distribution of the problem of distribution of the problem of distribution. The reason is that while scientists are are, in the power of the problem of distribution of the phrase of Sir Alfred Ewing, ethically until the butter of the problem of the problem of the phrase of Sir Alfred Ewing, ethically until the problem of the phrase of Sir Alfred Ewing, ethically until the problem of the phrase of Sir Alfred Ewing, ethically until the problem of the phrase of Sir Alfred Ewing, ethically until the problem of the p impose that code on humanity. They encourage detail scientific code on humanity.

We sake of the bound to say that our respect for the this de British Association has been heightened by Christian the Church's fear that the cold reason christian would undermine the doctrines of that the Christianity would undermine the doctrines of was true trival Medicine-men afar off. Her scent that the whole tone and structure of Sir was constituted the most acceptable sermon that could be acceptable sermon that could be cached the most acceptable sermon that could be not of science, which was the declared objection.

tive of the British Association, has turned into something almost indistinguishable from the advancement of theology. The theme of the President will be seen to be exactly the same as that of Mr. Percy Alden's article; and there is no doubt that the influences which inspired the President and provided him with his platform (and possibly outlined his speech for him) are the same as those exemplified in the persons of the "big political noises" represented on the editorial board of *Progress*. It is about time that conscientious scientists took steps to reverse this intrusion of City Theology into their high counsels.

It is well known that in the field of practical engineering, to which Sir Alfred paid particular attention, one of the chief problems is that of designing and planning to a limit of cost. So that even on the production side of the problem (let alone distribution, which eventually limits production) the banker's ethics discount the engineer's efficiency. In the present circumstances of demonstrable overproduction this fact will not seem to have any practical value, but it is useful to bear in mind; for if the financial restrictions can frustrate production they can also frustrate distribution, and more easily, because the physical means of distribution already exist in more than adequate quantity (e.g. idle tonnage) and nothing is wanted to set them moving but that legal "right-of-action" which men know as money. Let there be no more talk of man's commanding Nature until man commands money.

"Human Race Not Fitted To Control Nature."
That is the headline in which the News of the World paraphrases, and correctly, Sir Alfred Ewing's "scientific" conclusion for the information of its three million readers. A scientist has no authority outside the field of his spcialised knowledge. In fact, the more he specialises the bigger fool he is off duty. When a man's work entails logical reasoning his play consists in illogical speculation. The British Association is a scientists' where they lock up their perceptive and inductive faculties and let their moral and spiritual faculties out for a run. These the banker rounds up, forms into a pack, and goes hunting, and so you see the spectacle of Sir Alfred Ewing, whose speciality it was to test explosives, offering himself (or being presented) as a specialist in economics. A lay physicist turned into a financial metaphysician, and talking the sort of stuff that the staff-writers on Home Chat can turn out by the mile. It is the same elsewhere.
You find the scientist in the pulpit at one time, the priest in the laboratory at another, and cerebral half-breeds in both always.\* The Archbishop of Melbourne poses as an authority on "inflation," the Bishop of Chester broadcasts on the metaphysical proportion of could and inquitably everywhere. properties of gold—and inevitably everywhere, material and spiritual philosophies are molten together in the moral philosophy of the bankers.

The morning after the foregoing "Notes" were completed the Daily Herald came out (September 5) with the news that the British Association was to with the news that the Bittish resolution was to consider a resolution asking the Government to set consider a resolution asking the Government to set up a permanent Commission of Scientists to help to put an end to the world's crisis. Sir Richard Gregory (moralist and a pacifist by his quoted sentiments) is the leading spirit. Watch developments.

\*Mr. Percy Alden's dissertation in a scientific \*Mr. Percy Alden's dissertation in a scientific workers' journal is simultaneously duplicated by one from a Mr. Frederick Wigglesworth in the Architectural Association Journal on "Dr. F. And The Gold Crisis." We note an allusion the fact that the Architectural Association to the fact that the Architectural Associativited Dr. Eisler to discuss before them the remedy of the economic crisis." Thos

#### Irish Affairs.

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According to an article in the Evening Standard of August 30 there has been an "enormous slump" in the sale of Irish Sweep tickets. The tickets are "a drug in the market" not only in London clubs but in large industrial workshops. In the Dominions and foreign countries, too, there is marked reluctance to buy. An exception is the United States, where "sales are fairly satisfactory." Up to June of this year £13,285,000 had been contributed from Great Britain to the six sweepstakes then held, and £7,086,000 had been returned as prize-money.

This phenomenon is the product of a bankers' boycott. It is the outcome partly of the withdrawal of the bankers' good-will towards the conduct of the selling operations, and partly of their sowing of illwill towards the Free State Government. Of course, people who like to have a flutter in the Irish Sweep, or any other gambling operation, do not let political opinions influence them; they simply calculate terms, chances and risks, when they calculate at all. A little while ago The Times alluded to the Treasury's embargo on new issues when the Conversion opera-tion was launched, and remarked how "loyally" it had been observed. What merit there is in refraining from doing something which you know you won't be permitted to do we do not know. Probably the loyalty of the parties shut out of the capitalraising market consisted in their keeping their mouths shut and pretending that their renunciation was voluntary. Similarly there has been an unwritten and unspoken embargo on the Irish Sweep. It is easy to see what a difference it makes when the staffs of the joint stock banks and other financial houses, who hitherto have unofficially co-operated in the ticket-selling, now adopt the policy non-co-operation. And, without the heads of the banks having to give orders, the banking officials are perfectly aware that every act tending to disorganise the finance of the De Valera Administration will be looked upon with approval by the Bank of England. So with the Press. For some weeks past there have been innuendoes respecting the distribution of existing Sweep-surpluses, suggesting that the Government were withholding the money from the hospitals. Thus suspicions were sown that the Government may help themselves to a larger dip out of future prize-money even if not confiscate the lot. For, of course, a Government who repudiate solemn obligations respecting Annuities are capable of anything! It is the ramp against Mr. Lang all over Fleet-street appreciates perfectly what a sound business proposition it is to vilify the bankers' enemies. Just as the late Mr. Hooley used to pay out to journalists a half-guinea for every puff of him and his companies that they could get into the papers, so do the bankers reward those who play up to their policy. There is a sort of Bankers Sweepstake, in which every newspaper that vilifies Mr. de Valera is allowed to participate on a non-contributory basis -the prizes taking the form of advertisement revenue, loan-accommodation and other concrete favours in the gift of High Finance. And that is how the bankers' embargo on the Irish Sweep comes to be "loyally observed."

With reference to the reported sales-slump in Clubland, that may be the result of intelligent anticipation, or perhaps whispered information, as to the British Government's intentions with regard to the present Sweepstake on the Cesarewitch. Hitherto Government, although holding the purchase of ts to be illegal, have virtually condoned the ilby allowing prize-winners in this country to eir winnings. There is nothing to stop ing this policy and confiscating these

winnings, and even punishing the winners into the bargain. Anyone—whether in Clubland or elsewhere—can appreciate the risk. If the slump is 50 great as the reports make out it means that only the smaller gamblers are patronizing the Sweep-in which case the Government could the more easily intervene both from a practical and a moral point of view. For small people can't hit back; and poor people certainly ought not to gamble!

#### Editorial Notices.

The "Notes of the Week" suspended last week will remain suspended. The consensus of advice sought is that publication is inadvisable at the present time. The subject-matter did not bear on any vital Social-Credit issue: its treatment might cause offence in influential quarters not necessarily out of sympathy with our main objective: though written in the public interest it could not be said to be of to be of urgent importance. It centred round certain recent tain recent symptoms of demoralisation in society similar in character to those which have been recorded in this journal during the last several weeks.

It may be useful to add that what influenced us deal with the to deal with the subject was the fidgety criticisms of certain roads of certain readers (some of them anonymous) who professed their install. professed their inability to understand why AGE. topics and events were recorded in THE NEW NEW TUD We hope they will now appreciate the risks we run in trying to play the in trying to play down to their ostensibly unimaginative curiosity. ative curiosity—we say "ostensibly "because is such a game as the same as the is such a game as tempting editors into indiscretions. We wrote path tions. We wrote nothing which anybody with and age faculties for age faculties for comparison, correlation a reasoning could not conclude for himself from to take synthesis of the above records if he chose to take the trouble. It was the trouble. It was a weakness of ours to cater for mongrel mentalities mongrel mentalities in a journal composed for pedigree brains. Probably gree brains. Probably it was the dog days August as done it!

Two excellent articles from Mr. M. Gordon umming appears to the state of the state Cumming appeared in This Prosperity for July and August. They August. They are a lucid explanation of the true meaning of what meaning of what is called "coming of gold."
"Douglas" expositors will do well to order peter,
from the Editor Man D. T. Co. well to order peter,

St. Peter, from the Editor, Mr. R. J. Scrutton, at St. Vicarage, Coventry. (Price 2d. each, postage on the two copies.)

We consider that the article by Mr. J. T. Smith printed elsewhere, is the best for its purpose we have read. It is entitled Theory," and we would add as a What it is, and why it matters." As propagately directed to the recruitment of new students and we not be better that the article by Mr. J. T. Smith that the article by Mr. J. T. Smith that the printed with the propagately and the students are the students and we have the article by Mr. J. T. Smith that th directed to the recruitment of new students it on the bettered. That is our judgment; and on shall be glad to know the reactions of other noisseure of Social-Credit literature, with a view republication as a pamphlet. This article reprinted from The Melbourne Age, and we arright to congratulate that journal on thus, beginning make good after its slip on the occasion of Sir Niemeyer's visit. One day we shall get the story of its overnight change of front; for the figure against the bankers soonor and then we shall Evidence against the bankers soonor and then we shall see how the prophet Lyons the ordeal of the prophet Daniel.

## The Douglas Theory.

SEPTEMBER 8, 1932

By J. T. Smith.

(President, Douglas Credit Movement of Victoria.) Major Douglas's great and vital contribution to economic thought is his discovery of a deficiency between the tween the incomes of a people (their purchasing power) and the prices of the goods and services they produce. Prior to the publication of his book, "Economic Democracy," all economic thought assumed that the individuals comprising any community, embracing all classes such as capitalists, munity, embracing all classes, such as capitalists, shareholders, landlords or workers, collectively received as in the most or price ceived as incomes money equal to the cost or price of what was produced. On this theory the struggle between capital and labour has largely turned. Each class assumed that the share of production Each class assumed that the share of production which it all the share of production which it all the other class.

which it did not get was taken by the other class. Into this realm of thought came Douglas, and he pointed out that the trouble is not at all that one class get. class gets more or less than its share, but that there is a high saither class is a big volume of production which neither class gets, for the collectively gets, for the sole and vital reason that collectively they have not be and vital reason that financial they have not sufficient money to pay the financial cost of it of its of cost of it. Let us pause for a moment to grasp clearly what the clearly what this means. It means just this—that if, for example, the same of if, for example, the people of a community receive £1,000 as their personal income (all incomes are derived directly personal income industry) within derived directly or indirectly from industry) within a week or arrived indirectly from industry) a week or any period the price of the goods made in the same time period the price of the goods. They the same time will be greater than £1,000. They would be able to buy £1,000 worth of goods, but no The A plus B theorem is the central fact of Major and glas's analysis and in his book "Credit Power

Douglas's analysis, and in his book "Credit Power terms:

A factory or other productive organisation has, besides aspect—it may be regarded on the one hand as a device through the media of purchasing power to individuals and on the media of wages, salaries, and dividends, financial values. From this standpoint its payments may Group A two groups: be divided values. From this standpoint its redivided into two groups:—
Group A—All payments made to individuals (wages, salaries, and dividends).

Group B—All payments made to other organisations are payments.

Group B All payments made to other organisations waterials between the control of the external costs). Now the rate of flow of purchasing power to individuals payments go into Prices, the rate of flow of purchasing power to individuals prices, the rate of flow of prices cannot be less than A tion of Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be discontinuous. tion of the Product at least equivalent to B must be distributed by a form of purchasing power which is not (bank overdrafts) or expert credit.

To appreciate the product at least equivalent to B must be disadditional in the descriptions grouped under A. This to appreciate the control of the product of the control of th

To appreciate the truth of this analysis and to unknown the truth of this analysis and to unknown the truth of this analysis are whole derstand how this position arises, it is necessary to of the money in the country is created by the drawn of the something about money. Practically the whole banks money in use in this country is created by the again. It clearly the form of cheques drawn notes against Lit circulates in this country is created by the and coin with entries in a bank's ledgers. The notes the small with which in a bank's ledgers. the coin with which the public are familiar are but louise for of society, and in quantity bear the same for house for of 1 per cent. to the banks' clearing stroys a settled by cheques. The banks also demore twill not be necessary in confirmation to quote the money transition one authority. Mr. R. McKenna, chair the money transition of the money transition of the banks is now generally conceded, the notation of the money in confirmation to quote the money transition of the money in existence varies only with the content of the money in existenc

The ar Banking Policy," says:—

action amount of money in existence varies only with the creation banks in increasing or diminishing deposits.

And ea deposit, and every bank purchase of securities every bank sale destroys one. very bank sale destroys one.

New Mark Sale destroys one.

New Mark Sale destroys one.

New Mark Sale destroys one.

made money. It costs practically nothing; it is issued as a loan or debt and must be repaid; and it must be repaid as soon as possible. Now this bankcreated money is issued by the banking system through industry to enable the production of goods, and its issue is recorded as a cost in that production; and if it were not withdrawn from the community until the goods made were consumed or worn out, and the corresponding costs wiped off industry's accounts, there would hardly be an economic problem such as we now know it. Instead of that being the practice, however, this is what happens, and we know well enough from present conditions what is the result. Suppose, for example, industry, as representative of the activities of a community, borrows £1,000 from the banks, and pays it away in the making of £500 worth of consumable goods, i.e., bread, boots, clothes, etc., and in the making of £500 worth of capital goods-machines, factories, etc. Imagine now that the community has received and holds £1,000, and that the goods are made. What will they do with the money? They will do either one of two things: they will use the whole of the money in the purchase of the consumable goods, in which case the prices of these goods will go up until they absorb the whole of the £1,000; or they will spend, say, £500 in this way, and use the other £500 in the purchase of shares, say, in the new capital equipment—the factories and machines, etc. Both factors are in operation in the present financial-economic system.

The essential thing to note is that industry, taken

as a whole, recovers from the community, either through inflated prices of goods or through the investment of money in industry, or through both together, the money it pays away in the making of both capital and consumable goods, while at the same time it delivers to the community only the consumable goods. Industry then uses the money it thus recovers to repay its banks' loan, and thereupon so much money as credit is cancelled and goes out of existence. (Vide authority already quoted.) Now, this is the vital fact of the matter. Though money equal to the costs of the new factory and machines has ceased to exist, these costs still remain in industry's books uncancelled, and will be charged into the books uncancelled, and will be charged into the prices of goods to be manufactured subsequently. This new factory and machines will be used in production, and naturally incur a cost in that production. Suppose we set that cost down as a depreciation charge of 10 per cent., or £50. This means, then, that whatever goods are made by this community subsequently will have a depreciation charge, which must be an additional cost to the charge, and salary costs as their income and purchascharge, which must be an additional cost to the wage and salary costs as their income and purchasing power. Stated in the terms of the A plus B theorem, this depreciation charge of £50 will be B charge, and the wages and salaries paid will be A charges, and the sum of these sets of charges will be the price of the product. And, clearly, purchasing power measured by the A charges must fall ing power measured by the A charges must fall short of prices made up of A plus B charges.

Short of prices made up of A plus B charges.

Having determined that this is the true state of Having determined that this is relation to inconsumers' purchasing power in relation to in-

consumers' purchasing power in relation to industry's prices, Major Douglas says what will be endorsed by anyone who reflects on the matter at endorsed by anyone who reflects on the matter at all, that if total production is to be sold consumers' all, that it total production is to be sold consumers' purchasing power must be supplemented. This he would do by arranging that the goods be sold to would do by arranging that the goods be sold to consumers at a fraction below their financial cost; he would reimburse the retailer after sale with the difference by a credit issue drawn upon the national difference by a credit issue drawn upon the national credit account. The rationale, or justification, of this step is that in any period the community is being deprived of money by the present operations of the banking system at a greater rate than goods and services are consumed or depreciated, and therefore, that if this portion of production the rendered unsaleable and unconsumable is to be

chased by the community and consumed, in effect the money prematurely withdrawn must be restored

The percentage or amount of discount to be allowed off prices to consumers, or, in other words, the determination of the "just price" which they would be charged, would be governed by the relation which total production of all things and increases in productive capacity bear to the consumption and depreciation thereof over any specified and suitable period. The making of the factory and machines in our illustration represented an increase in production over consumption, since during that period £1,000 worth of goods were produced, and only £500 worth consumed. Such increases would be recorded in a national credit account, and this practice would furnish a financial fund which would be drawn on to supplement con-sumers' purchasing power. The application of the just price would prevent inflation, enable industry to recover all its costs, and make a profit, protect consumers' incomes, and so enable them to make effective demand on the ability of industry to pro-

The Douglas proposals can be put into operation in any country without interference with individual rights or current business methods. No alteration to the constitution is required, but merely an amendment of the Central Bank's charter to constitute that bank a national credit authority for the issue and recall of credits, the computation of the just price and with power to authorise the regulation of prices to consumers to enable retailers to sell goods at the just price.

### The Law and Obscenity

Mr. Armitage has made out a concise and forceful case\* against the prevailing legal restraints on the publication of obscene matter. His thesis is divided into four sections, (1) a summary of the present law, (2) legal criticism, (3) general criticism, and (4) suggested improvements of the law. He was provoked to write it by the sentence passed at the Old Bailey on a writer, Potocki de Montalk-six months' imprisonment—for obscene libel. He had written half a dozen poems, for which he wanted a hundred copies for private distribution among friends, and asked a printer to undertake the job. The printer communicated with the police on account of certain obscene expressions in the manuscript; and the above prosecution was the outcome. (The Recorder warmly commended him for his action.) The Court of Criminal Appeal upheld the conviction and sentence. (This was in February-March.

The popular notion of the meaning of the word 'libel' is that of "defamatory libel," in which A communicates to B something which defames C. 'Libel' derivatively means a "little book," but legally means any record of a permanent character (book, print, drawing, etc.). An obscene libel therefore means simply an obscene record. It need not be defamatory of any person. So, too, of a "blasphemous libel"; it need not attack anybody's character. Whereas in the case of a defamatory libel three parties are concerned, only two are necessary to constitute the latter offences—in the present case the poet and the printer. As for the legal interpre-tation of the word "publish" it is sufficiently described by the fact that in this case the mere private showing of the manuscript to the printer was held to constitute "publication."

Mr. Armitage goes into the question of what constitutes obscenity, and infers from a brief survey of decided cases and judgments that its essential property in the eyes of the law is that of producing \*" Banned In England." By Gilbert Armitage. Here and Now Pamphlets" No. 7. Wishart, 45 pp.

sexual excitation. He challenges the assumption that it does have that effect on the individual. Then he inquires what sort of psychology inspires the imposition of the present restrictions and penalties on writers and others. He ascribes it to two types of people—the under-saxed and the ultra-romantic; and brings forward arguments to show why both type instinctively shrink from hearing spades called spades. To paraphrase his conclusion, both types do not like to be reminded of digging with spades the first because they cannot dig with spades, and the second because the digging ought not to be done with spaces. with spades. Thus, impotence to perform combines with disdain of the performance to inspire repulsion against the name of the spade. Mr. Armitage works this out ingeniously and provocatively, and affords plenty of material for debate among the intelligentsia. He concludes his pamphlet by making suggestions for the tions for the exercise of more logical and discriminating company and discr nating censorship. He has, he says, no expectation of seeing them. of seeing them adopted in the near future, and he looks rather to the influence of judges gradually introduce modification. introduce modifications "in the direction of liberty, toleration and account to the influence of judges gradually toleration and account to the influence of judges gradually to the influence of ju toleration and common sense."

From the point of view of THE NEW AGE the main difficulty in discussing profitably the anomalies hows complained of lies in the fact that no-one knows exactly in what from exactly in what frame of reference to examine them.

Mr. Armitage's in the fact that no-one them. Mr. Armitage's is too narrow in the sense that it disregards any other regards any other factors than that of popular prejudice. He seems to assume that the immediate motivation in increase to assume that the immediate motivation in imposing these restrictions is also ultimate motivation. He does not allow for the possibility that while popular sentiment approves on grounds of sex-morality, there may be influenced which encourage and feed this continent for reasons which encourage and feed this sentiment for reasons which are not "morel" which are not "moral" or at least not moral in the same plane. There is a sales same plane. There is a close resemblance between these particular anomaliar particular anomalies and others relating to other And there is strong antecedent probability of there being a causative factor common to all of them—a factor, which may well too, which may well exercise the dominating influence in each direction fluence in each direction.

Let us set out a group of cases. Defamation with blasphemy have been mentioned in connection with obscenity. There obscenity. There are additionally: subversion incitement to violence, sedition. Next there are offences of another category: betting, drug-fire attempted suicide. Now, it can be shown in its spect of all these offences that whereas the community at large consider them reprehensible for one set of the same of the shown in the same of the sa at large consider them reprehensible for one set reasons, there exist groups within the community who have other and groups within the hierting he who have other and special reasons for objecting the them. If this be sometimed the control of t them. If this be granted, then in no case can anomalies be whollowed the outcome anomalies be wholly explained as the outcome spontaneous popular spontaneous popular repulsions based on insufficient Armite. knowledge or reflection—which seems to be Armitage's diagnosis.

For example, it sounds ridiculous for the law him life. nies order. Miss Amy Johnson's flight was applied by the public simply as a feat of courage and of the correct of th ance. It was applauded, and rewarded, by a section of the community had a section advertised and rewarded and of the community because its success was a paying advertisement for aircraft indicates. sports. An American who wins an international gal these or championship sells American golf clubs. these cases there is the point of view of the exploit of the doer, but also the point of view of the exploit of the deed. Allowers for this double motivate. of the deed. Allowance for this double motivaling in the mode in every larger and anomalism of the mode in every larger anomalism. must be made in every enquiry into legal anomality of investigation is pursued along this line is found that the common source of them had been more in the source of them are more in the source of them.

## Variations on the Hitler Theme.

SEPTEMBER 8, 1932

By Hilderic Cousens.

III.

The energy of the Nazi movement, then, seems to derive from a complex of negative emotions. No social movement of any great importance has ever been built up on a basis of a desire for wealth or a passion for escaping poverty. Some individuals certainly have been actuated by an appetite for material possessions or their substitutes, such as titles to property, but people in the mass are so easily contents. easily satisfied in material comfort that economic motives have a stir them motives by themselves are insufficient to stir them to mass action. Nevertheless, economic motives supply a stiffening to the a stiffening to the others, whether good or bad. The persecution to the others, whether good or bad. Ages. persecution of heretics in the Christian Middle Ages, for example, and I dare say in Mohammedanism and other personal in the main other persecuting religions, proceeded in the main from idealism. from idealism—superstitious fears on the one hand and a desire factor of markind on the and a desire for the salvation of mankind on the other. But the salvation of mankind on the other but the salvation but the salvatio But the directors of the Holy Office seem to have had a peculiar talent for concentrating their activities on the directors of the Holy Unice section that a peculiar talent for concentrating their activities on the Holy Unice section to the Holy activities on the rich or those suspected of riches, whether I who whether I who was a whole whether I was a whole whether I who was a whole whether I was a whole whether I who was a whole whether I was a whole where I was whether Jews, Templars, or Christian heretics. And in the support of the populace, And in the support they gained from the populace, envy had some all

envy had some share. The key position occupied by the economic aspect of moral and social unpleasantnesses is such that an improved that an improved standard of living is the surest fallible means but it is the only generally efficacing fallible means, but it is the only generally efficacious one, and in its presence all the other solvents of their greatest opportunities. superstition and terror find their greatest opportuni-The only prescription which can be confi-y offered prescription which can be confidently offered as useful in such storm centres as the Balkans, the M. Useful in such storm centres as the Ch. Balkans, the North-West Frontier of India, or even that these people China, is an increase in trade so that these people vary their interest in the Change which seems to be slowly absorbing South America arises from few conomic sethed. the economic setbacks experienced there in the last

that continent during the first decades of this century went the growth of culture, which was ending century. Economic decline has reversed the tide. years. With the progress in wealth achieved in Increasing Poverty is the common, though not the

twhatever the positive and negative emotions of the company it is contained to the contained the contained to the contained t Nazidom, it is certain that the unifying factor in the ovement is certain that the unifying factor in the possession of economic grievances are poor and withprofessional prospects—many of them are aldle Ages. The short-species are hard hit by the Middlike the licensed begging students of the hoverty ges. The shopkeepers are hard hit by the their concerns find it harder and harder to keep and least the economic complex. The professional classes, doctors lawvers, and so on, find less the people onal classes, the economic complex. The protection of the protecti ss remuneration for their services. The people on fived in conlive on fixed incomes are insecure and in constant dive on fixed incomes are insecure and in consulting dread incomes are insecure and in consulting stant dread incomes are insecure and in consulting stant dream in the interests of alleged "econtheses with Hitlerism caters for their emotional remove them. Germans are serious-minded and incline to their dividition without indepent. While developtheir acquaintance with the Polish question and strong aboos their foliation are serious-minded and incline their acquaintance with the Polish question and their top acquaintance with the polish question and their foliations that they are in the contract that they are the contract that they are in the contract that the contract that they are in the contract that the contract that the contract that they are in the contract that the contract that the contract that the contract that t tic carrots. Hitler's truely million supporters seneration of Germany, if they could attach their to some rational programme.

Hitler and Co. haven't any such thing. . They either can't or won't produce or acquire one, and one result is that the carrot-dangling is being taken over by the von Papen Government, which is filling the air with windy nonsense about armaments and the need to perfect German industry.

#### Retiring Consumption-Credits.

By A. B.

This question is the most elusive of all to fix in the mind, and therefore the most difficult to elucidate in spoken, let alone written words. I am not surprised that my first article should have brought me correspondence. Three friendly critics challenge my statement that the cost of retailers' stocks are reflected by equivalent debts elsewhere due to banks. I agree without hesitation that if "costs" are defined in the commercial accountant's sense the statement needs qualification. I would accept an amendment to insert the word "concrete" before "costs" in my statement, to distinguish their nature from, shall I say, "phantom" costs—concrete costs representing actual credit-disbursements, and phantom costs such items as "depreciation," "reserves" and other like charges. It is clear, for instance, that when a retailer buys a saucepan and pays in the price a charge for a part of some iron-foundry whose concrete cost was, as we are all agreed, wholly defrayed years previously, and the credit by which it was built wholly repaid to the banks and destroyed by them, the total cost of the saucepan is greater than the relative outstanding debt currently due to the banks, and is greater at least by the amount of that phantom cost. Say that it is 2s. out of a total of 10s., then since, ex hypothesi, the 2s. is not due to a bank, it will not be retired when the consumer pays it. There will be a "floating florin" hovering round like the "Oozlem bird" and "uttering cries of derision at its baffled pursuers"—the deflationist bankers! That is the argument; and that would appear to be the situation. And if true in this inappear to be the situation. And if true in this instance it will be true generally of all present retailers costs. Let me call this "Proposition I: E. & O. F." (i.e., errors and omissions excepted\*)

Now, my original statement appears to conflict with this Proposition, and the reason is that by a fault in expression I have led my correspondents into thinking that I was describing the present situation, whereas the situation in my mind was that of industry being carried on under the Douglas principle of production-finance. I ought to have said of retail costs that they would be, not are, reflected in equivalent debts to banks, I was assuming—as it will be agreed I was entitled to assume—that the Douglas principle of production-finance would be in operation contemporaneously with his principle of consumption-finance. The production-finance principle he has laid down as follows: All new production shall

Students may fruitfully investigate what difference be financed with new credits. this would make. In the field of individual industhis would make. In the neid of individual industrial cost-accounting, none. For, as I said in the last paragraph of my first article; the Social Credit Proposals do not "substitute a right process of costing" but "compensate the results of the wrong process." That is to say, industrial costs in the aggregate would continue to exceed consumers' incomes in the aggregate, and the deficit would be made up, as I said, "on the shop counter." But Douglas's principle of production-finance has a vital bearing on the question of whether that deficit, when made up

\*This proviso is put in as a reminder that the "floating florin" may be due to the banks indirectly, either wholly or in part. They might have loans out to people on the security of Debentures in the hypothetical iron-foundry.

by consumer-credits, would float like the "florin"

in Proposition I.

The principle that all new production shall be financed with new credit means that all new production shall carry new debt; and it also means that the debit will be due to the National Lending Authority as and when recovered; and when recovered and repaid to that Authority, will be retired. It would appear, then, that if this principle operates there cannot be an unrecovered industrial cost which is not reflected by an equivalent debt to the Lending Authorityor (to narrow the issue) will not be so reflected as and when the relative goods are ready to be offered to the consumer.

In process-production the Lending Authority would be issuing and retiring credits along the chain of manufacture, the net outstanding amount cumulatively growing, and reaching its peak in the final loan to the retailer. That loan would be the sum of all previous actual disbursements of credit relative to the given parcel of goods. That is to say that it would be the sum of concrete costs, not of a mixture of concrete and phantom costs. Provisions for reserves and depreciation which at present figure in industrial accounts would not be necessary, and would not be made. The "Provider" would be the Lending Authority, and the provision would come to industry through new loans, not through savings accumulated in advance by industry out of prices, as now

In my submission, therefore, the required "machinery." for "retiring" consumer-credits is automatically provided by the Douglas principle of production-finance because under its operation the National Lending Authority becomes the sole creditor in respect of the cost\* of the whole of the retail stocks on offer at any given time.

At least there is no technical impediment to the achievement of that result. Political impediments, if any, lie outside the present field of inquiry which is purely technical. If they exist they would prove, not the necessity for creating "machinery of retirement," but the necessity for dealing with interests who do not wish such machinery to operate. †

\*One correspondent raises a point about retailers' profits. Fundamentally there is no such thing as a money-profit; all profit is, and must be, realised in terms of personal consumption and acquisition of private property. In principle the retailers draw their "profit" in terms of their stock. Thus they buy, let us say, 100 articles at the cost of £100, charge £100 for 80 of them, and consume the 20. In practice, of course, the individual retailer needs to collect a margin of profit above the cost of his stock. This profit, however, is simply his wages of management, and under Social gin of pront above the cost of his stock. This profit, now-ever, is simply his wages of management, and under Social Credit he would be as much entitled in principle to borrow it from the National Lending Authority to pay his own wages as is any manufacturer to borrow to pay his own ployees, and, if necessary, the N.L.A. could advance him his profit. If this took place generally it would mean that the retail traders would borrow, say, £20, buy 20 articles for themselves, from themselves, and return the loan, which would be "retired." They would then collect £100 for the other 80 articles, which sum also would return to the Lending Authority and be retired. Actually the outside coning Authority and be retired. Actually the outside consumers would not pay the £20 in money, they would pay only in the sense that they got for their money 80 articles instead of the 100.

Naturally, if you renounce 20 articles to remunerate the retailer for his services to you, you don't pay him £20 additionally to remunerate him for his services to himself in

The end of production is consumption. The personal profit accruing from production is participation in consumption. The participation of sellers is their profit. Hence in a sound money-economy there is no money-profit. All is sold at the true cost—which is the "Just Price."

†In this connection I suggest that, in the present deplorable situation of the world, and the growing need for the bankers to justify themselves against the criticisms of Social-Credit advocates, it is inexplicable that they have not allowed wide a working-model of Douglas's "fallacies" in

The National Lending Authority (if you like, the Bank of England and the Big Five) in such circumstances have a lien on all stocks available for sale to consumers, and equal to their cost. Using token figures the N.L.A. would have £100 debited to the retailers, and the earnings of the public would amount to, say, £80. In that case the National Distributing Authority, so to differentiate it, creates £20 and hands it gratis to the retailers upon proof that they have sold all the goods for £80. The latter repay the £100 to the N.L.A. and the amount is cancelled. The transit of a is cancelled. The two authorities being parts of a single Government institution, the credit of the one is valid discharge, pound for pound, for the debts owing to the other. Certificates of Consumption cancel Certificates of Production in the sum of £20, and the community's community and the rest.

The N.D.A. and the N.L.A. perform respectively the creation and the N.L.A. perform respectively the creation and the destruction of the £20 between themselves—the handing out of the money to the retailers being merely an administrative convenience and check. In principle the credit never reaches the public; it passes from the one authority to the other over their heads. Its passing is not the were, the over their heads. Its passing is, as it were, wave of the magician's wand, and signalises passing of wealth from the shop to the home.

To sum up, on the assumption that the N.L.A. is, or becomes the selected find the retire.

or becomes, the sole creditor of industry, the retirement of consumer-credit will be effectuated it will work out that whatever be the measure of the deficiency of people's earnings against the total price deficiency of people's earnings against the total price of industry's products a line of the of industry's products will be (a) the measure of the consumer-credits required to be issued, and also (b) the measure of the excess of the N. I. A.'s debit the measure of the excess of the N.L.A.'s debit against industry over the same of the N.L.A.'s recover against industry over the public's earnings recover able by industry. Whatever sum the N.D.A. is required to issue will be required to complete will be payment of the N.L.A.'s loans. The credit will issued because it must be retired.

The assumption from which this conclusion is drawn makes an interesting subject of intellectual exercise. Readers may ask themselves these questions: (1) Does the conclusion follows from the issue of the conclusion of the co tions: (1) Does the conclusion follow from the assumption: (2) if so, is the situation assumed realisable in practice. (a) Technically (can it be done assuming ople want it done?) able in practice.

people want it done?)

(b) Politically (will people object to its done?)

Assuming it can be done technically, is the sufficient for the purpose, or must some device not approved to the purpose. cient for the purpose, or must some device not provided be brought into operation? Under action if the social Credit Proposals Street Proposals of the purpose, or must some device not provided be brought into operation?

action, if there are any such. Take New Zealand out example. Suppose she were given a free hand the scheme. What is the objection? That the people the scheme. What is the objection? That the people would land the people into trouble? Well, if so, cial they would scrap it when it began to — for under So, cial they would exercise many times the political power that they would exercise many times the political power that they do under the existing financial dictatorship. If on the world and they did not scrap it, that would prove that they content with it. What then? Would their work is the imperil the world outside? Take the field of finance, feet imperil the world outside? Take the field of finance of the outside world to a fraction of the degree world cated by the present contemplated plan of cancelling and cated by the present contemplated plan of cancelling leading debts all round? Suppose the worst, and that New Credition drowned herself in a flood of "un-retired" consumer additional that her exchange sank and her Government's her creditions become drowned herself in a flood of "un-retired" consumer all objects that her exchange sank and her Government's externed to gations became valueless. True, on paper, the would be ruined; but so, on paper would be resulted to the machinery for "retiring" War Debts safely is to retire any loans which New Zealand default well to the the safely is the truth is that International Finance is perfectly that the put a corder. to retire any loans which New Zealand defaulted on able truth is that International Finance is perfectly wat the put a cordon sanitaire round New Zealand so herself all sequence of a faulty credit-policy would fall on widely the truth word of Finance is being more and more wing but the credited, and the time is approaching when nothing defailure of a Social Credit experiment launched failure of a Social Credit experiment launched to conditions will convince the world that authoritative tions to Major Douglas's Theorem have any substance.

a particular question will arise, which is: Can people be induced to abandon the custom of private investment? If not, could their investing be reconciled with the principle of "new production, new credits"? Is it possible to have some technique which would, in spite of private investment ment, give the same results as if there were no private investment? In short, and practically, could the retired the retirement of consumer-credits be effected just the same?

SEPTEMBER 8, 1932

My space will not allow me to discuss these questions at present, I enumerate them here because they have a bearing on the subject of this article.

#### The Films.

Among the best of the silent English films was Lowndes' novel, in which the principal parts were played by June and Hongard Parts were played by June and Ivor Novello. The talking version, in which Mr. Novello also appears, is being privately shows the moment of privately shown to-night, but at the moment of writing I have to-night, but at the moment of writing I have and where writing I have no information as to when and where it will be available to the public.

The first performance of the film version of Vicki Baum's novel will be at the Palace on the 21st inst., and the picture will be at the Palace on the 21st inst., and the picture will thereafter be shown twice daily. In the cast are Joan Crawford, Greta Garbo, and Wallace Ream Joan Crawford, been showing for Wallace Beery. This film has been showing for tation to date outside the United States was at a private performance. We will be a few days ago. private performance in Venice a few days ago.

As You Desire Me: Empire.

George Fixed States of Metro-Goldwyn-Mayer, and for getting so to George Fitzmaurice, the director, for getting so for reproducing the director of the Pirandello atmosphere on the screen—of 1. for reproducing the dramatist's characteristic trick of leaving his audience in doubt after the curtain has immaterial: Whether Zara was Zara or Maria is work to the control of the primaterial: Create Control of the screen of Whether Zara was Zara or Manual Whether Zara was zara or Manua woman who returns after ten years' absence, and war took from him. Miss Garbo is excellent; she formal beautifully conducted and balanced performance war took from him. gives a beautifully graduated and balanced permainly dreadful very much to make up for her dreadful very muc Anna Christie." And she dominates the screen, even when Erich von Stroheim is in This is a film for the intelligent. when Erich von Stroheim is in the picture.

By contrast, this film, so far only privately ex-Roar of the Dragon.

exploid Its principal raison d'être appears to be to recently gwili Andre, one of the many young women facial is also a Scandinavian, and has a distinct nothing and clumsily-directed picture contains much takes every wrong turning, including too con; speak with American accents, and a mixture of the propers. com speak with American accents, and a mixture of to be recommended to post-war audiences.

DAVID OCKHAM.

Notice.

Notice.

Should be addressed directly to him as follows:

Mr. Arthur Brenton, Barnes, S.W.13.

Barnes, S.W.13.

Barnes, S.W.13.

Barnes, S.W.13.

High Holborn.

sent, as usual, to 70, High Holborn.

#### Review.

Cafe Bar. By G. Scott Moncrieff. (Wishart. 7s. 6d.)
The subject of this book is a Soho cafe and its customers,

who are mostly crooks, whores, ponces, poor artists, street musicians, and so forth. It is written by a man who has observed his subject at first-hand, and who has set down what he has seen without sentimentalism or condescension, what he has seen without sentimentalism of condescension, and without any attempt at writing up what Fleet Street would describe as a "sensational story of Soho." The result is a volume of great value as a London document, and so far as I can test it—and I have tested it well—it is as accurate as it is interesting. Those who take up "Cafe Bar" as an ordinary tale may be disappointed; for, as the author warns them, his book has neither plot nor hero. A more legitimate complaint may come from readers, who, on many pages, will find words which 'they will not know the meaning of, and will not be able to find in a dictionary. These words belong to the current thieves' cant, and I think Mr. Moncrieff should have provided a glossary, as Thomas Dexter did in his "Guls Hornbooke," in the sixteenth century. Thieves' slang, of course, is always changing; and the fact that with two or three exceptions the cant in "Cafe Bar" is right up-to-date is an auxiliary proof of the book's authenticity. If only we could have a series of such books on all the various sides of life in London. They would be worth a wilderness of guide-books. JOHN SHAND. author warns them, his book has neither plot nor hero. A

#### Current Society.

August 30, 1932.—Inquest on Mrs. Gertrude ("Babette") Gamble, who committed suicide by throwing herself from a window of an apartment house in Half Moon Street. She also passed under the name of Mrs. Graham. She left a note for Mrs. Ada Urban (from whom she rented a room), in which was the passage: "Tom Chadbourne and Elvira Barney are responsible for this. Please ask the police to communicate with Mrs. Morris, St. Leonardson-Sea, my only relative, and please make Mullens pay the account." Sir John Mullens, Mrs. Barney's father, was in attendance, but his representative told Mr. Oddie that he and Mrs. Barney did not think it necessary to appear to explain what this reference to them meant. The appear to explain what this reference to them meant. The Standard of Tuesday, August 30. Mrs. Morris, mother of Standard of Tuesday, August 30. Mrs. Morris, mother of the deceased, gave evidence that her daughter had been taking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for fifteen years. The police had no evitaking drugs for her doctor. Mrs. Urban was closely supplied to her by her doctor. Mrs. Urban was closely addressed her as Ada in the letter when she had known her only for a month. August 30, 1932.-Inquest on Mrs. Gertrude (" Babette ") her only for a month.

## Australian Bankers Rattled.

This letter appeared, in a panel, in the centre of the financial page of the Sydney Morning Herald of July 27.

SOCIAL CREDIT.

"Guardian" writes:—
Sir,—May I encroach upon your valuable space to warn
Sir,—May I encroach upon your danger? I refer to the community of an approaching danger? I refer to the steady spread of the advocates and propaganda of the Douglas Social Credit Scheme, who are securing many

converts daily.

To my mind I can only express this scheme as the "Hindenburg Line of the Lang Planners," and I believe "Hindenburg Line of the Lang Planners," and I believe that they hope to rally upon this point the many converts that they hope to rally upon this point the full force to this scheme, and then reinforce them with the full force to this scheme, and then reinforce them with the full force to this scheme, and then reinforce them with the full force to this scheme, and Labour leagues. Many intelligent men have been convinced by the clever arguintelligent men have been

ism no man seems to be able to draw the dividing line.

May I ask all those who are approached to accept the gospel of this scheme to apply this test?

(i) Who is to be given the power of controlling this (ii) Who is to be given the powerful as the power of social credit, which is just as powerful as the power of the note issue, which latter we have proved cannot be trusted to politicians, but only to such as the Commonwealth Bank board?

wealth Bank board?

(2) Who is to have the discretionary power of saying "Yes, this factory or industry will be supplied with social credit," or "No, that factory or industry will not be supplied"? What a weapon in the hands of politicians.

plied "? What a weapon in the hands of politicians.

We suggest that the "debating "-answers should take the form of counter-questions. (1) Whose property is credit "social-credit"? (2) In whose hands is the weapon new

SEPTEMBER 8, 1932

#### A Frankenstein Diary.

August 27.—This week, accident on the road at night. Wrecked car blocks road. Police and others stationed to warn motorists coming round bend. Charabanc approaches. Driver ignores warnings, fearing a hold-up. crashes into car. [Insurance combine catches it both ways -through robbery, and through avoidance of robbery.]

August 27.—This week's announcement, Wakefield, prison authorities start scheme of taking prisoners out in prison authorities start scheme of taking prisoners out in civilian clothes to work for wages on widening and deepening a river bed. [Pub.'s-eye view of the announcement: "That's a b—— fine game. If I'm out of work I don't go to the Labour Exchange, I do a burglary and go to prison and get a job. If I don't go to prison, that means I'm not caught, and live on what I pinch."]

August 27 (Morning Post).—Prague. Frontiers closed by tariffs. Record crop of cucumbers which cannot be exported. Thousands of peasants to march on Bratislava tossing the cucumbers about the road as "satirical bouquets."

August 27.—Glasgow. Boy left in charge of bank, opens

drawer. Comes across a revolver belonging to manager. Has a look at it. It goes off. Wounds a girl-customer at the counter.

#### THE POWER OF FINANCE TO DESTROY GOVERNMENTS.

" In 1921, when the political Government was considering large schemes of development to absorb as many as possible of the unemployed, 'a Minister' was reported as having said that 'half a dozen men who controlled the big five banks could make or ruin the country."

"The Financial Times (September 26, 1921) condemned the foolishness of this disclosure, but not in the form of a con-

"" Whoever may be the indiscreet Minister who revives the money-trust bogy at a moment when the Government has most need to be polite to the banks, he should be put through an elementary course of instruction in facts as well as in manners. Does he, do his colleagues, realise that half as in manners. Does ne, ao ms coneugues, reanse inter man a dozen men at the top of the big five banks could upset the whole fabric of Government finance by refraining from renewing Treasury Bills? "—From Paul Banks's People Versus Bankers, page 9.

#### LETTERS TO THE EDITOR. DEMOCRATIC DISCIPLINE.

Sir,—The policeman who was very popular, but no disciplinarian, and so a potential menace to efficiency is not a conclusive example. For one thing, popularity has often been a source of discipline, e.g., in armies, under Hannibal, Sertorius, Julius Caesar, Marlborough and Napoleon, in navies under Nelson, and, in fact, in all organisations where the recruitment was really voluntary and "born leaders" the recruitment was really voluntary and "born leaders" had a chance. If a Social Credit society was in development, the chances of a disciplinarian who was not popular having anybody to discipline would be fewer and fewer. Discipline means either the keeping in a set order of a lot of people who can't help being where they are (the Senile State), or inducing people in voluntary association to keep rules of action which they substantially recognise as necessary for

## PROPOSED SOCIAL CREDIT GROUP.

Sir,—Will any readers of The New Age who live in or near Beaconsfield write to M. Jowitt, The Grey House, Gregories-road, Beaconsfield, with a view to organising a Social Credit discussion group.

M. C. B. Jowitt.

### Events of the Week.

(Compiled by M. A. Phillips.)

August 20. Possibility of clash between I.R.A. and White Army feared. U.S. gold drain now said to be over. £ steady at \$3.47. August 22.

Ottawa ends—multitude of partial tariff pacts. Irish negotiations at Ottawa fail. Cotton strike on.

Norman visits New York. Manchuria war recommences.

Ireland. Following occupation of a castle by armed men,
I.R.A. censor Irish newspapers.
Bus men vote against wage cuts.
Burnley cotton strike—many ugly incidents between police
and workpeople.

U.S.A. unemployment about 11,000,000. Bad winter expected.

Post Office (Bridgman) enquiry. Report against change of

ownership.

Nazi-police clashes in Breslau following death sentences on

five Nazis. August 24.

Hitler-von Papen break after death sentences of Nazis confirmed by latter British farmers want higher milk prices.

Germany to meet her commercial creditors in New York on Bus company serve wage-reduction notices. October 1.

£ falls again (=\$3.46).

August 25.

Von Papen suppresses a Nazi newspaper.

Sudden Cabinet meeting called for Saturday next.

World Economic Conference. U.S. delegates,

Davis and Sackett. Commodity prices rising.
Wall St. boomlet continues. Changes in world gold distribution:

1932. Increase. \*U.S.A. 1931. 1932. 1105 \*U.S.A. 650 .... 545 — 105 \*France 470 .... 663 + 193 \*France ..... 470 ..... France 470 003 + G. B. 135 140 + \*Switzerland 47 105 + \*Holland 53 95 + Specific Spe 

exchange.

& still falling; now = \$3.45.
Bruce (Australian Premier) to confer with U.S. financief
over Australian debt

Lord Melchett has a new monetary reform scheme.

Lancashire cotton strike begins. 200,000 workers out.

Government will not intervene.

Hoover wants shorter working day.

Samuel to meet Herriot in Toronto. August 27.

Italy to restrict food imports to prevent going off gold standard. standard.

Meat and wheat prices to be raised as result of Ottawa agreement.

Stock Exchange ban on new issues to be replaced by Rehalica is

von Papen's prosperity scheme, wage-cut economies, return of taxation to industrialists as loans, no tampering with the currency, employment for all, etc.

Hitler sees von Papen.

Norman's visit to U.S.A. said to be in connection with war debt liquidation and restoration of gold standard Wall Street Britain. August 30. Wall Street boom continues.

Commodities still rising.

New issue ban to continue.

Final gold standard credit to be repaid to France on the tember 10 (120 000000) New Conversion: £140,000,000 Treasury Bonds of 1932-1934

tember 10 (£20,000,000). Dutch seamen on strike. Slump in Irish Sweep ticket sales.

German Government sends note to Geneva, claiming right to re-arm.

British Account British Association meeting. Sir Alfred Ewing (president to age of plenty and states that the problem moral one.

French conversion scheme (£900,000,000).

Building societies reduce loan rates from 6 to 5½ per cent.
Chamberlain meets Herriot.

Chamberlain meets Herriot. Hitler alliance with Catholic (Centre) Party.

September 2. Unofficial economy committee plans for front economies. Germany increases certain anti-British tariffs.

CARTOON BY HAYDN MACKEY.



ARMAGEDDON.

#### ACADEMY CINEMA. OXFORD STREET (Opposite Warings) Gerrard 2981.

Sunday, Sept. 11th. Premiere: Urinov's Russian Talking Film "DIARY OF A REVOLUTIONIST"

Last Days "Quick Millions" and Rene Clair's "An Italian Straw Hat"

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Supporters of the Social Credit Movement contend that Supporters of the Social Credit Movement contend that under present conditions the purchasing powen in the hands of the community is chronically insufficient to buy 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 fallacy to treat new money thus created by the banks as the strength of whose resources the money was created, with the value of the resulting new capital resources. with the value of the resulting new capital resources.

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