

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

We devote our attention this week for a change to a criticism of the A + B Theorem, which appears below. It was recently sent to a correspondent.

May I say at once that I find myself in sympathy with the aims and ideals of the Major Douglas credit proposals, and would not hesitate to accept and support these proposals if I were satisfied that they were founded on correct principles. After careful study, however, I regret to say that I cannot accept them; I am of the opinion that these proposals are based on erroneous premises, inasmuch as they assume that the existing financial system necessarily and continuously fails to provide the community with money income adequate to purchase, at prices which will cover monetary costs, the volume of consumption-goods produced.

This assumption, which is fundamental to the Douglas credit proposals, is defended mainly on two grounds:—

(1) That expenditure of money on new capital-goods causes a shortage of money available for the purchase of consumption-goods. This is the contention to which I have already referred in a previous letter; it is illustrated by the example given in Chapter VI. of "This Age of Plenty," and is developed a little further by Major Douglas on pages 14 and 15 of "The New and the Old Economics."

(2) That certain payments made by Industry enter into costs but do not reach the community as income available for the purchase of the consumption-goods in respect of which those costs are incurred; for—it is contended—those payments are made to liquidate past costs, and the income which those costs provided has already been spent during the previous "wage cycle." In my previous letter I tried to show why I did not accept the first of these contentions. I need now only say that Major Douglas carries the argument a little further than Hattersley does by contending that money used to buy plant must have appeared in the cost of some previous product, and therefore its mere saving causes a deficiency of purchasing power to that extent.

The second contention rests upon what Major Douglas calls the A + B theorem.

In my opinion the deductions which are drawn from this theorem will not stand criticism; in orthodox circles it is regarded as axiomatic that all costs of production comprised in the final cost of any product are, in one form or another, paid out to the community as income. Whilst the orthodoxy of this view does not, of itself, vest it with unchallengeable truth, it must at least command some respect. However that may be, it seems to me clear that the B payments (say

for raw materials) made by establishment Y to establishment X are A payments in establishment X. Is it not also clear that the cost of all final products comprises nothing more and nothing less than a summation of all the A payments made in the several processes of production?

Major Douglas tries to escape from this analysis by suggesting (page 17 "The New and the Old Economics") that "an overhead charge is any charge in respect of which the actual distributed purchasing power does not still exist, and that practically this means any charge created at a further distance in the past than the period of the cyclic rate of the circulation of money. There is no fundamental difference between tools and intermediate products, and the latter may therefore be included."

If, for the sake of simplicity and in order to put Major Douglas' argument as strong as possible, it be assumed that the B payments which enter into the costs of production in period 2 were all A payments in period 1 and are not, therefore, available to purchase the final products placed on the market in period 2, it is evident that the A payments in period 2 which become B payments in period 3, whilst not entering into the costs of the final products placed on the market in period 2, are available for the purchase of those products; from which it follows that the flow of costs, if maintained in a constant stream, creates an equal flow of income; and that if the A-which-become-B payments are increasing, current income will be in excess of the costs of the available products; whilst if the A-which-become-B payments are decreasing, current income will be less than the costs of the available products.

As Major Douglas regards expenditure on capital-goods as another form of B payments fundamentally no different from the payments for intermediate products (page 17 "The New and the Old Economics"), the observations I have just made on the A + B theorem are equally applicable to the first contention (see above) regarding expenditure on capital-goods.

I think that Major Douglas has founded his proposals upon incorrect principles. He has not realised the important significance of the relationship between Investment expenditure and Saving; indeed it is only since Mr. J. M. Keynes' thesis has been published that this relationship has been clearly appreciated, even amongst the professional economists.

The tone of this criticism indicates that the author is willing to study the Theorem still further. This is why we print it, though its content is familiar enough to Douglas veterans.

I.

As a background, it is important to bear in mind that the objections here raised have been pointed

out to Major Douglas at frequent intervals during the last fourteen years, yet that his reaffirmation of the soundness of the Theorem is as emphatic to-day as at the beginning—and this in spite of the fact that, as he has often agreed, the essential truth of his Analysis can be grasped along other lines of research than that proceeding from the axiomatic general statement embodied in the A + B Theorem.

It is even more important to remember that Major Douglas, even in his earliest writings on the Theorem, plainly recorded his anticipation of the "stock" criticisms (to call them so without disparaging the present criticism on that account) which would be forthcoming; giving reasons against their validity.

## II.

In all controversies the essential thing is to discover what is common ground between the disputants. In the present controversy there is such common ground, and it is that conditions may be hypothesized under which personal incomes distributed as earnings by industry would be equal to total costs incurred by industry, and under which, therefore, no price-regulation would be required. To illustrate. Say that a given quantity of natural resources can be converted completely into consumable articles through four stages of conversion occupying one unit of time each. Say that the payment to individuals for services is £1 at each stage. Say that the bank successively creates and lends money as follows: £1 for the duration of four time-units, £1 for that of three time-units, £1 for two units, and £1 for the final unit. By ordinary accounting methods the total cost of the finished articles will come to £4. The individuals concerned will possess £4 between them (the proportions of division do not matter) and collectively they can buy all the articles before the bank retires the loans. The same result could, of course, be brought about if the bank issued a single loan of £4 for the duration of the four time-units. It makes no difference whether we assume the people to consume nothing until the end of stage 4 (as the illustration does) or something at each stage (if we like to imagine their doing so)—the whole point is that within this closed area of operations the sum of money possessed by the people will be equal to the cost of the unsold products, which cost will in turn be equal to the debt outstanding to the bank. If the people do not consume anything until the end of stage 4, the final Income-Cost-Debt equation will be expressed by £4. If they buy and consume, say, a quarter of the production intermediately, the final Income-Cost equation will be expressed by £3—the difference of £1, representing consumed goods, either existing as a reserve hypothecated to debt-repayment or else cancelled by intermediate repayment to the bank.

Now if the present system of financing industry can be shown to conform with the principle here illustrated, no deficiency of purchasing power occurs. In the illustration not only can the people buy all the products when finished, but if at any intermediate time they stopped producing and wound up the business (to suppose such a thing) they would have enough money to buy all the physical assets of the business (unfinished products) at cost price. Whether they would want to or not is irrelevant to the argument, which is here concerned with the arithmetical aspect of the question.

Relating this to the actual situation to-day there is presumptive evidence that the principle illustrated does not operate. At the one end, banks retire loans referable to production in a small fraction of the time required to carry the production through to the final stage where it becomes distributable. This is so wide a departure from the method assumed in the illustration, that it ranks as *prima facie* evidence of an alteration of the principle. At the other end

we have the fact that in Britain the people possess less than £2,000 millions of money as against a value (at cost) of physical assets (plant, equipment, and unfinished products) which might be of the order of £40,000 millions. That is to say that whereas in the illustration industrial assets could fetch their full cost in a forced sale, the assets of British industry could not fetch more than one-twentieth.\*

So we have (a) a divergence from the financial method assumed in the illustration, accompanied by (b) a startling divergence from the automatic consequences shown in the illustration. We submit that these facts taken in conjunction constitute the strongest presumptive evidence that the system now in operation is being run on a different principle from that which would make the A + B Theorem untrue —probably a principle which makes it true. The reply: "I am not convinced that it is true," is of no worth. The onus is on the critic to bring positive disproof. He must not only counter-reason Douglas, but he must reconcile his counter-reasoning with the actual phenomena which characterise the situation that has to be explained and remedied.

## III.

We will now change the angle of approach to the subject. It has often been asserted by critics that the banks' retirements of credits do not cause any deficiency of purchasing power so long as they lend new credits at the same rate as they retire old ones. But this proviso is the same as saying: "so long as they retire old credits as fast as they lend new ones." This trick, quite unconscious, of saying things backwards is characteristic of defenders of the orthodox view-point. It reveals the existence in their minds of a vague notion that new credits are made possible by the retirement of old ones; and there is little doubt that the notion has been generated by the bankers' dictum that "loans come out of deposits." The truth is the reverse: the sequential order is (a) a loan, (b) a deposit, (c) a retirement—the retirement absorbing the deposit and cancelling it together with the loan. Unlike the conundrum about the chicken and the egg, it is easy to see that in the beginning—the retirement could coincide with a new loan—the game began with a loan, and ever since the loan-retirement cycle starts with the loan and closes with the retirement.

If that be accepted, we can lay out an exercise. Draw a circle, and inside it assume there to be human beings and physical resources adequate for the running of an economic system on a self-supporting basis. Outside place a banker. Assume no money to exist. Then, at the word "Go" let the banker create money and start the Circle (so to describe the people) on a production-consumption programme based on a price-system. Any figures can be used, but say that the banker starts them off with £100. Assume that the average time required for the complete conversion of any given quantity of natural resources into consumable goods is four (we choose four simply to link up the illustration of the 4-stage process in Section II. of this article). Assume that the time for which the banker lends the first £100 is one, and that he issues a second £100 on condition that the first is returned to him at the end of the time one. And so on *ad inf.*

You can assume any form of organisation set up by the Circle, whether on the Capitalist model or, at

\* Major Douglas once, in our hearing, asked a student of Social Credit if he had ever reflected on the significance of the grotesque disparity between the "new" and the "second-hand" prices of articles. Take a motor-car priced at £500. Immediately you buy it and run it out on to the road it straightway loses anything from £80 to £100 in value if you want to sell it back. And after a comparatively short period of use probably £25 is all it would fetch. We recall this for the interest of students: it would make an interesting topic for a discussion circle.

the other extreme, as a single Co-operative State. The latter is suggested as the least complicated, because it permits you to postulate a State Manager as the sole borrower from the banker and repayer to the banker. What is fixed is this: that the existing principles of accounting costs and prices shall be applied within the circle. The chief two are (a) that all money disbursed on production goes into cost: and (b) price must not be less than cost.

The general question posed by this exercise can be put in the form: If you bossed the show on these conditions what would you do, and what would happen? Its relevance in this form to present actualities is that it pre-figures a situation towards which the bankers are driving, namely a unified World-State administered by a technocratic dictator subject in his economic administration to the overriding principles and policy of International Finance.

We do not propose to work out the exercise on the present occasion. Nor do we set it as directly leading to a final comprehensive conclusion. We do so because it affords a means by which anybody familiar with business life and practice can clarify his objections to the Social Credit Proposals as being unsound in theory and superfluous in practice. We will give the game a start by pointing out two main ways in which the Co-operative State Manager may recover the first £100 disbursed (and of course all subsequent disbursements) from the citizens: namely, (a) sales of consumption goods: (b) sales of shares in the Co-operative State as a going concern, or (the same thing in principle) charges for the privilege of membership of the State. Under "a," assume that one quarter of the production in the first period can be converted into a consumable form within that period, and another quarter each in the next three periods—totality of conversion requiring four periods as previously laid down. Under "b," we must remind players that shares or other documentary evidence of the surrender of money are not valid tender for the purchase of goods: the investor who wants goods must sell his shares within the circle for what they will fetch there.

It will be noted that taxation as an additional means of raising money is not necessary; for the "State" does not buy anything, it makes what it wants.

In concluding this section, we are aware that we have left some loose ends hanging out; but that is all to the good, because the exercise of discovering them will in itself put the investigator well on the way to tying them up.

## IV.

With reference to the last paragraph but two of the criticism under discussion the author falls to the usual easy temptation of doing what may be described as "calling in the elsewhere" to redress the balance of the here." He agrees (a) that a particular sum of disbursed money, "A," figures as a cost at an intermediate stage of a production process which we will call "P"; (b) that this cost is going to be carried forward into the third and final stage of that process where it will issue as a constituent in the price for "P" consumables; and (c) that the equivalent money, say, "PA," will not similarly travel forward parallel, as it were, to the "P" chain of process to offset the "P" cost. But he proceeds to say that this does not matter because the money "PA" has crossed over "in period 2" and bought consumables from another chain of process "Q." Pre-empted, then, when the "P" consumables are ready, the deficiency thus occasioned in the money to meet full costs is made up by money crossing over from some third process, "Y"—or may it be from process Q?—one good turn deserving another. Such crossings of credit are admittedly always happening, but merely to point the fact out is valueless.

It begs the question: for if the contention is that every process from "A" to "Z" is each in turn able to avoid deficits in revenue by drawing on the rest, then that is saying in other words that collectively they can recover their costs out of their own disbursements at any time they need to do so. It is assuming the general proposition which has to be proved, and doing so on the slender basis of a particular example. If this is the author's contention (for misunderstandings are bound to occur under the limitations of written or printed controversy on this subject) it would appear that the amalgamation of all industry into one concern with one banking account and one costing system would confirm his diagnosis and constitute the remedy for the anomalies of the system. Curiously enough, that is just the hypothetical situation which we hold would most easily confirm our own diagnosis—as is indicated by the exercise that we have set in the previous section.

We have more than once published arguments to show the invalidity of the crossed-credit basis of disproving the A + B Theorem. We reproduce one of them:

Taking the progress of the conversion of a raw material to a consumable product, as it actually takes place within the production-system, the principle under which the material is bought and sold is the same as if every firm along the chain of production directly borrowed from the banking-system an amount of credit equal to the total of its purchases from its supplier. In practice such firms usually chase from its supplier. In practice such firms usually chase from its supplier, and so on. But none of those customers to their customers, and so on. But none of them can provide more facilities of this sort than it receives: and all the time it is the banking system which originates and determines all their floating credits. So, in principle, every debt owed by one firm to another for supplies is a debt owing to the banking system. If so, then its payment of such a debt is the repayment of a bank loan, and results in the cancellation for "destruction" (vide Mr. McKenna) of a deposit. This is another way of saying that the "B" expenditure of a firm represents the cancellation of purchasing-power and not an addition to it. To state this conclusion in ordinary terms: if the energies of the whole community were directed to producing one consumable article, say bread, then no part of the money spent by any baker on, say a purchase of coal, would rank as valid purchasing-power in respect of the private consumption of the particular batch of bread which was to be baked by the use of that particular batch of coal. Notice our italicised emphases, which we now explain. A trader may often use business revenue for personal consumption; but this use of it is *invalid*; it has to be temporary only, and must be replaced. "Private consumption" is emphasised because the term "consumption" is often popularly used in reference to the purchases of goods for use in business; e.g., "consumption of raw materials," to describe purchases of goods by firms inside the industrial system. The only real consumption is represented by deliveries of goods to private buyers outside the system. By using the term *batch* our intention is to lay stress on the separateness of each chain of production—the reason being that unless one can disprove the A + B Theorem in respect of the costing of an isolated chain of production, he has no ground of argument left. If there are, say, ten lines of production, all of them convergent on the ultimate appearance of a certain consumable product, and anybody asserts that the final cost of this composite product can be met by the consumers' incomes under existing financial arrangements, he can only prove it by showing that the incomes distributed along each of the ten lines of production are separately able to meet the final cost of each particular constituent at the time when the ten constituents and costs are merged into one article and price. It is not the slightest use showing that the costs incurred along Line No. 1 can be met by dipping into the credits used along Line No. 2.

## V.

Another line of investigation is as follows. It is an axiomatic principle of finance that credit must be cancelled as and when industry sells goods to consumers—and to the total amount of the proceeds of the sale. It rests on the theory that bank-loans to industry create costs, become personal incomes, then revenue to industry, and lastly repayments to the

banks—and all to the same sum of money. On industry's side it cannot recover more costs than incomes disbursed, and on the consumers' side they cannot make any portion of their income serve as purchasing-power twice over. Such is the theory. And that it operates efficiently in practice is proved by the fact that when you spend a shilling in a shop your shilling is gone. You have had your share of the particular batch of products during the making of which your shilling was handed to you as wages. If your share is unduly small, some other consumer's share (and the money to buy it) is unduly large; so that when incomes are all added up they will be equal to the value of the total products to be shared—neither less nor more. Such is the theory, or belief, or hope, or objective—as you care to regard it.

Next: the means of applying the theory is the accounting system, which is designed accordingly. Now the principles of this system apply throughout industry, including the retail distributors. There is, for example, no difference in principle between the way in which, say, Selfridges on the one hand, and, say, the Southern Railway on the other, estimate costs and allocate revenue. Let us consider all retail trade to be done in one shop, and all consumers to be its customers. We'll call this shop "the Stores." The principals and servants operating the Stores will shop at the Stores; so their combined money-incomes short-circuit internally, and they can be considered as receiving payment in kind—eating part of their own stock. The money-disbursements of the Stores are now all of one character, i.e., "B" expenditure—purchases from "other firms." And the whole of its revenue from sales to outside consumers is hypothecated to meet "B" costs, and is used to discharge them. None of this money can get outside to function as additional demand on the particular batch of stock to which it is here related.

If this is so in regard to the Stores—the end link in the chain of industrial process, must it not also be so in regard to any intermediate link where (*ex hypothesi*) exactly the same principles of costing and allocation take place?

Another exercise is to proceed a step further and suppose that the customers of the Stores, having bought out the stock, proposed to re-sell it at cost, i.e., "B" cost. Could they sell it, or any of it, except back to the Stores? And, to generalise, can any things bought by one firm from another be re-sold except by "selling back"? And can there be "selling back" unless the banker at the commencement of the financial chain slackens his retirements of loans accordingly: or can there be "selling forward" unless he quickens his issues of loans? And even so what is the consequence of a system wherein only a "carry forward" of debt makes possible a "selling forward" of production?

#### VI.

As previously said, these reflections, taken separately, are not likely to be illuminating; but if surveyed in relation to each other they will, we hope, be found to converge towards a point from which the inquirer can "work out his own salvation" without "fear and trembling." In the absence of opportunity for systematic *viva voce* discussion the most we can do is to bump people up to get peeps over the wall of the A + B Theorem in various places. Conviction must come through the collaboration between our back and their eyes.

#### STUDY LECTURES IN BELFAST.

The Belfast Douglas Credit Group, in response to numerous requests, is holding a second series of six Study Lectures, in the Grand Central Hotel, at 7.30 p.m., on February 8, 16, and 23, and March 1, 8, and 15. Tickets for single lectures 6d., and for the series 2s. 6d. Mr. W. Adams, B.Com., B.Sc.Econ., is the lecturer for the series.

## The Economic Objective.

### MATERIAL OR SPIRITUAL?

The designing of an economic system involves psycho-technological problems. Its results depend on interactions between animate and inanimate forces—between mind and matter—between sentient instinct and insentient environment. This concept is adequately pictured in the saying: "Man's conquest of nature," as used in reference to economic development.

This picture allows of two interpretations. We can conceive

(a) "Man" as *all* men. In that case the thing to be conquered is the material environment in which all men find themselves.

Or we can conceive

(b) "Man" as *some* men. In that case the thing to be conquered includes *other* men as well as the material environment.

We may add a third concept not covered by the picture; it is (c) that of men abandoning the conquest of nature altogether and trying to conquer each other.

All three can be illustrated thus:—

(a) The unity of small primitive communities conscious of the continuous menace of starvation (crop failure through tempests, and other natural phenomena).

(b) Divided counsels in communities, not immediately menaced as above, about priority of urgency or desirability regarding various forms of economic activity.

(c) Absence of counsels altogether regarding forms of economic activity, and declension into a Babel of recrimination regarding moral conduct. This is a picture of to-day's civilisation.

These illustrations, in their order, mark the progressive obscuration of human perception concerning the object for which an economic system exists. The problem, which is at first purely technological, next becomes psycho-technological, and eventually emerges as purely psychological. To put it another way; the earliest concept of the objective is wholly material, then it becomes quasi-material, and finally it becomes wholly spiritual.

The original objective of economic co-operation was a material one, and was consciously recognised as such. And the only kind of psychology necessary for the efficiency of this co-operation was what may be termed the natural human responsiveness to a material inducement. The reason for co-operation was that by its means men could obtain material satisfactions which were not obtainable otherwise. A man's willingness to co-operate was "good," and a man's unwillingness was "bad," solely because co-operation brought material gain, while non-co-operation did not. The moral value of collective work was measured by its material results. Thus, to use phrenological terms, men's "self-regarding" propensities were an indispensable factor of economic efficiency—"self-perfecting" faculties being irrelevant.

What was true originally is true to-day. At least that presumption must be intelligibly rebutted before common-sense can abandon it. To say, as some do, that to work is a self-perfecting exercise, and is a moral duty apart from material rewards, is beside the point. The statement implies that outside a co-operative work-system there are no opportunities for work, nor any desire to do work, or else that if there are such opportunities and desire, the doing of the work is not a self-perfecting exercise, but rather the reverse. The second implication, that work inside an economic system is good for a man and work outside bad for him, again implies that the natures of the alternative forms of work are mutually contradictory, or that the condi-

tions under which the work takes place are so, as regards the moral effect. The first of these latter implications is difficult to sustain. It would require a clever dialectician to render even plausible the proposition that, for example, an artist, when painting a picture to order for reproduction in a trade catalogue is saving his soul, but when painting one on his own initiative for his own satisfaction, is losing his soul. The second implication is easier to put across—but only by suggestion. Directly it is formulated as a proposition it is as unconvincing as the first. For the manifest difference between the conditions of work inside and outside the economic system is that inside the choice of work and manner of doing it is beyond the control of the individual, whereas outside both are within his discretion. This leads, in the last analysis to the surprising conclusion that self-directed work is not a self-perfecting exercise.\*

This idea is an unmistakable symptom of what we may call, in terms of psycho-analysis, a "bun-harp" neurosis. Victims of it are in a state of confusion as to whether the economic system is intended to make buns (provide "worldly" satisfaction) or to train harpists (provide other-worldly regeneration). They are under the delusion that bun-eating and harp-playing are mutually contradictory objectives. They do not comprehend such a thing as human progress through bun-eating to harp-playing, but always *past* bun-eating to harp-playing. In terms of phrenology, it is like holding that man's self-perfecting faculties function at their maximum when he exercises his self-regarding propensities at their minimum. The smaller the buns the greater the music. No buns—sublime music! This is just as great nonsense philosophically as it obviously is physiologically. Man is like a plant: his self-regarding propensities are the roots—his self-perfecting propensities are the blossoms—and his altruistic propensities are the perfume. It is only through satiety of root-nourishment that colours and scents are made manifest, whether in plants or men. It is on this concept that the true moral sanction of an economic system rests, namely, that co-operation in production assures a greater supply of root-nourishment than non-co-operation, and that man's cultural development is really the sublimated overflow of his material satisfactions. Eating buns is the primary condition for playing harps—the exact contrary of the neurotic doctrine prevailing to-day that if you will twang harp-strings buns will come dancing to you out of nowhere, currants and all.

The signs of the falsity of this doctrine are manifest in the logical contradictions which arise directly you analyse it. They can be comprehended in the phenomenon that the original physical objective of the economic system recedes farther out of reach as you perfect your physical technique for reaching it. The technique in itself cannot be wrong because it is designed to speed up production, and is so designed because production must precede consumption. As the technocrats are pointing out, the economic system is bursting with efficiency in both its physical aspects (a) volume and speed of manufacture and (b) volume and speed of transport. Its capacity for production, and for distribution, in a physical sense, is already more than adequate, and is, even so, indefinitely expandable. What's wrong then? It is this: that man has been encouraged to

\* Cf. the Bishop of Ely:—"The City of London is incurably and fundamentally religious." "I believe we put God first are on the winning side." (THE NEW AGE, February 2, p. 166.) What the "winning side" must do to win is an abstraction; what it wins when it wins, is not stated. The Bishop could mean (but wouldn't say if he did) that if you give up your grub in this world you'll get a harp in the next. Grub plus a harp is "something for nothing," and is manifestly contrary to the will of the Giver of All Good Things

bun-consciousness up to the point of producing buns; but just there, when the delivering of the buns has been due to take place, he has been indoctrinated with harp-consciousness. It has been done by symbology interpreted by numerology. It is as if the communities of the world, having done their day's work, gazed at eventide on the setting behind the horizon of an enormous current bun, but in the morning were greeted by the rising of a golden harp. Going to sleep on the "bun standard," they awakened on the gold standard, and ploughed their buns into harp-strings.

## Postage-Stamp Currency.

The *Daily Mail* of February 13 contains an account of a plan to dodge exchange penalties on small transactions. It is based on the fact that national postage-stamps are exchangeable at par. For example, take England and Australia, and say that £6 in English currency exchanges for £10 in Australian currency. £6 worth of English postage-stamps will not exchange for more than £6 worth of Australian postage-stamps. Conversely, £10 worth of Australian stamps will exchange £10 worth of English stamps. So if a seller in Great Britain is willing to accept payment in stamps from a buyer in Australia, the latter can escape the penalty of the adverse exchange; and transactions can take place which otherwise would not.

But Australian stamps are of no use to the British seller. They are not legal tender here, nor do they vest in him the right to call on the service of the British Post Office. So what can he do with them? If anything, there should be formed an international "stamp-bank" or clearing house. This the *Philatelic Magazine* has done. By reason of its normal function as an organ serving philatelists in every country in the world, it is well-placed for dealing with the accounting and clearing of international stamp-transactions.

To quote the passage from the *Daily Mail's* account:

"A resident in Argentina, for example, may not be able to obtain sterling to pay a debt in England, but he can go to his local post office, purchase the necessary amount in stamps, and post them to this country. The Englishman to whom the payment is made cannot spend the foreign stamps as money because they are not legal tender. What he can do is to deposit the stamps with the Stamp Bank, which is conducted by the *Philatelic Magazine*, 112, Strand, London, and take the proceeds, not in cash, but in goods ordered through the 'bank,' for which the 'bank' will pay."

The report does not say how the "Philatelic Bank" deals with the countries whose stamps are deposited with it. Take Australia. Of course it would pay a buyer there to remit £6 worth of stamps for a British article priced at that sum, for it would cost him £10 if he bought exchange. But what happens when the British seller deposits the stamps and is credited with £6 drawable in goods. Ultimately any goods drawn must be Australian goods. But what prospective buyer in Britain—whether the seller in question or some other party—is going to pay £6 sterling for a £6 Australian stamp-credit when he can buy an Australian exchange-credit of £10 for £6?

However, the attempt to run a bank of this sort is an interesting sign of the times, whether there are snags in it or not. It shows once more how true Major Douglas's prophesy was in Ottawa ten years ago that if the professional financiers continued to neglect to put their system on a sound basis other people with less technical knowledge would take the job out of their hands. Two things are driving them to do so; one is that they are beginning to realise that the survival of business enterprise depends on banking policy, and the second is that, in any case, trade conditions are moving towards a situation in which the only enterprise that pays its way will be banking.

JOHN GRIMM.

## Medicine Men.

By A. W. Coleman.

It must seem to many Social Creditors, particularly recent converts, that, in view of the repeated confirmation of Social Credit analysis and forecasts by the moving drama of events, the failure of representative economists and financiers to appreciate and grasp the New Economics presents a disconcerting and baffling problem in psychology.

Or is it, after all, only another example of the reception accorded by normally intelligent persons to fundamentally new ideas?

I suggest the latter. For the change in outlook upon the economic world required for the understanding of Social Credit is formidable and fundamental.

Economists and bankers to-day are gentlemen who were born into, and have spent their lives in, a world in which the following propositions, amongst others, are axiomatic: it has possibly never occurred to them to question any one:—

1. That prices must be, at least, the sum of all the money costs incurred during production.
2. That an excess of exports over imports is a "favourable"—and desirable—balance of trade.
3. That National Budgets must be balanced by means of taxation revenue.
4. That the National Income is the sum of the money incomes of the members of the national community in question.
5. That financial credit can only be issued in the form of Debt, and must be based upon cash.
6. That the provision of employment is a definite function of Industry.
7. That the money cost of new capital production must be saved by the community.

What then must be the reaction of these gentlemen to a new economic science which deliberately challenges every one of these articles of faith?

The older economists and bankers to-day (some thirteen years after the publication of *Economic Democracy*) are in much the same position with relation to Social Credit as elderly orthodox Victorian gentlemen of 1884 (some thirteen years after the publication of *The Descent of Man*) found themselves when confronted with the Darwinian theory.

The effect of the proposition that mankind and the anthropoid apes are descended from a common ancestor, upon these gentlemen, bred as they were to Biblical ideas and the doctrine of special creation, was a violent mental shock, and their reaction to it was analogous to the normal physical reaction to a physical blow. The new idea was, to them, such a blasphemous denial of doctrines which they held sacred that any rational examination of the evidence on its merits was almost a psychological impossibility. In just such wise, the elderly bankers and economists of to-day react to the ideas embodied in the New Economics.

To the banker, in particular, financial rectitude, as he envisages it, is part of his religion, and there is a special sanctity bound up with his whole conception of debt; so that when he encounters proposals for non-repayable loans—and, moreover, non-repayable loans to consumers, merely to enable them to consume—he regards the whole thing as worse than preposterous and rejects it almost without examination.

In this connection, the opinion may be hazarded that it is little short of sheer disaster that the foremost men in the banking profession to-day are, almost without exception, men of high character and sterling integrity. Were they a pack of scoundrels there would be no difficulty in showing up modern banking for the fraudulent system which it undoubtedly is. As things are, the man in the

street cannot easily be persuaded that an essentially fraudulent institution can be operated in all good faith by men of this moral calibre.

Not a little light upon the bankers' mental attitude may be obtained by going back nearly three and a half centuries to the town of Pisa, where one, Galileo Galilei, was a junior professor of mathematics at the University. More than three centuries B.C., Aristotle had maintained that of two bodies of equal bulk left free to fall the heavier would move downwards faster than the lighter, and this teaching had remained unchallenged for more than nineteen hundred years.

Then, one day, Galileo climbed to the top of the Leaning Tower of Pisa, with a ten-pound weight and a one-pound weight, and, in the presence of an assembled group of professors and others, he dropped them simultaneously over the railing. A moment or so later they hit the ground simultaneously at the feet of the venerable gentlemen who throughout their lives had taught Aristotelian lore.

What happened? Surely, one would say, these worthy professors would have realised at once that Aristotle was wrong, and that acceleration due to gravity was independent of weight. Not a bit of it! They reiterated Aristotle's teaching, and declared that Galileo was wasting his time in making ridiculous experiments—monkeying about with a lot of absurd weights and things he didn't understand, or words to that effect.

Nothing is to be gained here by recounting Galileo's fate; we are concerned with the faculty of the University of Pisa—upright, learned and exemplary citizens as they doubtless were. Think you, Madam or Sir, that they have left no progeny? Are not Europe and America to-day bristling with their descendants? Is it really a matter for wonder that these descendants, faced with a world in chaos as a direct result of an all-round shortage of purchasing-power, should prescribe a further all-round reduction of purchasing-power as the obvious and only remedy?

But though the chaotic mental condition of the general run of bankers and economists may be largely explained in terms of such considerations, there remains a select hierarchy of Central Bankers, Cosmopolitan Financiers and Treasury Officials whose attitude toward both the current crisis and the existing money system requires the consideration of a further factor to make it explicable. And this factor, I suggest, is the mentality of the priest and of his ancestor, the medicine man.

The Priest, as keeper and preserver of the mysteries, stands between the God and his worshipper, making known the will of the God and upholding the worshipper in his allegiance to that will. Imbued with this joint responsibility, he will brook no interference with his priestly office—no questioning of the essential rightness of the magical or religious system he administers, or of his delegated authority to administer it.

Even so does the modern medicine man, the Priest of Mammon, stand to-day between the community and the community's credit. Only through his priestly office can the people obtain access to this credit, and he will brook no questioning either of the essential rightness of "sound finance," or of his gold-invested authority to ration salvation through debt.

Unfortunately in the case of the full-blooded medicine man, the Arch-priest, there is no cure for his mental condition. Whether he represent "Carpenter or Cameleer or Maya's dreaming son," or modern Gold-standard Mammon, he is equally past praying for—equally impervious to any reasoned criticism of his sacred profession. However, if civilisation is to survive, it is imperative that Mammon's priests be ousted. But they will have to be kicked out—and kicked hard.

## Social Credit and the Church.

By W. T. Symons.

The advent of *Faith and Society*\* is an event and a landmark. Here is a statement, always deep and cogent, by an outstanding figure in Anglo-Catholicism, who, with a thorough socialistic background of political thinking, became one of the creators of the National Guilds Movement, and "saw," as soon as it was offered by Major Douglas to an ungrateful world in 1918, that Social Credit could alone extend to the machinery of social reconstruction the means to its accomplishment.

Mr. Reckitt has followed that perception with all the ardour of one for whom the "good life" is the whole life. The Faith is the key to his economics, and gives consistency to his wide range of political and social thinking. In these days, when thinking on every subject is discrete to so alarming a degree, such wholeness is arresting, and presents to the disinterested mind a challenge in the name of Christianity.

This challenge is Mr. Reckitt's deliberate purpose. His religion is no opiate but a vivid and warm light, synthesising his own mind, and alone capable, in his belief, of affording steady guidance towards a social synthesis, with appropriate discrimination against the innumerable disruptive elements, as much in evidence in "reform" as in "reaction." *Faith and Society* is based upon principles.

For the first—and perhaps the last—time, has thus appeared a large sociological book with this important background. There is probably no one but Mr. Reckitt who has just the equipment for the task. The book is packed with observation, comment and suggestion; written with delightful clarity, rising often to brilliance of style which never loses sincerity. Its range extends in time over the last two decades of the Christian Social Movement, firmly held upon a base of accurate historical knowledge; and reaches in geographical range to an appraisal of religious and social conditions in the United States of America, contrasted with the parallel phenomena in Britain.

The doubt that assails the mind is raised by the title of the book. Mr. Reckitt writes not "The Faith—," but "Faith—," thereby ascribing to Christianity as represented in the Holy Catholic Church the sole, final and complete spring of action, for no sane man can doubt that we live by faith. But are the springs of faith bound up with the Church? Is the Church even *right* in relation to some of the great questions of the hour? Is its judgment final on the question of property, on marriage, on the family? Is its emphasis upon self-abnegation consistent with fulness of life? Is its pursuit of "personal salvation" harmonious with social being in the modern world? Is its preoccupation with the personal sacrifice of its Founder inspiring? Is its tone that of glorying in the great victory won by Man over Nature; and does it sound a triumphal march into the utterly unprecedented problems of the era of material Abundance into which we are entering?

Those to whom "the dethronement of abstractionism" is the key to the new world; to whom Social Credit is the ending of all idolatries, and the enthronement of Man, must question whether "The Faith" contains the answer to these questions—cannot as they are by our deepest intuition, which cannot be put aside.

That so strong and life-accepting a mind as Mr. Reckitt's answers "yes" is most significant; and

\* *Faith and Society*, by Maurice B. Reckitt (Longman's, 15s.).

no wise student of the world in which we live can afford to pass over into iconoclasm without examining the basis and argument of such faith. It is for this reason that *Faith and Society* is a landmark and its challenge vital. It cannot be ignored except by the superficial; the challenge must be met.

If the Nietzschean penetration of the modern soul in the name of Dionysos, and the wonderful understanding of human nature which flows from the psychology of which Nietzsche's genius was the progenitor, can be fairly met in the name of Christianity, the future may yet lie with the Church.

If the Church can sacrifice whatever is needed of the Pauline edifice raised upon the tropes of Jesus, and enable that majestic figure to emerge from His death and burial under Catholicism and Protestantism; if it can also survive the shattering of its slave morality by the two great modern forces: the Dionysian spirit and the sheer facts of modern achievement in transformation of the face of the world, it will have proved its wisdom to be more profound than it appears at this agitated moment.

Less than justice is done to Mr. Reckitt's work if it is not seen to raise these great issues, upon the answer to which depends the future of organised Christianity. And whether these issues be decided by the commonality in creation of a new Age of Faith, with the Church as centre; or whether the Church is destined to decline still further in authority, and Faith be centred elsewhere, certainly depends upon the adaptation of that great traditional body of wisdom to the problems so ably marshalled in this volume.

The realistic statement of the situation of modern civilisation is admirably set out; contributory thought is widely quoted in the most apposite manner; and the whole survey is itself the challenge Mr. Reckitt submits to the Communion of which he is a critical member. The pulse of the book is the author's passionate belief in the Church's mission, but he is under no delusion. He calls upon it to become Christian, for if there must be parting it is Christianity and not the Church upon which Mr. Reckitt ultimately relies.

### "THE NEW AGE" DINNER.

The next Dinner has been arranged to take place at Frascati's Restaurant on Saturday, March 18, at 6.30 for 7.0 p.m.

This Dinner will antedate by only three months the completion of the tenth year of the present editorship of "The New Age," and will mark the fourteenth year of the identification of this paper's policy with the Proposals of Major Douglas.

Major Douglas will be present as the guest of the evening, and it is hoped that on this occasion everyone who can do so will make a point of attending.

Further arrangements will be announced in due course. In the meantime seats may be reserved (price 10s. 6d.) by application to "The New Age," 70, High Holborn, London, W.C.1 (Telephone: Chancery 8470)

### Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:

Mr. Arthur Brenton,  
20, Rectory Road,  
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

## The Green Shirts.

The Gateshead-on-Tyne Green Shirt Section has been established, and a Section near by, at Eighton Banks, is in formation.

The Rochdale Green Shirt Section is making good headway. The nucleus of a local Women's Section has been formed. Open-air meetings will begin in this district within a week or two. It is of interest to note that two of the Rochdale Green Shirts just enrolled were on the Hunger March last October, and saw the London Green Shirt Section with their "Issue the National Dividend!" banner in Trafalgar Square.

Manchester Green Shirts are now organising outdoor meetings in Blackburn, where it is hoped to raise a Green Shirt Section very shortly.

The following is reported:—

Scene: A Green Shirt open-air meeting.

Voice from the Crowd: "Who are you—Robin Hood's men?"

Green Shirt Speaker: "Robin Hood wasn't such a fool as you seem to think—he didn't go short of food when there was plenty of deer in Sherwood Forest! How many times a week do you eat venison?"

Voices from the Crowd: "Ah, that's right!" "Good old Green Shirts!" "Stuff to give 'em!"

The Green Shirt Movement looks upon itself as an *ad hoc* organisation that exists to carry out a specific "job of work," which is: to generate the power to throw off the stranglehold of the Bankers' Combine and establish the Social Credit State.

As the Green Shirt Movement develops, it seems certain that the local Hundred will become the key unit of organisation. Without being fully conscious of it, the Green Shirts are here "grafting the progress of the present on sound traditions of the past." In England, and later also in Ireland, the *hundred* was a division of a county (the county replacing the old Anglo-Saxon shire), formerly having its own local court—the *hundred court* or *hundred moot*. Stubbs says:—

"The hundred . . . has been regarded: as denoting simply a division of a hundred hides of land; as the district which furnished a hundred warriors to the host; as representing the original settlement of the hundred warriors; or as composed of a hundred hides each of which furnished a single warrior."

For the Green Shirts the Hundred is the district unit of 100 men, having two distinct functions interacting one upon the other. Thus, the Green Shirt Hundred is (1) the active unit in each district, organised and able to parade as ten Sections of ten men, each Section under its own leader, with a Hundred Chief in charge of the whole, making 111 all told; and it is also (2) the local consultative body representing political authority—a "hundred moot"—in which there is constant consultation between all ranks.

In this way the Hundred is at one moment a *stratocracy* with a known and accepted hierarchy of authority (Officers, N.C.O.s and men) using an unarmoured military technique to carry out the decisions arrived at in consultation; and at another moment it is a *concilium belli* in conclave, arriving at decisions based upon the actual experience of its membership—a continual pooling and sorting-out of information—always in relation to a clearly defined theory of the first, second and third phases of disciplined mass pressure. It is this double technique that enables the Green Shirts to combine the advantages of "naked" democracy—that is, democracy stripped of its elaborate committee-ritual which seems to be specially designed (since "Nature in the raw is seldom mild!") to turn action into words, instead of words into action—with the swift and decisive executive ability to be found in any efficient military formation.

Here, again, is something of the utmost value that is at once understood and accepted by the broad masses.

I. A. R.

## Theatre Notes.

### Ten Minute Alibi: Haymarket.

If you are planning to commit a murder, dear reader, and you wish to escape detection, you must be careful of many things. Finger-prints and other possible clues must be obliterated. Women who are likely to give you away must be watched, and, most of all, it behoves you to avoid conveying the impression that you were anywhere near the scene of action at the fatal moment. In other words, you must always have an alibi ready for all embarrassing questions, and it must be an alibi which will stand the most gruelling tests. Now, it is impossible to produce a perfect alibi that is capable of being substantiated by reliable witnesses unless you can fix your man, as it were, outside time. There are two ways in which you may do the job, and it is not necessary to consult Professor Einstein or Mr. J. W. Dunne before you attempt either of them. The first is that, by means of an induced state of physical anaesthesia, you dream the murder as you wish it committed, and the second is that you commit it in reality as time and circumstances permit, in each case being assisted by an ingenious process or horological *leger de main*. It is probably best to pursue both courses to which I have alluded, as, in fact, is done in the clever play by Mr. Anthony Armstrong, which has recently been transferred from the Apollo to the Haymarket Theatre. "Ten Minute Alibi" deserves a long run, and I hope that it will get it, though nearly twenty theatrical managers turned it down before Mr. Ronald Adams had the good sense to give it a trial at Swiss Cottage.

Philip Sevilla possesses a luxurious flat in Bloomsbury, a suave and charming manner, and a leaning towards young ladies who have no troublesome relations. Betty Findon falls a willing victim to the wiles of this gentleman, who explains to her that they cannot get married immediately as his wife is insane and refuses to divorce him. Sevilla as his wife is insane and refuses to divorce him. Sevilla points out that they can, however, live together till he is free to marry her, and plans are accordingly made to spend the "honeymoon" in Paris. Betty's lack of a passport postpones the journey for two days, but when Sevilla produces the necessary document in due course it appears that he has taken the precaution of having it viséd for Brazil and the Argentine, amongst other countries, on the grounds that (as he aptly phrases it) his lady love might subsequently like to see "where I was born." In the meantime Colin Derwent, an old friend of Betty's, who has heard unpleasant rumours concerning Sevilla's character, comes to his flat to try to persuade him to abandon the Paris trip and the girl. The bold bad Sevilla replied that he is prepared to do this for a cash consideration; and to quiet his visitor, who looks as if he might be awkward, he gives him a drugged cigarette, which sends him to sleep for an hour. "I hope your deams will be pleasant ones!" is Sevilla's parting shot. And, by Jove, they are indeed, for in them Derwent kills Sevilla and saves Betty from the grim fate we read about in League of Nations blue books and other imaginative publications. In the second act the dream is taken over the same ground covered in the variations—a number of slight though not uninteresting variations—but on this occasion the murder is a reality. This may seem a risky move on the author's part; and yet I found this act more exciting than the first. Derwent has arranged to come round to Sevilla's flat with the cash on the day its owner leaves for France with Betty, and he appoints a solicitor to be prepared to meet them there. Sevilla rings the bell, and the solicitor on Derwent's instructions, but they never meet, since he is murdered while the lawyer is on his way to the flat. The strange manner in which the crime is carried out, the putting on of the clock in the bedroom, then putting it back, the disposal of the body in the room with a broken wrist-watch conveniently stopped at 3.5 p.m., the unexpected appearance of the producer and her passport, and the arrival of the solicitor, and subsequent re-arrival of Derwent, are all episodes which demand the exercise of considerable skill on the part of the producer and the players—in fact, the action of the piece has to be timed to the exact minute, and this chronological feat is successfully performed at the Haymarket. My admiration of these arrangements even increased in the third act, when the detectives set to work to unravel the mystery and finally pass Derwent's alibi as "cast iron." The murderer therefore gets away with it so far as the legal authorities are concerned, though to Betty he is betrayed in their very presence—and by the main instrument of his faked alibi, the clock! How? Well, this is a surprise for you which I won't spoil here by describing it.

There are eight characters in this play, and the actors who play them all seem to have studied their parts thoroughly. But the first preference I must cast in favour of Mr. Anthony

Ireland as Philip Sevilla. Though he is killed twice and does not enjoy the distinction of a "curtain" to himself, Mr. Ireland carries his production a long way on his shoulders—so far, indeed, that with his dramatic *exit* it could almost carry itself anywhere on its own momentum. I do not mean to suggest that Mr. Robert Douglas, who, as Colin Derwent, produces the alibi, and Miss Celia Johnson, whose popping eyes proclaim Betty Findon's girlish innocence, did not each deserve the applause which they received at their "curtain." They were both excellent. Mr. Ireland was also excellent, but the quality of his performance does not seem to have obtained the public recognition which it manifestly deserves. I hope to see more of this versatile actor in the West End. He is certainly outstanding in this thoughtfully written, carefully produced, and admirably staged piece. The best "thriller" I have seen for years.

RICHARD CARROLL.

## The Films.

### 14 Juillet: Academy.

René Clair is one of the masters of the cinema, whose work must be judged by his own very high standards, and his latest film is far from being his best. But that fact does not justify the verdict passed by most of the critics on "14 Juillet," which has on the whole been received as though it violated the Clair tradition and technique. It does nothing of the sort; we have here again a simple story of ordinary men and women with a Montmartre background, and, as in "Sous les Toits de Paris"—which to me still remains this director's most completely satisfying production—the narrative thread is of the slightest. Why those characteristics, which have hitherto been acclaimed as virtues, should now be regarded as defects, is not easily understandable.

"14 Juillet" certainly has its defects. It is too slow in the beginning; it contains far too much dialogue, which is especially regrettable since it was Clair who first showed that the less talk there was in a talkie, the more effective did the spoken word actually become; excessive use is made of the atmosphere of the Fête Nationale signally fails to get across. Incidentally, the director abandons this *motif* half-way through. But with all its blemishes, this is a distinguished and exceptional picture, characterised by a host of subtleties and by flashes of the most magnificent inconsequence that are the very essence of cinema. "14 Juillet," which should be seen at least twice for its proper appreciation, can best be described as a connoisseur's picture and a full-length essay in pure film. But it will very likely not appeal to audiences whose tastes lie in the direction of musical comedy or gangster melodrama.

### Cavalcade: Tivoli.

The only fitting adjectives for the screen version made by the Fox Film Corporation of Noel Coward's play are superlatives. "Cavalcade" is that very rare thing, an absolutely flawless film that, although made entirely as a commercial venture, merits the description of greatness. It has everything; superb casting, acting, direction, editing, and photography; sincerity and restraint; magnificent contrapuntal effects of which even the Russian studios would have every reason to be proud; and so vivid an atmosphere that the spectator becomes a participant. Indeed, in the music-hall scenes, I found myself wanting to applaud with the celluloid audience. This is a picture which one would like to describe in every detail; as an example of its subtlety and restraint, I may mention the funeral of Queen Victoria; this procession itself is unseen, only heard, but its passage is vividly recorded through the reactions of a few of the characters and a small knot of people on the pavement. I mention this instance, because most producers would have found it an irresistible temptation to display the whole pageant and leave nothing to the imagination, and because the economy of treatment here practised is in such striking contrast with the lavishness in other scenes, as, for example, in those showing the embarkation of troops at Southampton.

Technically, "Cavalcade" is perfection, and its idyllically has, in fact, been left to Hollywood to produce the most truly English film yet made, and I hope that a copy will be kept for posterity, even if only as a valuable historical record. When the proposed Film Institute materialises, one of its first duties should be to obtain a print for its archives. The whole of the excellent cast is British; special mention should be made of Merle Tottenham, in a small part; Clive Brook, who is for the first time in some years allowed to demonstrate that he is an actor and not merely a type; and Diana Wynyard. Of Miss Wynyard, who passes with the most exquisite virtuosity from youth to age, I content myself with saying that she is not only the greatest English actress

who has yet appeared on the screen, but is also among the few young actresses of any nationality worthy of being called great, and that she dominates every scene in which she plays.

### Frank Lloyd Directed!

NO TALENT NEED APPLY.

That "Cavalcade" was not made in England is perhaps excusable, since our studios lack the technical resources for such lavish spectacular productions, which are also, apparently, beyond their financial resources. But it is inexcusable that players of the calibre of Diana Wynyard, of whom our film companies must presumably have heard in view of her success on the London stage, should be allowed to go to Hollywood without any endeavour being made to use her in British pictures. Miss Wynyard is, however, merely one of a large number of talented native players, directors, and authors for whom Elstree and Shepherd's Bush and Islington and Beaconsfield have no use, despite their reputation. To expect our producers to try and find or develop new talent would be hopeless; an even more serious indictment of the native film industry is its complete disregard of men and women whose names are so well known that even Wardour Street might be expected to recognise their box-office value. I have not in mind such people as Clive Brook, for instance, who were little known before they crossed the Atlantic, and who cannot now, for the greater part, be induced to return to their native country. Recent film rights acquired by Hollywood include stories and plays by W. W. Jacobs, Clemence Dane, Gilbert Frankau, and W. H. Hudson. Charles Morgan's "The Fountain," one of the outstanding novels of last year, is being filmed by Radio Pictures. Somerset Maugham and Lonsdale have provided the scenario material of so many American films that it would be excusable if English audiences imagined these talented men of the theatre to be envious of the success of recent English plays, is being made into a film by Metro-Goldwyn-Mayer. Universal Pictures are making "She," and have already made "The Old Dark House." Hollywood made "Journey's End," and James Whale, who was responsible both for the production of the play and the direction of the film, is still apparently unemployed and the direction of American pictures, as practically nothing except appear in American pictures, do Aubrey Smith, Bramwell Fletcher, and Leslie Howard. Even when young native actors and actresses of any real merit are allowed to show their abilities in English films, they are usually obliged to emigrate to the United States if they wish to remain on the screen. Nor can our producing concerns interest themselves in distinguished foreigners. It is left to Hollywood to put Molnar and Pirandello on the screen. Elstree will have nothing of Vicki Baum. Francis Lederer becomes a West End matinee idol, and goes to Hollywood. It is true that our studios have made "The Good Companions." But with what a cast!

Alfred Hitchcock, one of the few English directors who seemed at one time as though he would bring some ideas to the native screen—and who then made "Rich and Strange"—wrote a few days ago that "Making a picture is a comparatively simple matter. The great need of the British film industry to-day is stars." Has Mr. Hitchcock never heard of Miss Wynyard? The fact is that the controllers of the British film industry have no use for real talent, would not recognise a star if they saw one, and have no intention of adopting the method of "grooming" that has built up the star system in the United States. No. In spite of Mr. Hitchcock, the notice that should be hung outside the doors of every English motion-picture factory is: "Talent, ability, originality need not apply. If you are suited to the screen, keep out."

DAVID OCKHAM.

### FORTHCOMING MEETINGS.

At the Village Hall, Fernhurst, Haslemere, "The Great Slump." An illustrated public lecture, Thursday, February 23, 8 p.m. At the Court Room, Godalming, Friday, February 24, 7.30 p.m. (for Godalming Co-operative Educational Department). Lecturer, Philip T. Kenway—a "Green Shirt."

### GLASGOW DOUGLAS CREDIT ASSOCIATION.

Under the auspices of this association the following public lecture will be held in the Christian Institute, Bothwell Street, Glasgow, each meeting commencing at 8 p.m. All interested invited. Questions welcomed. Tuesday, February 28.—Subject: "Technocracy and Douglas Social Credit." Speaker: J. Longden.

## Events of the Week.

(Compiled by M. A. Phillips.)

- February 4.**  
Denmark depreciates currency below sterling.  
Anglo-Persian oil dispute temporarily settled.  
British Bankers Association forming scheme for medium-term loans to industry.  
Speed-up of British Naval Construction.  
Chamberlain hints at further economies in coming Budget.  
International Steel cartel renewed for further five years.  
Building Societies promote loan scheme for house repairs, etc.  
Mutiny in Dutch East India Navy over wage cuts.
- February 5.**  
T.U.C. and Labour Party mass demonstration in Hyde Park. Resolution against Means Test, etc., passed and sent to Prime Minister.
- February 6.**  
Social conditions in U.S.A. (continued):  
Unemployed ..... 12,000,000  
Working part time .... 9,000,000  
Living in poverty ..... 45,000,000  
—(American Federation of Labour.)  
Milk Commission report—control and limitation of production recommended.  
Communist riots in Munich: Hitler's arrival there.  
Austrian Loan Bill (£4,300,000 loan to repay Bank of England loans) before Commons.
- February 7.**  
£ rises to 3.44 dols.  
Kaffir gold share boom continues.  
Unemployment in Great Britain, 2,903,000 (+ 180,000 in a month).  
Hitler and von Papen dissolve Prussian Diet.  
League of Nations strengthen against Japan.  
Martial law declared in Rumania.
- February 8.**  
U.S. Senate vote pay cuts for Army.  
Sydney Bridge suicides 19 since opening.  
More talk in Parliament about B.B.C. "control."  
Canadian dollar still falling, now = 4.1 dols.  
Flight from U.S. dollar continues; francs and sterling rising in consequence.  
Re-flation for public works to be tried in Italy.
- February 9.**  
Al Smith to have place in Roosevelt's Cabinet—drastic changes in the Constitution foreshadowed.  
Revolution threatened in Jugo-Slavia.  
Debt discussions between Washington and London still taking place.  
New York Municipal Welfare Association reports that the city contains 750,000 destitute persons (including 500,000 children) without sufficient clothing and shelter.
- February 10.**  
Totalisators on all dog tracks stopped.  
Major Nathan goes into opposition.  
Tea restriction plan now operating.  
New Balkan war possible.
- February 11, 1933.**  
Big gas-works explosion at Neunkirchen, Germany; many killed and injured.  
Dutch East India Naval mutiny over after bombing of ship.
- February 13, 1933.**  
Japan and League of Nations: relations strained.  
More talk of U.S.A. dictatorship.  
Rigid martial law in Rumania: many strikes.  
South African £ not officially "linked" to sterling, but will probably follow it.  
Tom Mann released from prison.
- February 14, 1933.**  
World Economic Conference to be linked up with Anglo-American Debt talks.  
Cunard-White Star traffic pool with elimination of Atlantic competition.  
Hoover on Debts: return to gold standard possible, using Debt repayments to facilitate this.  
Japan defies League's Committee of Nineteen: Ultimatum to be sent to China: War probable.
- February 15, 1933.**  
Death of H. C. Hambro, of Hambros Bank, Westminster Bank, and Cables and Wireless, Ltd.  
Detroit and Michigan State: failure of Union Guardian Trust Co. and closing of all banks (500): general eight-day moratorium declared.  
Tea restriction plan in full force.  
Transport Bill passes Commons.

## Unemployment in Great Britain:—

Registered ... ..	2,903,000
Unregistered since Anomalies Act ... ..	170,000
<b>Total, January 24, 1933 ... ..</b>	<b>3,073,000</b>
<b>Total, August 24, 1931 ... ..</b>	<b>2,733,000</b>
<b>Increase during life of National Government (17 months) ... ..</b>	<b>340,000</b>

**February 16, 1933.**  
Political treaty signed between Czecho-Slovakia, Jugo-Slavia, and Rumania, under auspices of League of Nations.  
Unsuccessful attempt to assassinate President-elect Roosevelt in Chicago.  
French shops in Paris and elsewhere strike against increased taxation.

**February 17, 1933.**  
Michigan financial collapse: serious flight from dollar commences: Bank of England supports dollar out of Exchange Equalisation Fund.  
Riots and strike continue in Rumania: strikers fired on: many killed.

## LETTERS TO THE EDITOR.

## THE NATIONAL CREDIT ASSOCIATION.

Sir,—May I be allowed to thank John Hargrave for his amusing contribution to the correspondence in your last issue, and to suggest:—

(a) That his movement be now known as the "Green-eyed Movement for Social Credit."  
(b) That the Head Man henceforth bear the title "White Rabbit."

Faithfully yours,

STEPHEN W. WYATT,

Director, The National Credit Association of Great Britain,  
60, Gower-street, W.C.1.  
February 17, 1933.

Sir,—I have no desire to carp at the National Credit Association, but when I read the copy of its second annual report which was sent me, I had the same sort of impression that Mr. Hargrave received. The report, to say the least, is not likely to induce me to become a member. Its authors can only be described as suffering from a strain of misplaced flippancy, which ill-becomes such a successful organisation as they claim to have. "... because there are so many people that seem disinclined to join organisations, to peruse periodicals, or to fill chairs at meetings." A pretty way to describe one's subscribers and one's audiences! "We may say that we have now succeeded in gathering practically the whole of the Social Credit Movement in these islands under our wing." How patronising! "Our only New Economics are merely a sort of intellectual game, divorced from practical life." What a bright approach towards securing their money or co-operation in the future!

And why this Americanistic back-slash at introverts? Shades of Plato and Newton, two introverts! As well grouse at extraverts because some of them resemble Babbit. I do not understand the emphasis on a mention in the *Daily Mail*. In the last ten years there has been much more space given from time to time by other papers with a serious and more influential circle of readers, e.g., the *News Chronicle*, *Manchester Guardian Commercial*, *Forward* (to mention three different types). There has always been a stream, continual but varying in size, of letters and paragraphs in all sorts of periodicals, and it has been this effort on the part of a large number of Social Creditors up and down the country which partly accounts for the current spread of Social Credit ideas. Another factor is that the past Social Credit has had to contend against the Micawber philosophy that next New Year's Day something for the better was bound to arrive round the corner. That hope has been dwindling lately, so that propaganda goes easier home than it did.

But I would end this letter with a small suggestion. The Green Shirt uniform has made a stir, and green seems to have become somewhat associated with Social Credit either in the minds of adherents, when and where they feel inclined, and whether they belong to any group or society or not, should wear a strand or knot of medium green thread in the lapel of their coat or other suitable place. In Ireland it would have to be purple or some colour which did not clash with "The Wearing of the Green." This entirely voluntary badge should lead to Social Creditors making one another's acquaintance more frequently than now, and occasionally to them finding an extra opportunity to

approach non-Social Creditors. I have been unable to think of any disadvantage. Members of societies using badges would, of course, continue with theirs.

HILDERIC COUSENS.

Sir,—As a worker for the introduction of Douglas Social Credit in Britain, I very much regret the publication of Mr. Hargrave's letter in your issue of February 16.

However justified the criticism of the report in question may be, it would have been much better expressed in private to the association concerned.

As you have often pointed out in your inspiring notes, we cannot afford to neglect any possible avenue of approach to the establishment of Douglas Social Credit, nor to publicly depreciate the efforts of any sincere workers, however unduly optimistic.

Surely this is a case for the policy of Mark ix., 38-40:—  
"And John answered Him, saying, Master, we saw one casting out devils in Thy name, and he followeth not us: and we forbid him, because he followeth not us. But Jesus said, Forbid him not: for there is no man which shall do a miracle in my name, that can lightly speak evil of me. For he that is not against us is on our part."

"UP DOUGLAS!"

Sir,—I think it extremely regrettable that Mr. Hargrave should write in such an autocratically superior way regarding the National Credit Association, because, however different their methods, the two organisations undoubtedly have the same aim in view.

Mr. Hargrave "knows" that the Green Shirt movement is the way to success; he does not actually say so, but he implies that it is the only way to succeed. In that case he should be told that quite 19 out of 20 of those who can be called Douglas supporters consider that the Green Shirt movement is in itself ridiculous. I speak as one who is familiar with, at any rate, several hundred Social Creditors in all parts of the country from whom I have made enquiries on this particular point.

I should say also that the Green Shirt efforts discourage at least 90 per cent. of those who are attracted by the Douglas books, another point upon which I speak with experience. I myself know the case of a well-known writer, whom most of us read at least once a week, and whom we hear occasionally on the wireless, who was taking a keen interest in the subject, and who would have been a valuable ally. He finally dropped it as being ridiculous, forming his opinion almost wholly by the fact that at some meeting he was attending on astronomy or some such distant subject somebody in a Green Shirt kept jumping up and asking, "What about the Douglas Scheme?"

Most will agree that in the report of the National Credit Association there is undue enthusiasm over Professor Soddy's article in the *Daily Mail*, but this is at least understandable by those who have found the boycott by the National Press on even the mention of Douglas's name a very real barrier to our efforts. On the other hand, there is nothing unreasonable in the suggestion that "should one community adopt Social Credit then the whole world must follow suit almost at once." Those of us who, like Mr. Hargrave, are convinced that the adoption of the Scheme would immediately bring about enormous prosperity can hardly refrain from concluding that such an object-lesson would be one that it would be impossible for any other nation to ignore.

I repeat, the great majority of Social Creditors would feel ridiculous parading in green shirts, and are inclined to think that others doing so look equally as ridiculous as they themselves would feel, but at least they are tolerant enough to say that those who think such a method of value should be allowed to practise it. They do, however, expect from the Green Shirts some tolerance of their own less flamboyant but, in their opinion, more effective methods.

J. A. FRANKLIN.

"THE CASE AGAINST EINSTEIN."  
Sir,—The reply of your reviewer to my letter is again unjust to me, and, I would like to believe, to himself. He is generally correct in his suggestion that my book has been grossly misrepresented; I have, in fact, been greatly surprised at the eulogistic tone of most of the reviewers, while I do not understand the emphasis on a mention in the *Daily Mail*. In the last ten years there has been much more space given from time to time by other papers with a serious and more influential circle of readers, e.g., the *News Chronicle*, *Manchester Guardian Commercial*, *Forward* (to mention three different types). There has always been a stream, continual but varying in size, of letters and paragraphs in all sorts of periodicals, and it has been this effort on the part of a large number of Social Creditors up and down the country which partly accounts for the current spread of Social Credit ideas. Another factor is that the past Social Credit has had to contend against the Micawber philosophy that next New Year's Day something for the better was bound to arrive round the corner. That hope has been dwindling lately, so that propaganda goes easier home than it did.

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on THE NEW AGE for fair play; for, while I am not of a temperament to allow myself to be strangled in the dark by the mutes of the Seraglio, there is also involved, apart from my reputation, a question of high importance in science. Your reviewer has no right to say that I assert that the Einstein school "faked the theory (or the coefficients) to suit the observations"; I am so little positive on this point that I refuse to assert the contrary; my argument was that their mode of producing a law of gravitation, and drawing conclusions from it, was so outrageously lacking in the due consideration of all the factors, so devoid of rigour and cogency in the mathematical exposition, that they had no right to claim any precise determination at all; and that, knowing the discrepancy which required bridging in the case of Mercury, it was not surprising that they handed in appropriate figures. Then I pointed out that—even passing the sponge over their irresponsible methods—this apparent exactitude told against them, for had all the causes of error been taken into account, the discrepancy itself would be seriously reduced. I added that their methods of calculation, if accepted, gave markedly wrong results in the case of Venus.

There is, in this reference, nothing of inconsistency, nothing that "savours of the style of Bernard Shaw," for I am dealing with facts on which Einsteinists and anti-Einsteinists are agreed. I did not enter into all the side issues, for, even where amplification would have reinforced my case, I thought well to restrict myself, for the same reason as I now reluctantly cease—limitation of space.

ARTHUR LYNCH.

[Now that we have published Lynch's case for Lynch's case against Einstein we hope to be left in peace.—ED.]

## Putting Over Douglas.

## MR. TUKE'S ADDRESS TO LEISURE SOCIETY.

To a crowded meeting of the Leisure Society, held on February 14, Mr. J. E. Tuke—Quaker, engineer, and ardent Douglasite—outlined with charming modesty and quiet humour some of his varied experiences up and down the country in endeavouring to obtain active support for Social Credit.

Since his introduction to the Douglas theories by a fellow Yorkshireman some fourteen years ago, he had been unshakable in his conviction that the only hope for civilisation was based on them. Though he had never really gone out with his way to propagate Social Credit, contenting himself with putting its principles before people and associations with whom he had come into sympathetic contact, the speaker had at one time or another demonstrated to political and adult education groups, Rotary clubs, co-operative societies, and religious bodies the vital necessity of distributing "the wages of the machine."

The Society of Friends had naturally been one of his first objectives, and it pleased him to be able to mention resolutions to the effect that "credit should be democratically controlled" passed as long ago as 1922 by conferences of economic committees set up by the Friends.

In recent years an outstanding event in Mr. Tuke's life as a Douglas propagandist had been the circulation at the end of 1929, among 125 newspapers in Great Britain, of a letter urging an extension of the terms of reference of the Macmillan Commission. The letter, which had been signed by forty leading Douglasites, had been published by twenty-five papers.

He had also taken time by the forelock when his own firm had been approached by the British Engineering Association. He had written to big men in the engineering world on the directorate of the Association advocating Social Credit as an engineer's way of distributing the product of industry, and had received a good number of most encouraging replies.

Only two months ago he had sent a questionnaire on the implications of the Machine Age to leading public men in this country, including Mr. Montagu Norman and several well-known orthodox economists. The hedging contained in the answers given by some of the latter gentlemen had caused him much amusement.

In conclusion, Mr. Tuke apologised for his "bragging," but said he would consider that his address had been worth while if it stimulated other Douglasites with an aptitude for his methods of propaganda to take advantage of contacts they made with people who were likely to understand their views.

Mention was made in the ensuing discussion of the great difficulties in the way of advertising Social Credit. It was generally felt, however, that these difficulties would be largely overcome if Douglasites tried to emulate Mr. Tuke.

R. E. W.

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## The Social Credit Movement.

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

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

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