

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	217	THE FILMS. By David Ockham	226
Money as the right and power of action, considered as a background to Sir Stafford Cripps's projected militant policy for the next Labour Government—overcoming the House of Lords—the General Federation of Trade Unions—its accounts and report—a virtual investment trust.		<i>The Working Man. The Stranger's Return.</i>	
THE NAZI MONEY-SUPPLY. By "Scrutator"	222	THEATRE NOTES. By V. S.	226
<i>Hitler as Frankenstein.</i> (Johannes Steel.) This book deals, in one section, with the question of where Hitler got his money.		<i>Is Life Worth Living?</i>	
THE GREEN SHIRTS. By H. T. W.	224	THE TRADE CYCLE. By C. H. Douglas. Reprint	226
QUESTIONS AND ANSWERS. By the Credit Study Group	225	Reprint of letter by Major Douglas to <i>The Times Literary Supplement</i> of August 17, 1933.	
		CORRESPONDENCE	227
		W. L. Bardsley (Social Credit Secretariat), S. P. Abrams (Birmingham Social Credit Group), E. M. White, C. R. Bence, H. T. Webb (Green Shirt Movement).	

NOTES OF THE WEEK.

Sir Stafford Cripps on Labour Policy.

Money has been well defined, in one of its aspects, as a Right of Action. And in the field of modern economics it is the only right of action. Since all money, in all its forms, is created by the banks, the banks are the creators of all rights of action. And since this money is issued invariably as loans at their discretion they are the supreme and exclusive controllers of the exercise of rights of action. Whenever a borrower from a bank repays a loan he renounces a right of action. Relating this truth to the dictum of Mr. McKenna that bank-loans create deposits and that the repayment of such loans destroys deposits, the rights of action renounced by borrowers in their repayments do not accrue to anyone else in the economic field, but revert to the banks and are destroyed. Orthodox economists affirm, and correctly, that economic processes are continuous, which implies that the banks are always issuing new loans concurrently with the calling in of old ones—and generally to the same amount. This would mean that the rights of action exercisable by members of the community are constant in their collective amount. This would mean, in turn, that rights of action surrendered in repayments of old loans are revived in the issue of new loans, and that there is no surrender of such rights in the aggregate.

But the import of this conclusion is not what it appears to be. The snag lies in the implication of the word "aggregate" as applied to these rights. There would be some sense in adding them all up if whenever a borrower's right of action were destroyed the corresponding revived right of action were either reposed again in him, or in some other borrower whose exercise of it were conducive to their common interests. But this is not the case. Borrowers' interests conflict as often as they coincide. Economic co-operation between borrowers proceeds side by side with economic competitive exercises of rights of action; and if they are all added together the practical import of their aggregation is measured by their difference, not their sum. A right of action in the economic field should measure a

rate of progress. If you have ever watched a drunk man walking up a descending escalator you have seen for yourself that his right of action, and his exercise of it, did not represent, in his rate of progress, the sum of the two rates of movement—he might even be travelling backwards while moving forwards!

In economic competition certain particular rights of action are always in process of over-ruling other particular rights of action, as when, for example, the right to generate electricity succeeds in limiting the right to manufacture gas. This competition between producers has been held to make for progress, and has in fact done so if, by progress, we mean the supersession of less efficient methods by more efficient. That would be industrial efficiency, expressing itself in the greater capacity of production. Progress, however, does not depend alone on industrial efficiency, but on economic efficiency, which, were it achieved, would express itself in a capacity of consumption outside industry counterbalancing the capacity of production inside, and timed to coincide with the completion of the products.

Orthodox economists do not make this distinction. They assume that industrial efficiency fulfils the conditions for economic efficiency—that the speeding up of production generates an equivalent speeding up of consumption. Their assumption proceeds from the fallacy of arguing from the particular to the general. It is true, and has been experimentally ascertained, that if, in a particular section of the economic field, an increase in industrial efficiency is achieved, it can be accompanied by an increase in economic efficiency in that section. But it is not true that a simultaneous increase in industrial efficiency in all sections together will therefore generate a corresponding increase towards economic efficiency throughout the whole area. The reason is that in the case of the one section the raising of the people's capacity to consume products is derived from the lowering of other people's capacity to consume products elsewhere. It arises from the fact that the money circulating in the sectional area is supplemented by the bankers in that area in the process of financing exports of products into other areas. But the bankers in those other areas simultaneously cease to finance the makers of similar products. Therefore, taking the bankers of

all the areas together, they divert money—rights of action—away from the areas of the lower industrial efficiency to the area of the highest industrial efficiency.

Most people would say that this was the right thing to do. But how do the bankers estimate industrial efficiency? They do so by reference to industrial costs of production. The lower the costs the greater the industrial efficiency. The apotheosis of industrial efficiency would be reached when there were no costs at all. But in any given industrial area the capacity of the population to consume products depends upon money expended by industry. No costs, no consuming capacity. And, from the producers' point of view: No costs, no home market. Thus, in that given area, industrial efficiency, far from generating economic efficiency, destroys it. And if that is so in one area it is so in every other area considered separately. And it obviously would be so if all the areas were merged into one.

Now a watchful critic could attack this reasoning, pointing out that insofar as costs in a closed area can be scaled down, so can prices, and that therefore there is no essential conflict between industrial and economic efficiency. That would be true in a case where, within one and the same period of time, (a) a loan remained in circulation, (b) the whole of it were distributed as wages, salaries and profits, and (c) the whole of the products made by the use of the loan were put on the consumption market. Thus if a bank lends "A" £10 on Monday, repayable on Saturday, and "A" hires nine people at £1 each, payable on Saturday, and the ten of them go out and cut wood (which they get for nothing) and make ten toy boats, and finish them by Saturday, then, on Saturday, the ten of them can get a boat each for £1 each, the bank can get its £10 back and cancel it. Here the total loan equals the total cost which equals the total income, which, when spent on the boats, extinguishes the total boat-cost and thereupon the total bank-loan. In other words, the right of productive action has endured long enough to be transformed in its entirety into the right of distributive action, the exercise of which has transferred the whole "industrial production" into the personal possession of "consumers."

But nothing even remotely resembling this synchronisation takes place in modern industry. Of the three essential conditions "a," "b" and "c" enumerated in this hypothetical example, at least one (and in most cases all of them) is manifestly not observed. For example, a bank-loan repayable in, say, three months, may enter into a programme of manufacture which cannot issue in consumable form for several years. Again, there is no instance where the total costs of production are counterbalanced by concurrent payments of incomes to persons. Lastly, there is no instance where incomes paid to persons during a manufacturing process can be saved in their entirety until the end of the process. Whatever particular conclusions may be drawn from these facts, one general conclusion is plain; namely, that they do challenge the assumption of orthodox economists that if you take care of production, consumption will take care of itself. The conditions under which, as shown, this could be true are in such violent contrast to the conditions prevailing to-day that anyone who maintains that it is true will incur, in the opinion of thoughtful observers, the responsibility of proving it.

Economic efficiency, as defined, depends upon the operation of the principle of synchronisation. It does not depend on the application illustrated in the example: nor should it: nor is it necessary that it should. Nobody wishes to go back to primitive methods of production in order to equate consumption with production. That being so the principle of synchronisation must be applied in a different way. For instance, it is impossible to-day for the recipient of wages to spend

them on the products which he is simultaneously making (as was the case in the above example). Other instances will occur to the reader. Thus the structure and organisation of modern production are seen to involve dis-synchronisation. Having agreed that we do not want to destroy these features (involved in which is the enormous productive capacity of industry) economic efficiency must be sought in a principle of re-synchronisation that can be brought into action to correct the earlier dis-synchronisation. Well, it has been sought, and found: and is open for inspection and verification in the writings by Major Douglas and his followers.

Students of Major Douglas's analysis of orthodox loan-accountancy will endorse our statement that one of its effects is to retard existing industrial activities (by the retirement of outstanding loans) and that another is to accelerate new industrial activities (by the issue of new loans). They will further support us when we say that either can be, and often is, mischievous. Taking both together we say that the net effect of the two operations is that existing rights of productive action are withdrawn just at the point where they would have been transformed into rights of distributive action, and that new rights of productive action are foisted on the community as a *quid pro quo* for their surrendered rights of distributive action. In a phrase, the bankers are constantly ploughing economic efficiency into industrial efficiency.

A rough outline of the process can be based on the toy-boat illustration. Suppose that the banker called upon "A" to return the £10 on Wednesday when the boats were only half-made; and that at the same time he lent £10 to "B" to buy the unfinished boats from "A." This, of course, would not affect the economic efficiency of the little community provided that "B" went on with the work and got the boats finished and distributed. But suppose that the banker's reason for transferring "A's" existing right of action to "B" was that he, the banker, did not want the boats to be finished, but wanted "B" to exercise his new right of action on turning the half-made boats into something or else which (a) could not be finished within the week, or (b) was of no use to the community any way—then on the Saturday, when, by assumption, the community had to spend their money, all they would get would be a little sawdust.

We maintain that this is a true picture of what is happening throughout industry to-day. Masters and men alike are subtly induced and coerced into exchanging rights to eat for rights to work. During the war the bankers freely conferred rights of action on farmers to be exercised on the home-production of food. As soon as the war was over they withdrew those rights and conferred them on farmers overseas.

It will be realised that when an orthodox economist points out, as he can, that normally the bankers issue a new loan for every old one they retire, he is far short of proving that they are assisting the community to achieve their object. Though there is continuity of productive effort, it is accompanied by discontinuity of distributive effort. The old loans bring goods up to the counter, so to speak, but are retired before they can push them across the counter. "New loans for old" is a cry that covers the same trick as the story of Aladdin's lamps for old, made familiar in the story of old-fashioned lamps for old, when through unavoidable circumstances in some cases, when through unavoidable circumstances the bankers' interception of useful effort is belated, such as when bumper crops appear, their practice of it becomes visible to all the world, as when they issue new loans for the express purpose of burning wheat and coffee. But earlier interceptions are proceeding all the time and are not so easy to detect or interpret without some understanding of the credit question. When the war ended there was a lot of noble, almost biblical, talk of beating nitrogenous explosives into nitrogenous ferti-

lisers. "We will convert our war-plant to peace-purposes" was the cry. Yes, and what did this conversion amount to? The restriction of output to square with what the bankers chose to prescribe as "peace-requirements." They withdrew rights of action for war-production but did not issue equivalent rights of action for peace-production. Conversion assumed the form of "Rationalisation"—a process of intercepting distribution by scrapping the means of production.

So much for the industrial aspect of the situation. Next, consider the political aspect. Industrial policies are immediately imposed by the Government. Now whereas a Government's right of action is derived from the will of the people (or, the will of the "landlord-class" or the "capitalist class" if one likes to consider it so) that Government's exercise of the right depends upon its access to money. The power of action residing in a Government is leased from the bankers, who are the freeholders of that power. The lease is a short-term one, and is renewable at the bankers' option and on the bankers' conditions. There is no appeal. Either the Government exercises its leased power conformably with the bankers' policy, or the lease is transferred to an alternative group, who thereupon become the Government. And that group accepts office under precisely the same terms. The complexion of the Government makes no difference to its financial dependence on the bankers' favour. It can call itself "democratic" or "autocratic"—it can legislate with or without the check of Parliamentary debates—but it cannot ignore the master-check of the Money Monopoly.

Now there are two classes of legislation open to a Government, the one directed to regulate the conduct of the subjects of the Crown, and the other directed to revise and reform its own design and structure as an executive instrument. It is about the second that we wish to talk, because at the present moment a considerable amount of attention in the Labour Party is being focussed on the House of Lords. Sir Stafford Cripps has been delivering himself* of dark hints as to the objection which the Upper House will offer to the policy musings on what the new Government may do about it. The substance of his speeches amounts to the statement that the Labour Government will not tolerate any limitation of its right of action, as conferred upon it by the popular vote (for he postulates a Labour majority at the polls), nor upon its exercise of that right. In other words he is saying that if the House of Lords is prevented from interfering, the Labour Government will be free to interpret and exercise its right of action as it chooses. Either, then, he believes that the Labour Government can ignore the bankers, or he believes that they will approve its policy. We can dismiss the first supposition, for there are ex-Ministers of the last Labour Government who know what the bankers' power is. Accepting the second, Sir Stafford Cripps's picture of Labour overcoming the opposition of the Lords—and by drastic means if necessary—looks feasible enough, because if the bankers approve the Labour policy the Labour Government's quarrel will also be the bankers' quarrel, in which case the victory of the Government is certain. Moreover, the bankers, on their own accounts, have long had ideas for reforming the Upper House, and would not be sorry to see a Labour Government make war on that House, because it would enable them to introduce the reforms they wanted into the final peace-treaty.

Ab Cripps! could you and I with Dubb conspire To grasp this sorry House of Lords entire,

Would not we shatter it to bits—and then Re-mould it nearer to the Banks' Desire!

Sir Stafford Cripps has explained to an interviewer (*New Chronicle*, August 31) that he is not aiming at Problems of a Socialist Government." By Sir Stafford Cripps, K.C., M.P. (Gollancz, 5s.)

a Socialist dictatorship, but at preventing other dictatorships, whether imposed by Communists or Fascists. His idea seems to be that a representative Government should be in a position to implement its mandate without any checks or delays other than those inherent in the procedure of the House of Commons. It is based on the proposition that the checks and delays existing at present are the root cause of the growing popular tolerance of the idea of dictatorship connoting the prompt implementation of policy. This is true up to a point; but the whole truth resides in the fact that economic conditions are near the limit of human endurance. Naturally a population who are living within a week of the workhouse will want something done within a week; and if nobody but a dictator can do it in the time, well, let him do it. Sir Stafford Cripps says in effect that if legislation can be speeded up the menace of dictatorship will be eliminated. So it may in form; but the menace does not reside in the form, but in the substance. What he proposes will have the effect of aggravating every one of those infringements of personal rights and liberties summed up in Lord Hewart's phrase: "The New Despotism." Legislative speed is legislative lawlessness; Democracy in a hurry is Bureaucracy. And under existing financial arrangements every bureaucrat to a man is an agent of the Treasury, paid by the Treasury, and responsible to the Treasury. In short, he is a minor executive officer of the Bank of England. It is significant that all the emphasis in the Cripps Plan is on the clearance of decks for action (e.g., packing the Upper House with members of the Lower Orders, removing refractory judges, and things of that sort) and none on what the action is to be, and against whom or what it will be taken. Well, as we have already suggested, the Governor of the Bank of England is only too ready to assist in the deck-clearance. Last week he was in conclave with President Roosevelt, who is engaged in just such an operation. But before he saw Roosevelt he saw Harrison of the Federal Reserve Board; and there is little doubt that insofar as these gentlemen discussed ways and means of helping the President in his preparation for going into action, they devoted their main attention to picking him out an enemy to fire at.

Whether their plans will succeed in that country remains to be seen; for the American people are a dark horse in the sense that the bankers are never certain whether they will hold up a given policy or drive it too hard. One thing is certain, namely, that no political leaders in America are such natural allies of the bankers as is the Labour Party in this country. Both as regards Socialist ideology and Trade Union finance, this Party embodies the policy and technique of the bankers as no other can. Many years ago Mr. Orage said that Labour had no more right to pursue its economic interests in Parliament than had brewers. And to do the Party justice it seems to have acted on the reproof. For has any body of representatives done less for its clients than they? Conservatives and Liberals, Protectionists, and Free Traders, though paying lip-service to the doctrine that legislation should be for the common good, have hardly troubled to hide the fact that they were after something for the social castes and commercial classes which they represented. But the Labour Party, instead of pushing for working-class interests, have denounced "class legislation," and have acted consistently with that denunciation in all respects. They may answer that, never yet having commanded a majority in the House of Commons, they could not do anything effective. But this does not explain or excuse their attitude on policy, an attitude which makes it a certainty that if and when they ever get a majority, their legislation will be directed to preserving the worker's spiritual, not his economic, security. He is told that it is futile to strike, and wise to negotiate. Quite so; but he is not told that the reason is that the financial policy of the Trade Unions has been the cause of the futility, much less that that same policy has deprived the workers of the power to negotiate int-

the bargain. The process has been that of collecting the workers' money—representing their "rights of direct action"—and delivering it over to the banks for cancellation. One of the earliest pamphlets issued by the Social Credit Movement was a reprint of an article entitled "Trade Union Finance," which was published in *Public Welfare* in December, 1921. In that article the writer (Mr. Brenton) said that everybody belonging to a Trade Union should make it his business to demand a full account of how his money was invested, and of how the Union stood with regard to the banks.

"The need is imperative for a full and frank disclosure by the national leaders of all Trade Unions of the present financial position of their organisations. The Labour Movement ought to know to what extent its investments (savings) have been pledged with the money trust—in fact, to know which Trade Unions are solvent, and which insolvent. We do not raise this point with the view of indicting the leaders of the Trade Unions. In fact, let it be clearly understood beforehand that what they have done has been done under the compulsion of events. But any secrecy about the matter is not only futile; it is dangerous. It is futile because the real enemy knows all about it. It is dangerous because the rank and file, from whom all impulses to direct action arise, are kept in ignorance of facts which would tend to restrain them from hasty and immoderate courses."

This reasoning was underlined by an allusion to Mr. Frank Hodges' confession, made not long before, that the miners had started their last strike on an overdraft. That was when Mr. Hodges had begun to prophesy in terms of credit, an exercise which had not lasted long before the chariot of the International Miners' Federation bore him off to Threadneedle-street, like Elijah to heaven, except that he forgot to leave Cook his cloak.

Well, the warning was unheeded; and five years afterwards the Trade Union Movement went on strike in the dark and came off it in the same atmosphere, on a day appropriately called Black Friday. When Sir Stafford Cripps talks as if the Labour Movement had the power to negotiate with the King for the creation of Peers and other items in the High Political Circus, he is reckoning without the fact that the Trade Union Movement has no means of exercising pressure without assistance from the banks, and that their assistance will depend on guarantees that the Labour Government's policy will not transgress the principles of "sound finance."

In the Quarterly Report of the General Federation of Trade Unions, dated June 30, 1933, the Report of the Auditor (p. 13) reads as follows. Italics are ours.

"I have audited the Accounts of the General Federation of Trade Unions for the Quarter ended June 30, as herein contained.

"I have obtained all the information and explanations I have required.

"I have verified the balances on the Banking Accounts.

"I have not inspected the Deeds of the Properties as these are in the hands of the Federation's Solicitors, nor have I inspected the Mortgages, as these are held by the C.W.S. Bankers as collateral security for the overdraft on Current Account.

"I now report that in my opinion the said accounts are properly drawn up so as to exhibit a true and correct view of the state of the Federation's affairs.

"HERBERT SANDS,
Chartered Accountant, Auditor."

During the quarter the "General Income" of the Federation derived from contributions amounted to £6,875 (shillings and pence omitted). The allocation of this sum was as follows:—

Benefit paid out	303
Administrative expenses	1,145
Balance to Capital Account	5,428

Turning to the Balance Sheet we see that the Capital Account, which was £124,083 on March 31, has been increased by the above balance, and two others, on Property Revenue Account (£963) and Investment Income Account (£11) to £130,485.

In addition to this Liability is the Overdraft referred to, amounting to £120,321, which brings the total Liabilities (with a small item, Reserve for Dilapidations, £45) to £250,851.

The Assets are as follows:—

Land and Buildings	93,720
Investments	100
Mortgages	151,428
Sundry Debtors	5,200
Telephone Deposit	200
Cash at Bank or in hand	200
	£250,851

The Mortgages are as follows:—

Leyton Corporation	1,220
Liverpool Corporation	50,000
Mersey Docks and Harbour Board	80,000
Fylde Water Board	20,000

In none of the four Accounts mentioned can we find any record of the receipt of interest from the abovenamed mortgagors; nor any record of the payment of interest on the overdraft. The "Investment Income Account" shows only the interest on the £100 (payable by the Co-operative Printing Society), namely, £11 5s., whereas it should show the interest on the mortgages as well. The Property Revenue Account shows Rents, £1,162, as constituting the whole Income, and maintenance charges totalling £198 as the whole Expenditure. Even at one per cent. the interest on sums like £150,000 and £120,000 would be something like £400 and £300 per quarter, but no item in any of the Income and Expenditure Accounts is large enough to include sums like this, leaving aside the fact that the nomenclature of all the items is specific enough to forbid such an assumption if it were otherwise tenable. If the answer is that the interest received from the mortgagors is exactly equal to the interest paid to the C.W.S. Bank, the omission to record either (because they cancelled each other) would make no difference to the situation as disclosed by the Balance Sheet, but we should say it would make a difference to the picture which a member of the Federation would get of the "state of the Federation's affairs." Perhaps this would be put right in the next Report. Anyhow, the matter is of no consequence to us.

We want to emphasise something else. The total amount distributed to individuals (benefits, salaries, fees, commissions, etc.), does not exceed £1,200 (our estimate of the "Management Committee and Delegations" account for £334—these expenses alone exceeding the total benefits paid out by £311), or a paltry 17 per cent. of the £6,875 contributed out of the members' incomes. Thus the Federation, considered as an instrument of deflation, has got even the insurance companies who, in the hollow. If you did not know that the accounts were those of the Federation you could take them to be those of an ordinary Investment Trust, except that the investors in the latter usually get a dividend.

If the finance of Trade Unions generally is compared to this (and we see no reason for supposing that it is not) the fighting power of Labour is reduced to a mere taking a seat in the banker's armoured car and letting the gun off at the place he drives it to, and at the other he tells it to. The Federation owes in money nearly half the total of its assets, and is liable to be called upon to repay the whole sum on demand, which means selling assets in a hurry. Consider the Trade Unions collectively as being in a similar position, and it will be clear that if they do not maintain friendly relations with the banks their only means of raising money is to

their assets to people who have money, that is, to "capitalists." Whatever money of their own the capitalists have got to spend (and it is not much) a forced sale means a bad price. Apart from that, why should the capitalists assist Labour to raise funds for enforcing an avowedly anti-capitalist policy? The Trade Unions' collective attempt to liquidate their assets would let them down to the level of paupers and the impotence of paupers. They are imprisoned by their investments, and the bankers hold the key. A militant national Labour campaign would be in the nature of a sortie, and its feasibility depends entirely on whether the bankers are willing to let the Labour forces out.

The General Council of the Trades Union Congress has issued a Report on the attitude of Trade Unionism to Dictatorship. The Congress is to be asked to resolve that all dictatorships—even that of Socialism—are bad. *The Times*, in a leading article on the subject on September 1, says that the leaders of the Unions in Britain were greatly surprised and concerned at the time way in which their German brothers surrendered to Hitler. They had reposed great faith in the integrity and fighting spirit of German Trade Unionists, and had regarded them as the chief bulwark of Trade Unionism on the Continent. They see in the loss of liberty in Germany a menace to the liberty enjoyed in this country. The truth is that what has been lost in Germany is merely a formal liberty whose substance had been extinguished long previously by its trustees. When workers here read about Hitler's confiscation of Trade Union funds they doubtless get a picture of Nazis breaking open Labour's strong rooms and pinching the workers' cash. Well, let any member of the Weavers' Amalgamated Association (which we notice is the largest contributory to the General Federation of Trade Unions) ask himself what exactly would be the effect on his condition and prospects supposing that Sir Oswald Mosley's Black Shirts "confiscated" the property of the Federation as we have analysed it. And let him ask further what precise benefit would accrue to the Dictator from the "confiscation." For one thing, Bank (that is to the joint-stock bank behind it) £120,000 in money. On the other hand, all the other assets, he would find would be about £300. As for the other assets, he would be in exactly the same difficulty about liquidating them as would be the Federation itself if the bank called for repayment. Looked at from this point of view Hitler has been duped by Schacht, as representing banking interests, into making the German taxpayers liable to discharge the liabilities of the extinguished Trade Unions. Schacht must have known quite well that all that Hitler wanted was to drive the Trade Union executives out of political power, and that it would have been quite sufficient for the purpose to pass a law prohibiting Trade Unionists from paying in contributions, or Trade Union executives from receiving them. Not one per cent. of the German workers would have insisted on their right to pay contributions—the only resentment would have come from that small section which made a living or a reputation out of leadership. It wasn't done that way for the simple reason that the Unions would all have gone bankrupt, and the banks would have had to get back their loans as best they could out of the sale of the bankrupts' assets—a sale which, in the present condition of the German people would have produced a mere fraction of their book value.

Hitler may be said to have "nationalised" the Trade Unions. In the process of destroying their independence he has increased his own dependence on the good-will of the Reichsbank. And the same thing would happen if a Labour Government applied the principle to capitalist enterprises in this country. It would acquire physical assets, but also monetary liabilities. Whether it compensated the proprietors or not, it would certainly have

to take over their debts to the banks. Nothing has been heard recently of the "bankers' fleet" or of the ship-building, engineering, and other enterprises which they have reluctantly been nursing. Would it not suit their books nicely to dump that baby on the taxpayers' doorstep and at the same time translate their multitudinous private unsecured overdrafts into a block loan secured by the Government?

Mr. A. J. Cummings, one of the writers of "Notes of the Day" in the *News Chronicle*, commenting on Sir Stafford Cripps's speeches, says, (September 4):—

"No political party in power which is honestly desirous of improving economic and social conditions will have any difficulty in short-circuiting Government departments and speeding up executive action within the framework and spirit of the Constitution." (Our italics.)

In other words, any political or juridical obstacles can be surmounted so long as the Government's legislation is conformable with the technique and policy of High Finance. That technique and policy can be described in the phrase: Costing for Abstinence. After what we have been saying about Trade Union Finance there is no room for doubt that the "framework and spirit" of Trade-Union leadership outside Parliament and Labour representation inside, are exactly attuned in both respects to the "Constitution." The fact stares out of the Accounts of the General Federation of Trade Unions. The Secretary, Mr. W. A. Appleton, indulges, in the Report, in a homily on sound principles of financial technique and management. One section is headed: "How Much? Where From?" and is an admonition to workers to remember that any improvement in their condition will cost money and that somebody has to pay it. It is up to the worker to change his "ideas" and "possibly some of his institutions" if improvements are to be made possible. "The crux of the whole problem is cost," proceeds Mr. Appleton, quoting Major Douglas (whether consciously or not) "Once that question is settled"—i.e., once that, in a situation where all costing is for abstinence, an instalment of affluence appears somewhere—the question of organising its distribution offers no special difficulty. But—

"One condition, however, must be insisted on. The Governing Body shall definitely be divorced from the control of party politicians." . . . "he [the worker] must insist on an Executive, strictly limited in numbers, and as independent as judges. . . . Fortunately it is not difficult to constitute such a body. There are still men in Great Britain who, careless of monetary return, would regard association with the . . . scheme . . . as an honourable one. (Our italics.)

We will forbear comment on this stuff, except to say that the more we see of Mr. Appleton the more we like Herr Hitler.

Notice.

League of Nations Union (Newbury).

- At the Council Chamber, Municipal Buildings, 7.0 p.m. Wednesday, September 13.—Mr. Alec Wilson (L.N.U. H.Q. speaker), "The Money Machine."
- Wednesday, September 20.—Prof. Frederick Soddy, F.R.S. "The Social Credit Proposals of Major C. H. Douglas."
- Wednesday, October 18.—Mr. W. L. Bardsley, "The Economic and Financial Policies of the League of Nations Union."

Each address to be followed by open discussion.

"The Bank of England is . . . a private institution . . . independent of any form of legal control, save in regard to its powers of issuing bank notes and granting loans to the State."—(Macmillan Committee's Report, para. 50.)

not to forget that the two air aces, General Italo Balbo and Captain Goering, have been bosom friends for more than ten years now." The Baltic States are mentioned as having "contributed generously, considering their capacity," but details are not given.

Gottfried Feder, in editing the programme of the Party in 1932, categorically demanded "the nationalisation of all industry and banks," but "literally excerpts from this rule Krupp, Kirdorf, Abbe, Mannesmann, Siemens, and Henry Ford, by saying simply that this type of industrialist is all right and should not be touched; adding naively that 'they do provide work and their capital is "creative" capital, as distinct from the "grasping" capital in the bank vaults.'"

Herr Geheimrat Aust, "president of the Bavarian section of the German League of Industries . . . not only gave money directly to the Party, but also influenced a part of the Munich Press in favour of Hitler by subsidising it."

Emil Kirdorf, "the founder of some of the biggest Trusts in coal and steel, poured money into Hitler's exchequer."

The Vereinigte Stahlwerke in the Gelsenkirchen district, and other firms from the same district, supplied money.

It should be understood that the above are only a few of the facts (if they are facts) set forth in "Hitler as Frankenstein." The book is full of such "statements" (shall we call them?) We say this because we should not wish it to be thought that we have gutted the book; although we have, to some extent, gutted chapter two. The very special interest that this chapter holds for readers of THE NEW AGE is our only excuse.

In chapter seven, entitled "Teutonic Philosophies," we read:—

"The economic wisdom of the Hitlerites is best seen in the new definition of capital which was made by the author of the Programme of the National Socialist Workers' Party, Herr Gottfried Feder. According to Feder there are two kinds of capital, grasping and creating capital. The creating capital is that invested in enterprises like Krupps, Thyssen, the Chemical Trust, Ford and Orpel (in short, the people who have supported Hitler's campaign with money), and the grasping capital that which is in the hands of the banks. Now if we substitute for banks, Jews or non-Aryan, we have exactly what the Nazis mean. . . ."

So we see that, by allowing and encouraging Hitler to attack the "banks," and, since most people can only "hate" a personal enemy, to make that attack an onslaught against Jews and non-Aryans, the International Bankers operating in Germany (many of whom are Jews) have been able to maintain their credit monopoly behind the terrific smoke-screen of the Nazi Anti-Jew Round-Up! Perhaps that will be something of an eye-opener to any fanatical anti-Semitic propagandists within the Social Credit movement. The (Jewish?) bankers know how to exploit anti-Jewish agitation—and are realist enough to do so. "Vat you vant—Perish Judea? Ver' goot, O.K. by keettle me! Vy all means Perish Judea Meester Heetler. You vant som monny for ze propaganda?—I vill give it you. 'Ow moch?" How the elders—and even the youngsters—of Zion must smile (in private) at the "pure Aryan." In chapter three, entitled "Cabals," we read that on January 16, 1933, Hitler was summoned by his financial backers to Duesseldorf to attend a conference presided over by Von Papen, and "held at the offices of the Jewish banking firm of R. Levy and Co., at which all the German heavy industries were represented." Without any beating about the bush it was pointed out to Hitler that "the patience of his financial backers was at an end, and that some action was expected of him." Herr Steel says:—

"It was made clear to Hitler that his only way to power was with the consent of Hindenburg . . . and that the only man who could 'put him over' on the 'old man' was von Papen."

Von Papen was prepared to do so on condition that Hitler would give the vital positions in his Cabinet to "safe" men "in order that the Capitalists, although Hitler was Chancellor, should hold the key positions and be able to dictate the economic and social policies of the Government." Recognising this to be his last chance—for the movement "was getting to show signs of disintegration" and he was "getting nervous about his own future" Hitler agreed. A week later the Hitler-Papen Cabinet was formed, and "this is what brought about (its) curious complexion."

A few months later Hitler had successfully double-crossed the "safe" men of the other political groupings and was sweeping all before him. It remains to be seen whether Hitler is not, himself, one of the "safe" men of the International Bankers' Combine. According to the writer of this book the Nazi movement "passed into the hands of the

Radical and Socialistic elements around the madmen, Goering and Goebbels."

If, having double-crossed the "safe" men of the Industrialist-Financial Groups, Hitler could now understand the fundamental principles of National-Social Credit, and straightway proceed to double-cross the bankers by:—

1. Opening the German National-Social Credit Office;
2. Issuing the National-Social Dividend (based on the productive capacity of the German nation) to every citizen, whether in work or not, and—
3. Enforcing the Just Price.

he could do what all other dictators have failed to do (including Lenin and Mussolini)—he could break the stranglehold of his "financial backers," and finance the German National-Socialist State in such a way as to bring peace and prosperity to the whole of Europe, and eventually to the whole world.

After reading "Hitler as Frankenstein" we must confess that we do not believe anything of the sort is likely to happen.

And now we feel we must apologise to Herr Johannes Steel and his publisher for having picked whole chunks of meat from the book under review. We can only hope that this will whet the appetite of the Social Credit student and have the effect of helping to make known this important "exposure" of the Nazi movement to a wide public in this country.

The structure of the book is not systematic; in places it is chaotic. The writing, although straightforward, lacks style, and the author tends to repeat himself. Nevertheless, the information given about "the underworld of Hitlerism" (to quote Professor Laski) is so vastly important that the book cannot be ignored.

Unless the charges made by Herr Steel are satisfactorily disposed of by the official National-Socialist Party, Hitlerism will remain under a heavy cloud of suspicion in the minds of the thinking British public.

This book must be read by every serious student of politics and social-economics, and is certain to interest and astound the general reader. "SCRUTATOR."

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

I.

The fact that the economic ideas of Mr. St. John Ervine still appear to be those of the Workhouse School of Economics—"No Work, no Money; no Money, no Food"—does not take away from the value of his estimate of sound characteristics of the English. A man can arrive at sound conclusions on one subject and be in a muddle on another.

In laying the foundations of what has now become known as the Green Shirt Movement for Social Credit, Hargrave has always stressed the importance of Colour, Sound, Shape, Movement—in a word, pageantry; and has always refused to give way on this point when accused of "dressing-up" or "play-acting." He has maintained, and still maintains, that the shyness amounting sometimes to fear—a strong desire that the shyness amounting sometimes to fear—a strong desire ing laughed at—is nothing but an inversion; a fear of being for pageantry suppressed and turned inside-out.

Our interest in pageantry is purely political. We must be seen and heard—therefore we wear the Green Shirt uniformly. Banners, flags, drums—all these things must be classed as absolutely necessary political pageantry. Without them we cannot make headway. It is of special interest, therefore, to note what Mr. St. John Ervine had to say in *The Observer* for August 27:—

" . . . the English have a passion for colour and pageantry, which was betrayed by our gloomy grandfathers. There is no people in the world with a finer sense of pageantry than the English, nor any people who can order a procession in finer style. The first act of English workmen, when they form an association, is to buy a banner and regalia."

How does this square with the reactions of those who tell us that pageantry has no appeal and that it "puts people off"? The fact is that, if it is developed on a big enough scale, pageantry is one of the chief weapons of political victory. It is possible to overdo it, but without it we are deprived of one of the most powerful emotional forces. We must, therefore, be developed on a big enough scale. It must break into a drab, industrialised, disheartened, poverty-stricken England, not only with the key-words of economic common sense—the Message of Social Credit—but also with colour and pageantry.

II.

The edition of 1,500 copies of the Green Shirt weekly paper *Attack!* published on Saturday, August 26, and selling at one penny per copy, was completely sold out by the

afternoon of the following day. The next edition, published Saturday, September 2, was increased to 2,000 copies

A series of Green Shirt meetings have been held lately on the "pitch" at the back of the National Gallery, near the Irving statue, on Sunday evenings. We understand that these meetings are to be continued.

"The Stoke Newington Citizen," published by the London Co-operative Society's Political Committee and enjoying a very large circulation, prints the Green Shirt slogan as a double-page display heading—"WOULD A MAGGOT STARVE BECAUSE THE APPLE WAS TOO BIG? THEN WHY SHOULD YOU STARVE WHEN THERE IS ABUNDANCE ALL AROUND YOU?"—in its issue for August, 1933.

We hear that in a recent issue of "The New Clarion" this same slogan was mentioned as being a first-class propaganda slogan in that it sums up the present economic position exactly.

The 1st Hayes Section held an open-air meeting on July 24, at Post Office Corner, Hayes (Mddx.). A squad from National Headquarters went to Hayes to assist the local Green Shirts. The H.Q. officer in charge reports the meeting as being the most enthusiastic in his experience since his visit to Stockton in May last. Our report says:—

"The speakers were frequently applauded (not usual at street meetings), and a request for a further meeting the following week was made by many of the audience." The Hayes Section now numbers nine men and three women. Local H.Q. will be opened in the near future.

The self-discipline of individual Green Shirts is of very great political importance. In this connection we are able to report two instances that have occurred within the last few days.

A party of Mosley Blackshirts prepared to hold an open-air meeting in a market town in Bucks. The one Green Shirt in this district decided to "parade" in uniform. He proceeded to the meeting-place and began to sell *Attack!* before the Fascist meeting started. This lone Green Shirt happened to be a very tall and powerfully built individual, who could very well defend himself physically if need be. Up comes a Fascist and says:—

"You can't sell your paper here—this is our meeting—get out of it!"

To which the Green Shirt replied: "You have not yet started your meeting. Until you do I am entitled to sell our paper. This street is as much mine as yours. When you begin your meeting I shall stop selling *Attack!* and listen attentively as one of the crowd to what you have to say."

The Fascist went off and the Green Shirt went on selling up to the Green Shirt and gave him "a soc on the jaw." The Green Shirt (who could have knocked the man out) smiled and said:—

"Good! Now try again." Again the Fascist hit him with his fist. The Green Shirt simply took the blow and grinned. But already the crowd was turning against this exhibition of Fascist hooliganism, and by the time the meeting began the crowd was definitely hostile to the blackshirts.

The leader of the Fascists came up afterwards and more or less apologised for the indiscipline of his men and all ended happily, with the result that there may soon be a chance of forming a Green Shirt Section in that town.

Another Green Shirt was selling *Attack!* in Tottenham Court Road. As he called his wares—"Attack! All about the Bankers! Attack! One penny!"—some man kept following close at his heels shouting, "All balony!—all balony!" This was noticed by a Social Credit supporter who happened to be passing at the moment. He went up to the Green Shirt, bought a copy of the paper, and said, "Good man! I don't know how you can put up with that fellow yapping at your heels." "Oh," said the Green Shirt, "that sort of thing doesn't bother me." H. T. W.

PILLOW PREFERRED TO BANK.

"I am prejudiced against banks. Surely I can do what I like with my own money. If I prefer to keep it under the bed or hide it under the pillow, that's nobody's business but mine." So said an incorporated accountant, giving evidence at the Guildhall to-day.

He said he was sixty-five years of age, and had never had a banking account in his life.—*Star* (London), 31-8-33.

The Theatre.

The "Old Vic" Season.

Shakespeare doesn't spell ruin in the Waterloo Road, whatever he may do in the West End. The "Old Vic" reopens on the 18th with a three weeks' presentation of "Twelfth Night," to be followed—also for three weeks—by "The Cherry Orchard." This is the first Russian play to be given at the theatre, and a distinguished cast includes Flora Robson, Charles Laughton, Lopokova, and Elsa Lanchester. After Chehov, there will be a season of opera and ballet, to be succeeded by "Measure for Measure," while Sadler's Wells will have more Shakespeare, in the shape of "Henry VIII," beginning on October 30.

"Is Life Worth Living?"

By Lennox Robinson. Ambassadors Theatre. Produced by the Author.

One of the besetting sins of English films is that producers never seem to know whether they are aiming at comedy or farce. Mr. Robinson is here apparently under the same disability, plus the handicap of not being quite sure whether he did not really mean to write a satire. This indecision, although blameable in a dramatist of his repute, is perhaps excusable, since the theme lends itself to all three treatments.

The little Irish seaside resort of Inish thinks to put itself on the tourist map by means of a season of repertory theatre. Its inhabitants flock to see Ibsen, Chehov, and Strindberg, and Russian and Scandinavian drama invade their own lives. A butcher tries—ineffectually—to murder his wife; a young man endeavours—also unsuccessfully—to buy weed, killer to poison the aunt, from whom he has expectations; two other young men throw themselves in the sea—but swim out again; and, finally, a hack politician precipitates a general election by voting against the Government after having his conscience aroused by "The Enemy of the People." Then the hotel proprietor who brought the players to Inish pays them fifty pounds to go away, sends for a circus, and everyone lives happily ever afterwards.

Mr. Robinson might have contrived better dialogue, and the fun flags in the last act. But he is so well served by his players, that the production at the Ambassadors is for the greater part uncommonly amusing. Out of a cast that is excellent all round, I would especially single Harry Hutchinson, Paul Farrell, Ann Clery, and J. A. O'Rourke. Mr. Farrell succeeds in creating a living character out of a role that—although the fattest part in the play, is itself unreal—by building up the mannerisms of the Irvinequair actor-manager until Hector de la Mare comes to life through his very absurdity. This is a part played with infectious enjoyment verging on the oleaginous. And "Is Life Worth Living?" is so far from being actor-proof, that I hate to think what it might have been like in less capable hands. As it is, the result is a very amusing evening. The very efficient production is by the author, who has a nice sense of petit bourgeois interior decoration. V. S.

"The Trade Cycle."

[Letter reprinted from the "Times Literary Supplement," by the courtesy of the editor.]

Sir,—Your reviewer would simplify the difficulties which he appears, somewhat unnecessarily, to find in a simple statement of fact, if he would accept or deny the truth of the statement that in any given factory or producing organisation (a qualification which is omitted from his quotation) payments may be divided into two classes—those which are made to individuals and form consumers' spending power, and those which are made to other organisations which are a reimbursement of costs previously incurred by those organisations. The price values created in a given period of time in a given factory either are, or are not, at least the sum of these two classes of payment, assuming that the concern is to remain solvent. If your reviewer will kindly say definitely whether they are, or they are not, added together in the price values created by any factory in a given period of time he ought to be able to find his own answer to whether the rate of flow of prices from that factory is not greater than the purchasing power distributed to individuals by that factory in the same period of time. There is nothing in an affirmative answer to this statement which justifies his statement that I count the same thing several times over, which is the statement of which I complain.

The intervention of Mr. Durbin into the controversy at this point seems to be in the nature of "swearing he would

ne'er consent, consented." While I regret that his hearty agreement that the cause of the disparity between collective prices and available purchasing power "are due to changes in the relations (my italics) between B payments and A payments" is an agreement with something that I have not said in that form, I accept the crumb of praise gratefully and without too much examination. If Mr. Durbin and those who think with him said it twenty years ago, I am delighted to hear it. My only complaint in this case is that it does not appear to have caused them to propose anything which would obviate the difficulties which have arisen. So far as I am aware, there are only two concrete suggestions arising out of the school of economic thought to which Mr. Durbin belongs. The first of these is that prices must be raised, by something which is variously called "inflation" or "reflation," but which, however named, involves an increase of debt, and that the mechanism for doing this is through public works on a large scale, the wages and salaries in respect of which will make up the deficiency in purchasing power, which apparently he now admits. Since it is my contention that this deficiency of purchasing power arises from the pyramiding of debts and the attempt to repay them mainly through the agency of B payments, I am still at a loss to see how the intensification of the disease is likely to affect a satisfactory cure.

While no-one would be more content than myself to heal the friendly breach between those responsible professional economists who hold views such as Mr. Durbin's, and the similar views held not merely by myself, but by an increasing number both of the public and economists, I believe that the difference is not so much in anything that I have said, as in those things which are still being said, for instance, by your reviewer and Mr. Durbin. For instance, that "it is only the cost of production of consumers' goods that need be covered by consumers' incomes." If by this is meant that the cost of production of consumers' goods, measured in monetary terms, is only the amount which is distributed in the same period of time to consumers (without an excessive production of capital or export goods), then I heartily and flatly disagree. I have given some of my reasons for this disagreement in my printed reply to the questions, with which a recent wireless debate on this subject was concluded, and have not, so far, had an answer.

Yours faithfully,
C. H. DOUGLAS.

LETTERS TO THE EDITOR.

THE PROSPERITY CAMPAIGN.

Sir,—The Birmingham Social Credit Group has not taken up Mr. Scrutton's "Prosperity Campaign," as stated by Mr. J. L. Roantree in THE NEW AGE of August 31.

S. P. ABRAMS,
Chairman.

Sir,—Will you permit me to correct a possible misunderstanding arising out of the letter you published from Mr. J. L. Roantree dealing with "The Prosperity Campaign." The manifesto mentioned was sent to the Social Credit Secretariat with a request for the examination and rewording of the clause containing technical definitions. The remainder of the manifesto is not the work of the Secretariat, but is the product of one of those acts of individual initiative which the Secretariat exists to serve.—Yours faithfully,

W. L. BARDSELY,
Sec., Social Credit Secretariat.
74, Wimbledon Park Road, S.W.18.

"GREEN SHIRT IDEOLOGY."

Sir,—In the article printed under the above title we notice one rather unfortunate printer's error (Section 4, *Directive* reads "One Objective and one only . . .") "Credit." One Objection and one only—Douglas Social "objective" to be turned into an "objection," but when it happens in THE NEW AGE—! We feel sure you will allow us to make this correction. For the word "objection" read "objective"—unless you happen to be a banker's man, in which case the printer's error may read correctly.—Yours faithfully,

H. T. WEBB,
General Secretary,
Green Shirt Movement for Social Credit.

THE "COLLAPSE" OF CIVILISATION.

Dear Sir,—The contention of Miss E. M. White, that "Civilisation" is not crumbling, and cannot collapse, needs, I think, a little more serious investigation. One should, I think, distinguish in the first place between "Civilisation" and "Culture." "Civilisation" is the

material or physical manifestation of "A Culture," thus it is possible that in the period of, as it were, stable civilisation, the culture on which it was based dies. Now, unless a new Culture arises then Civilisation becomes retrogressive and not progressive. We have historical evidence to bear this out.

The present civilisation is based on Western Culture of the eighteenth and nineteenth centuries, which culture is dying, and a new culture is being born, based upon scientific fact. One could almost say that Social Credit is a new culture which will inevitably lead to physical manifestation in "National Dividends" and "Just Price."

As Herr Spengler puts it, "Die Traume der Weltverbesserer sind Werkzeuge von Herrennaturen geworden." (The dreams of the World Reformers have become the tools of Men of Action.)

If this theory can be accepted then what we term "Western Civilisation" will collapse, albeit not necessarily to be followed by a higher civilisation, but possibly by another Dark Age. That depends upon how and to what extent the Social Credit idea permeates throughout the Western World.—Yours truly,
C. R. BENCE.

Sir,—Your correspondent, Mr. Philip T. Kenway, demurs to my saying that "civilisation cannot break down," and remarks that "in most of Europe, even in historical times, it actually did so." I presume he refers to what Gibbon called the decline and fall of the Roman Empire. But history and reflection show that in reality the Roman civilisation did not break down. It became impregnated with "barbarian" institutions, and continued; and it still lives in many European laws and customs. This merging is typified by Ataulf (Adolphus) saying, "When I was young I thought only of destroying Rome. . . . But now that I am old I seek to do justice according to her laws."

To superficial observers, at certain points civilisation seemed to break down in France and Russia; but the upheavals were natural results, and the solid mass of the people continued, and emerged, or will emerge, pursuing their way towards civilisation. Whatever period of history is taken, if it is looked at in a comprehensive way, and linked on to what goes before and after, and to what is around it, will be seen to be part of the story of civilisation. Only second-rate historians nowadays speak of the dark ages. One section of the world at one stretch of time may tell a tale of tragedy, but that does not mean a breakdown of civilisation, for elsewhere or at a later time, the process towards the goal of a civilised world continues. Even the Great War—surely a strong enough test—did not break down our civilisation; and a possible next and even worse war could not do so.

In what way, as Mr. Kenway says, do "we see the actual process going on before our eyes" of the breaking down? We have not yet adjusted our financial systems to the Age of Power and Plenty, and unemployment under present conditions is a tragedy, but that is not a breakdown. Already a civilising agent in the person of Major Douglas has showed the way to adaptation, and Mr. Kenway himself is a living proof that civilisation will not break down. For he stands for the Social Credit theory, and that will in some form or other eventually govern our finance and prevent what Mr. Kenway thinks he sees.

Except in this realm of finance—and even there signs of change and hope appear—there is progress all around us. Take for example three dissimilar spheres: (a) Housing—look at the plans for slum clearance, (b) Education—see the conferences and schemes for improvement, (c) Disarmament quietly being pressed with proposal after proposal. It is true that all these spheres, and others, are hindered in their development by finance; but advance in all is being, and points to the opposite of a breakdown.

In the history of Civilisation, which began with the human race, a century or two are but a moment, and a thousand years "but as yesterday when it is past." There are strivings, and sufferings, and hindrances, and failures, but we must look at civilisation *sub specie aeternitate*, and regard it as a process rather than a state. Our cultural heritage ever increases—is not that one of the dogmas of the Social Credit faith?
E. M. WHITE.

"It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft, or purchasing securities, a bank creates a credit in its books, which is the equivalent to a deposit." (Macmillan Committee's Report, para. 74.)

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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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