



firm: no-one can suggest any alternative basis which does not create new inequalities, injustices, and uncertainties as fast as it eliminates old ones.

"No whim, fancy, or caprice of any authority may over-ride this iron rule, however many resolutions are passed. This is the gold standard and the measure which should be adhered to. Any deviation on a wholesale scale must result in the preparation of a 'bad list' which may be quashed by the courts."

Within its frame of reference Mr. Berry's argument is unanswerable. Generalised to cover the whole country, it means that national and local public expenditure has to be met by equivalent revenue. Say that the community consists of 100 persons, and the total public expenditure is £100—£50 local and £50 national. If any ratepayer pays less than 10s., another has to pay more. If any rating area pays less than 10s. per head on the average, another rating area has to pay more. If all the rating areas pay less than the 10s. average; then whatever the ratepayers save thereby they will have to disgorge as taxpayers.

Mr. Berry has performed a public service in explaining the dilemma, thereby preventing (logically, at any rate) people looking in wrong directions for the remedy of their hardships, and heading them off in the direction of the right remedy. It remains now for advocates of Social Credit to carry on the good work from where Mr. Berry leaves off. The subject will crop up again and again in different places; so readers will do well to study his facts and conclusions in the meantime and prepare themselves to call attention to the true moral when occasion offers.

#### Captain Miles and the Salvage Corps.

The Times of February 13, in a leading article on the trial and sentence of Captain Miles, delivers itself of some useless moral sentiments, but drops one or two useful facts. All of us know that we ought to be good, but, as Burke said in one of his orations, it is futile to expect ordinary human beings to act continuously on a heroic level. He spoke deeper wisdom than he knew; for with the knowledge of the credit-system now at our command it is possible to show that people cannot live up to the particular standard of rectitude implied by the laws of "sound finance," and that if they did so the economic system would collapse. For example, if employers took the minimum of profits, shareholders the minimum of dividends, employees the minimum of wages and salaries; and all of them allocated the maximum proportion of their minimum incomes to "saving," the disastrous consequence of all this "goodness" could be worked out arithmetically by anyone who understands Major Douglas's analysis of the cost-saver alive; so the logical effect of the elimination of spending is the ruin of everybody. That is why the high-financial oracles hedge, and prescribe "wise spending"—a definition which places the prescription beyond the reach of mathematical test.

So much for The Times's moralising. As concerns the facts to which we have referred, they are these.

The Salvage Corps is a "private organisation." It was founded by the "fire offices" seventy years ago.

They founded it as a "scheme of self-defence against fire and fraud."

The reason why they considered the scheme necessary was because they had ceased to run "their own fire brigades."

They contribute towards the maintenance of fire-brigades, now the responsibility of public authorities.

They depend upon these fire brigades "to prevent and extinguish fires"; "upon the Salvage Corps to restrict preventable damage"; and "upon

their assessors for an accurate computation of commercial loss."

What proportion of the total cost to the public of maintaining fire brigades is contributed by the fire offices is not stated. But the figures do not matter (although it would be interesting to see them) for it can be assumed that the public are left to bear a substantial part of the cost, a fact which, in principle, means that ratepayers are recruited under the fire offices' "scheme of self-defence," and are posted like sentries to guard the approaches to the insurance reserve funds. If they fall asleep, or become absent-minded, and as a consequence someone steals past and raids the funds, their penalty is to contribute towards the loss through the rates. Thus it is not simply every citizen's duty, but his material interest, to be a voluntary detective or informer in regard to the activities of intending fire-raisers or of intending comers of cooked fire-claims. As a second check there is the professional Salvage Corps, hired, paid, and controlled by the fire offices, and responsible to them. The police automatically function within the scheme on occasions. As a third check there are the fire offices' assessors whose duty it is to scale down claims for damage to the minimum.

Leopold Harris's legitimate business was to act as assessor for the owners of damaged property, and his illegitimate business was to cause the damage afterwards to be assessed. Hence, in the words of *The Times*, Harris was "in opposition to all these agencies" (i.e., the fire officers' three lines of defence).

#### Lowestoft By-Election.

The National Conservative candidate, Mr. P. C. Loftus, managed to hold Lowestoft by a majority of about 2,000 as against a Conservative majority of 12,000 in 1931. Sixty-eight per cent. of the electorate voted. The Conservative, Labour and Liberal candidates got, respectively, 16,000, 14,000, and 3,000 votes. The *News-Chronicle* points out that Mr. Loftus holds the seat on a "minority vote." The same paper had previously stated that he had leanings towards Social Credit, thus confirming the letter contributed by "X" to THE NEW AGE of February 1 inviting support for the candidate.

The Liberal lost his deposit. Apropos of such penalties, the rule is that a candidate who secures less than one-eighth of the total number of votes cast loses his £150. It is amusing to reflect that in an election where nine candidates put up, and each secured an approximately equal number of votes, all nine might lose their deposits, including the winner! Of course, someone will say that there never would be such a close approximation of votes between so many candidates. That is based on the fact that the bulk of the voting has always gone in certain party directions; and this, of course, brings us into the field of centralised and organised financial and Press influence. If thought out to the end it will be seen that the discouragement of independent candidates created by this deposit rule directly facilitates the shepherding of the electorate into the bankers' own party pens.

#### Lord Lynton Resigns.

On February 15 the Press announced Lord Lynton's decision to resign his seat in Parliament immediately. He has represented Basingstoke since the General Election, when his figure was 23,000 against 6,000 and 4,000 respectively for the Liberal and Labour candidates. He resigns on the principle that he "cannot accept party politics." It appears that he had been making it his custom to call his Executive together at intervals to hear his reports on "his work in the House." It is stated that he was hostile to the Government's policy on India, but, on the other hand, was a warm supporter of its policy on British agriculture. He had a contempt for the League of Nations and "pacifists," expressing himself in rude terms about them in one of

his recent letters to his farmer-constituents. In his last meeting with his Executive he said that he felt that he could be more useful outside Parliament than inside. Those are true words, anyhow, whatever Lord Lynton's criterion of usefulness might be. Unfortunately, since he is sailing for India, our readers in this country will not be able to ascertain the deeper cause of his abandonment of centralised politics. Perhaps readers on the other side will have a try, and, in any case, follow up what he will be doing there.

#### The Bankers and Indian Gold-Hoards.

It may be that his action is nothing more than a gesture of hostility to what has been called Britain's "weakness" in conceding too much political initiative to Indians. Well, those who fear that British prestige will suffer, and that openings for careers for British-born administrators will be scaled down, will find, if they examine the problem in the correct way, that their (apparent) belief that India is getting something for nothing, and that the British Government has made this concession on its own absent-minded initiative, is nowhere near the truth. They will find that the abatement of the pride and prosperity of the British subjects affected is part of an international financial ramp, in the machinery of which the MacDonald Administration is simply a wheel. We imagine that there are a good many fathers who had hoped to get their boys into the Indian Civil Service and to see them become responsible administrators in that country, but who are now left with the dismal prospect of seeing them become minor officials in Trenchard's police-force. Very well, the people responsible for this are Mr. Montagu Norman and Sir George Schuster as the Anglo-Indian combination, with Mr. Pierpont Morgan backing the deal on behalf of the United States bankers. These three personages are acting, in their professional or official capacities, as a Gold Syndicate, with the one difference that their object is not to make profits, but to consolidate the political dominance of the world's central banks. We alluded a year or two ago to the fact that India was the repository of huge hoards of gold accumulated by native princes and others over many years. It stands to reason that since gold is in the centre of world politics, and the price of gold is at the peak point of its history, the potential power of Indian holdings is of impressive dimensions. The problem, as the Syndicate naturally sees it, is to get the native princes to surrender their hoards to the Government (nominally) and into the custody of the financial powers (actually). If there is any chance of coaxing it out of them by flattery, what more potent flattery could be used than that of inviting them to supersede white civil administrators in the governing of their country? Incidentally, it should be noted, every complaint by the Conservative Party in this country about the Government's "weakness," is calculated to heighten the feeling of self-esteem among the ruling classes of India. Very well, they accept an instalment of political independence. They will then be offered the assistance of white financial advisers. These graduates in Western finance and accountancy will not presume to dictate policy; oh no, they will simply instruct native statesmen and others in the science of finance and the art of moulding their administration to its laws with the least risk of political friction. In this way the postulated idea that paper currency is as good as gold, and gilt-edged securities even better than paper-currency. It will be the story of the dog and the bone all over again.

But coincidentally with this another process will work itself out. Readers of this journal will be aware of something which, curiously enough, critics of the White Paper and other documents persistently overlook; and that is the "reserved questions"—matters of policy withheld from the jurisdiction of political administrators. If these are examined it will be seen that they

concern high-financial policy, and affect more or less directly the fiscal policies not only of the central government but those of the States. Now students of Social Credit know that it was through fiscal devices that the Money Monopolists (via successive Governments) were able to bring about the disintegration and confiscation of the great landed estates. Very well, and the same devices can be used to confiscate the great gold hoards at present in private ownership. Old customs die hard, we know; but when the alternative to their retention is destitution, they don't take long in dying. There is a close parallel between the position of the old British hoarder of land (for so he was denounced) and that of the Indian hoarder of gold to-day. Postulate what we know must happen in India, namely that the people will be no better off, even if they are not worse off, than they have been under "repressive British rule," it won't take Schuster two minutes to start the idea going round that the evil is caused by gold's being withheld from "fruitful use"; and it is as certain to be swallowed as was the yarn in this country about poverty being due to the withholding of land from production. Good! then the next thing would be to levy taxes on gold holdings as was done with land here. There would be the same cogency in the argument that an estate with a gold-hoard should be assessed for taxation accordingly, as there once was here in respect of an estate with mineral deposits below it. In each case the owner is (in appearance) "holding up progress" unless he turns his property to "use" or allows others to do so. The Indian prince would be in a more favourable position than was the British landowner, because the Indian's hoard is in a form acceptable to the Government as a discharge for taxes, whereas the landowner had to sell his land for what it would fetch, or else set his tenants to work it for such wages as would enable him to sell the produce for what it would fetch in competition with overseas production. Calcutta cotton magnates are beginning to feel what this kind of obligation means. It was one thing to incur the odium of screwing down wages to augment profits, but it is another thing to incur it by screwing them down to mitigate losses.

"We are losing India," cry the Conservatives. Yes, but what has the India become that we are losing; and what is it becoming? And, sentiment apart, what precise advantages does the loss imply? Commercial? Profits to Lancashire? Or maybe military? Using British soldiers to take a hand in civil conflicts between bankrupt native masters and destitute native men?

We are aware of the strategic considerations which probably underlie the Conservatives' attitude. They amount to the suggestion that if Britain relaxes her hold some other great Power will step in. That is plausible enough, but the idea that such a contingency can be prevented merely by cancelling certain political reforms conceded in the White Paper, is futile. The destinies of India are in the hands of the Money Monopolists; and they have the power, and would not hesitate to use it if they thought fit, to enlist the collaboration of the United States, or Russia, or Japan instead of that of Great Britain in the working out of their purposes in that country. In fact, it stands on record that the Indian reforms were entered upon on the ground (among others) that this would appeal to popular sentiment in the United States which reprobated our acts of repression in India. And it is also well known that American missions had been actively inculcating natives with Western ideas of political freedom. Mr. Pierpont Morgan was probably the inspirer of this line of appeal. And if it had not worked, probably Messrs. Kühn, Loeb and Co. would have stimulated Russian sentiment and assisted Communist missions to bring Britain under similar moral pressure. As for Japan; well, some of our readers will remember hearing a distinguished Japanese constitutional lawyer slyly pointing out that

his country's policy in Manchuria was modelled on Britain's in India—that the new State of Manchukuo was a miniature of our Indian Empire.

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The moral is for our readers to elaborate. It is that this and all similar problems arise from economic dislocations caused by the fundamental flaw in credit-technique. While it remains uncorrected each great Power will be obliged to repress its own dependencies, and every act of repression will play into the hands of the Money Monopolists who will exploit its reactions on public sentiment to secure political concessions to which they will attach, on their own account, financial reservations which serve to increase their independence of, and consolidate their dominance of, all political Government. Let it be granted that the Conservatives are right, and that Britain has lost something vital in making these concessions. Our reply is that India has not gained what has been lost. That something, whatever it is, has been filched as a rake-off by the Money Monopolists represented in the person of Norman at this end and Schuster at the other.

### The Economic Recovery Association.

The Economic Recovery Association has been formed to further the financial and economic proposals made by a Mr. Isidore Ostrer in a book called *The Conquest of Gold*. The Association has sent a circular letter (under date February 8) announcing its inauguration and asking publicity for its principal demands, which it formulates in the following terms:

1. No return to the old Gold Standard. Gold must be eliminated as a governing factor in financial and commercial policy.
2. The principle of Convertibility of money into gold must be permanently abandoned as it is practically impossible and theoretically unsound.
3. Currency and bank credits should represent goods and, therefore, the principle of interest which adds to the value of money while the goods it represents actually depreciates, is fundamentally wrong. The payment of interest leads to the paradoxical position of having too much money in the bank and as a consequence large numbers of unemployed in the street. Money withheld from demand causes depression, money in active demand creates employment. The bank should charge the customer for keeping his bank balance rather than pay him for leaving it there. By abolishing interest, money will be forced into circulation, commodities into use, and workers taken back into employment.

The *Sunday Referee*, in its issue of February 11, was generous enough to devote a whole column to the announcement and to Mr. Ostrer's theories and proposals. It tabulates the proposals as follows (our paraphrasing):

1. Economic planning to be an integral function of Government.
2. The fixing of wages and hours of labour to be part of the above function.
3. Banking policy to be under the control of Government.
4. Gold to be eliminated as a "governing factor in financial and commercial life."
5. The system of interest to be drastically revised.

Under item 5 it is argued that depositors in banks should not receive interest but, on the contrary, should pay the bank for minding their money. Borrowers should "pay no interest after they have purchased commodities," since they will have then "parted with the right of pursuance to someone else." (Since borrowers rarely use loans for buying "commodities," perhaps the term is intended to include plant, materials, etc. One is left to guess whether, when a borrower A buys from B, B takes on the payments of interest which A has discontinued, or the payments cease altogether. Perhaps the book tells you.) We are told that "finance is the key to the modern economic riddle"; also that "the convertibility of currency and credit into gold is the fundamental fallacy and defect of the traditional financial system." It is hardly necessary to add that the ancient

and weary "poverty-amidst-plenty" paradox is led out for exercise once more. That would be harmless enough in itself, but the true moral of the paradox is given a violent twist in an accompanying statement (in the circular letter) that "*Unemployment and Poverty (sic) are totally unnecessary in a modern society, where productive power makes abundance possible.*" (Our italics.) It is thus assumed that poverty is the natural and immutable consequence of unemployment. Further, a glance at the italicised words shows the mutually contradictory character of the whole statement. The term "productive power" has got to be interpreted as "mechanical power in this context; because if it meant the power of persons, considered by themselves, there would be no point in the reference to modern society. For man power, *per se*, is no greater to-day than it was a century (or a hundred centuries) ago, and is probably less. Nor are man's courage, wit, skill and inventiveness any greater, if considered apart from the wider field of application now open for their exercise. The increased productive power of to-day is the productive power of the machine. And since the machine must necessarily displace labour (or it would not pay to use it) we can re-formulate the above statement as follows:—

"Unemployment and Poverty are totally unnecessary in a modern society where machine power dispenses with human labour, and under a system where disemployed labourers automatically become impoverished!"

There can be no escape from this contradiction while the sole title of a person to receive an income is conditional upon his economic employment. The Dividend must supplement the wage—and ultimately supersede it in respect of the great majority of the population.

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The general defect in the Association's demands and proposals lies in the fact that they are all based on the assumption that the solution of the economic problem is to be found through the specific separate treatment of various undesirable phenomena, and that the object of each treatment should be to remove the immediate cause of the phenomenon prescribed for. The fallacy can be illustrated by reference to surgery in cases of cancer. The surgeon knows very well that when he removes a cancerous growth from a patient he is gambling on the remote chance of eradicating the cancer against the certain alternative of pruning it. If he does not reach the root of the disease he is bound to multiply its evil fruits, besides incidentally exposing the patient to the danger of complications.

### The Bank's Clerk-Scrapping Machines.

A correspondent of the *Daily Mirror* has got hold of a rumour that "some hundreds of clerks" at the Bank of England are "in dread of dismissal" as the consequence of the installation of new book-keeping machinery being installed in the accountancy department. Bank managers have already been notified that in future dividend warrants will be issued by the Bank of England in a "slightly different form" as the result of new mechanical methods. Burroughs Adding Machine, Ltd., are supplying the bulk of the machinery, and the scheme under which the orders have been given is in charge of Mr. Harold V. Such, O.B.E., the deputy chief accountant at the Bank. The *Mirror's* correspondent tried to get particulars from the Company, but they referred him to the Bank. He tried to get particulars from the Bank, but was told by Mr. Such that it was "not necessary" for the particulars to be issued for publication. Nor could he extract an opinion from that gentleman on the question of whether the feared dismissals would take place.

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Gossip which we hear of independently places the number threatened at not far short of one thousand, and hints at compensation by a capital sum plus a small life-pension. Anyhow, the fact that machines are being adopted, and that they are capable, each, of a seven-fold clerk output, is sufficient to be going on with.

## A + B.

[The following letter appeared in the *East Anglian Times* in June last over the signature "M.A., Cantab."]

Sir,—Your correspondent, Mr. J. Stewart Cook, like more than one critic of the A + B Analysis, condemns it on the ground that if the rate of flow of purchasing-power is always less than the rate of flow of prices, then no such thing as a trade boom could occur, inferring that during periods of boom there is more than sufficient purchasing-power to meet the prices. It sounds plausible till we define the range of the term "prices."

All that the A + B Theorem proves is that the rate of flow of purchasing-power is always less than the rate of flow of total price values of total output; and output includes capital goods as well as consumers' goods.

To analyse the boom problem, it is necessary to adopt the symbols used in my recent reply to "Observer," viz., A1 and A2 to represent all payments made to individuals by producers of "consumer" goods and "capital" goods respectively; and B1 and B2 to represent all payments made to other organisations by producers of "consumer" goods and "capital" goods respectively. We then see that the rate of flow of prices on to consumers' markets is represented by (at least) A1 + B1, compared with a rate of flow of incomes A1 + A2. Consumers' goods can be bought with total incomes if A2 = B1. During periods of trade prosperity new schemes of capital production are commenced, i.e., A2 payments increase, and, so long as they are in excess of B1 costs, prices generally will continue to rise and trade will boom. If for any reason A2 payments are reduced and fall below B1 costs, retail prices, and, later on, prices generally, will commence to fall, the boom will be checked, and if A2 payments continue to diminish a trade slump will set in.

What are the factors which cause A2 payments to rise and fall? Consider the moment when A2 payments have reached equality with B1 costs and consumers' incomes can face the market on level terms. The advance of machine production means that the Ratios B2 : A2 and B1 : A1 are increasing. Therefore, if A2 = B1, the ratio B2 : A1 must be increased rapidly. By adding amounts, we see that A2 + B2 (price value of capital goods) is expanding rapidly relative to A1 + A2 (consumers' incomes), which, in ordinary language, means that you cannot finance new capital equipment to the tune of A2 + B2 out of savings skimmed off A1 + A2. To finance A2 + B2 production continuously on a scale necessary to keep A2 at least equal to B1, the banker must come forward and create new financial credit on a rapidly increasing scale.

This is the crux of the problem, for the banks will soon refuse to create the necessary credits, taking fright at the large proportion which their loans bear to their "bank cash," and proceed to restrict credit and call in loans. When this happens, A2 payments which have been in excess of B1 costs during the boom begin to diminish and soon become less than B1. Consumer demands weaken, prices fall, and a restriction of orders thrown all down the chain of production; workers are depressed and the well-known signs of trade depression appear. When credit restriction has proceeded a certain length, the banks have now reduced their loans below the figure which they are prepared to make in relation to their "bank cash," and are prepared to lend again, and as soon as a sufficient number of the more optimistic traders are prepared to borrow, the banks lend once more and A2 payments start to rise and a new boom commences. So in terms of the A + B Theorem we have a picture of booms and slumps as a wave, the curve rising whenever A2 payments are in excess of contemporary B1 costs and falling whenever they are below them.

What of the future? The necessary condition for a boom is that A2 shall be maintained in excess of B1 by however small a margin. Therefore, the more rapidly the ratio of B : A payments increases, the steeper the upward slope of the curve; that is, the shorter the period which must elapse between the moment when the boom starts and the bankers take fright. And it is only a matter of this B : A ratio being sufficiently increased (and it is increasing) before the curve becomes so steep that the crest of the wave will curl over the back—that is, our present credit system will crash.

## Reflections on Debt.

Commercial Balance Sheets are, and should be considered as, Statements of Debts Receivable and Debts Payable.

Capital is the excess of Debts Receivable over Payable.

All Debt falls into one of two classes—Personal and Impersonal.

Personal Debts comprise:—

- (i.) Debtors;
- (ii.) Cash and Bank Balances.

All other debts are Impersonal.

Commerce, from the standpoint of those engaged in it, is the conversion of impersonal debts (costs) into personal ones or, to say the same thing in different words, the conversion of debtors unknown into debtors known.

If in process of conversion something can be added to the money figure profit will have accrued.

But sellers will not seek conversion until they are satisfied that the transactions will result ultimately in money conversions.

It follows that if, as is so often assumed, the production and distribution of goods results automatically in the possession by the community of sufficient money to buy those goods then it is simply a matter of diligent search on the part of sellers before buyers are found. The only possible alternative is that all of the money has become concentrated in the hands of a minority.

It is probable that few, if any, sellers of goods would concur in the view that failure to make sales is due to their own laziness.

If this explanation is rejected the only alternative would appear to be that the deficit is offset elsewhere by credits at account of a minority in books of Banks.

But although the orthodox conception must necessarily lead to this conclusion, to entertain such a possibility is to attribute to millionaires, etc., a lack of ordinary common sense not usually associated with those so fortunate.

After all, balances lying at credit in Banks yield on Fixed Deposit a very small rate of interest and on Current account none at all.

Nor is it relevant to direct attention to the fact that surpluses tend to be re-invested. A moment's reflection will convince even the meanest intelligence that such transfers of credit do not alter anything other than the state of individual accounts being merely compensation entries in books. Moreover, it will be equally apparent that if the new holder of the credit pays it out in the form of wages and salaries new costs will also have been created to offset the distribution.

The conclusion cannot be avoided, therefore, that as soon as it finds its way into a Bank, Money distributed in respect of past production is destroyed immediately. Lodgments to credit of individual Bank accounts produce precisely the same economic consequences as repayments of loans.

In practice, therefore, the only difference between the position of the individual having a credit balance at Bank and his neighbour without such credit is that the former need seek no authority to issue cheques whereas his friend is obliged to seek the permission of a Bank manager.

ACCOUNTANT.

## Keep Our Linen Clean.

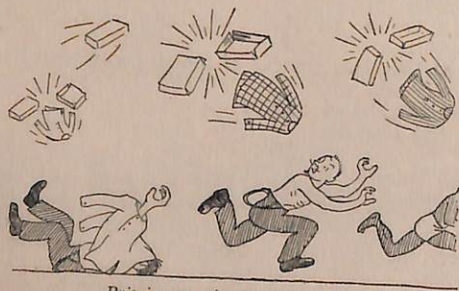
By B. J. Boothroyd.

Zeus, you remember, king of the gods, had a headache. He split his head open and Athene came out. The Hon. Rupert Beckett, just as important and much more respectable, being chairman of Westminster Bank, had a pain in the brain. He opened his trap and out came this:

"The British people can never gain real prosperity by taking in each others' washing."

This profound utterance, characteristic of the great minds that met our demand for food and shelter by an Equalisation Fund, may need interpretation. Great men often speak in parables.

He was referring to the danger of economic nationalism, i.e., fulfilling the needs of the people of your



Britain can win the Cotton War.

own country before attending to the needs of foreigners. Every time any banker makes a speech he warns us against this danger.

Our great financiers have a broader outlook than most people. It breaks their hearts to see mankind divided by national barriers. They have visions of a happier day when all men shall brothers be and form I.O.U. the wide world o'er. They look forward to the time when a man won't know whether he's an Englishman or a Chinese, and will be as much at home in a Kaffir kraal with a bunch of black women as he is in his own flat with the woman who, in a fit of narrow economic nationalism, he chose for his wife.

In that glad day a tailor won't mind having no trousers himself if he knows that the last pair he made is being worn by somebody in Lapland or Nicaragua. Families, of course, are even narrower than nations; that is why the bankers are breaking families up as fast as they can, doubtless because they know that no British family can gain real prosperity while a woman is taking in her husband's washing.

It is the World Order they want. Having got a world without national barriers, they can lend it money. Then when the world gets to saturation point and has exhausted every means of repayment, some great banker will get up and say:

"The inhabitants of the Earth can never gain real prosperity by taking in each others' washing." And the Bank of International Settlements will start offering loans to Mars and Jupiter. I don't know what they will do when all the planets are saturated; but science tells us that there are several Universes, so the banking system can last quite a while.

We cannot discuss Washing without mentioning cotton, which, after all, constitutes the greater part of Britain's Wash. The position is serious. Mr. Mills, President of the Oldham Master Spinners' Association, said that "the loss of a large part of the overseas market had created a serious problem of surplus capacity," and that "this threatened to become intensified until we are left with little more than the home market."

That is unthinkable. Fancy having only the people at home to provide for! Moreover, it is obviously incorrect to say that the failure of the trade has driven us back to the home market. For another High Priest, Mr. Beaumont Pease (Lloyds) said exactly the opposite.

He said recently, "What is stopping the flow of goods between nations is the growing spirit of nationalism." So Mr. Mills must be wrong.

Unfortunately, in their perplexity, the cotton spinners are losing faith in eternal principles. Mr. Mills went on to say that it is "imperative to take drastic steps to preserve at least the home market."

This is sheer, narrow nationalism. It is nothing but unmitigated washing-taking. But, as Tennyson said, "We are not cotton spinners all, but some love England and her honour yet." And happily in her hours of crisis England never lacks men to defend her faith. So up steps and outspeaks Mr. Alexander, City Editor of the *Express*, to save England from thinking-to-morrow what Lancashire thinks to-day. He says:

"Britain Can Win Cotton War. . . . Lancashire, by not competing in the export trade with Japan, is losing income for the country."

Here we have the Truth that shall prevail: the first article of our national creed—that England depends for her existence on the export trade; that the amount of the money in the world is limited by Nature, and that the only way to get enough to buy our own goods is to sell things to the foreigners first. That settles the idea of falling back on the home market.

We are not told how Britain can win the cotton war. There is no definition of a cotton victory. Ignorant people may think that a cotton victory is one which will enable them to have all the cotton goods they need. That is a narrow nationalistic view. A cotton victory does not mean distributing cotton goods to the people at home. It means going without cotton goods in order to force them on the foreigners.

As a matter of fact, it is the people who are in need of the cotton goods who are the greatest impediment to the cotton victory. Our rulers realise this. The other day, Mr. Goodenough, another High Priest (Barclays), said, "A steady flow of emigrants from the British Isles to the Dominions would be of great advantage." It would. It would reduce our surplus cotton-wearing capacity.

It is true that the Dominions have stated emphatically that they will not have our emigrants. But that doesn't matter. The great thing is to get this rubbish on to ships, and see that the ships have holes in them.



"A Steady Stream of Emigrants would be a great advantage"—says the Banker.

So let these surplus cotton goods stay where they are, until we have won the cotton war and can make the foreigners take them. Let them lie up in boxes, clean and sweet, unused, and, above all, UNWASHED. And if the foreigners won't take them, burn them—any thing rather than let them reach the vile bodies of home consumers, who would ultimately send them to the Wash.

For it is written: The taking in of washing is detrimental to the prosperity of Britain.

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## Major Douglas's Arrangements.

Major Douglas will leave New Zealand on the s.s. *Aorangi*, which is due to reach Vancouver on March 20.

## Social Credit and Local Initiative.

[The following is extracted from a letter recently sent by the writer to a correspondent who had construed a certain passage in the "Notes" of January 25 (THE NEW AGE, page 149), headed "Social Credit Propaganda," as meaning that propaganda by persons or groups was now superfluous.—Ed.]

Far from disparaging the value of what you and your friends are doing, I consider that it is exactly this type of effort which has, in the past, laid the foundations of the Movement's successes in different parts of the world. For it primarily rests on individual initiative as a principle of action, implying personal control over the nature and magnitude of the action. It is this principle of action which the bankers find it most difficult to contend with—a fact which Major Douglas has frequently emphasised. He also said to an enquirer once: "Whatever action is most congenial to you, that is the best action for you to take," the reason being that such action would be carried out with the maximum energy and efficiency. All of us like to do that which we feel we can do best.

This, of course, refers to the personal, independent, action of any individual. The soundness of the principle depends on the pre-supposition that each person has a grasp of Social Credit, and is clear on the ultimate objective that he wants to secure. Given that, then no matter how numerous and distinct are the activities undertaken by independent individuals, they will all be convergent on the one objective. There may be duplications of effort, and sometimes temporary crossings of effort, but these disadvantages are outweighed by the general consideration that the efforts are, in the nature of the case, secret to the maximum degree possible, and therefore the most difficult for the bankers to track down and frustrate. There is another general consideration, that the efforts can, at a pinch, be carried on without the expenditure of money, and in any case will be carried on within the limits of the worker's personal financial resources.

These two general considerations lend point to Major Douglas's injunction to a group of enthusiastic supporters some year or two ago: he said, in effect: "Remember that, whereas you are working to bring about a new system, you are still living in the present one; and the value of your work depends upon your maintaining your present economic security." In its context this injunction meant that workers should not incontinently expose themselves to reprisals from the other side. It did not mean that the principle of "Safety stances" was to be dominant at all times and in all circumstances; and he has, in fact, denounced it in that sense. But "Safety Last," irrespective of person, time and circumstance, is lunacy.

Major Douglas does not suggest that the principle of isolated individual activity should be rigidly adhered to. But if concerted efforts are undertaken they should be de-centralised as much as possible, and also the object of the accomplishment should be specific in character and feasible in its accomplishment. For instance, a group of people could quite legitimately get together to promote a public meeting in their locality; or perhaps a series of meetings.

What was stated in the "Notes" which you say has perturbed your people applies to something very different from this, and that is the initiation of projects in one locality which look like involving co-operation, both as regards energy and money from other localities. The object in these cases is not limited and precise, but extravagant and vague. Some of the schemes propounded could involve expenditure running into hundreds of thousands of pounds. In fact, they would logically require the suppression of every existing activity, and the diversion of the money expended on it to the new object.

It is important for every supporter of Social Credit to make up his mind whether he believes that it is necessary to secure a majority of individual opinions in favour of Social Credit before we can expect it to be brought into being. I do not hold this view, nor do most of those with whom I come into contact in London. It is not the number of converts we make, but the quality. That is why I attach more importance to the systematic prosecution of personal contacts than I do to public agitational methods. It is true that the Green Shirt Movement, whose policy Major Douglas has generally approved, do employ methods of agitation, but the converts they make are brought under discipline as soon as they join the Green Shirts, and whoever they are in private life, and whatever their intellectual and other qualifications, they have to start in the lowest ranks and earn their promo-

tion. The idea of disciplinary methods may not appeal to you, but it has to be remembered that if a member of the Green Shirt Movement does not like the discipline he can resign whenever he likes. The practical value of this discipline is that it prevents such things as a new member coming in and starting a movement of his own and trying to recruit other members into it quite irrespective of the policy of the appointed leaders. On the other hand, every rank and file member of the Green Shirts is entitled to make suggestions regarding policy, and these suggestions are welcomed, but action on them depends upon the approval of the experienced leaders.

This system, of course, would not operate smoothly if applied to the Social Credit Movement as a whole. But something akin to it in principle will have to apply if the Movement is to be safeguarded against being swamped by a lot of unsophisticated converts who are roped in through the agency of public meetings. Every day of the week the Secretariat gets some person or other coming along with a grandiose idea which older members patiently thrashed out years ago, and had to reject on grounds of principle or practicability. A. B.

## The Green Shirts.

The Green Shirt Movement for Social Credit looks upon the Unemployed Hunger March, organised by the N.U.W.M., as a demonstration against Poverty in the midst of Plenty.

At a London Area Delegate Assembly, held at the G.S. London Headquarters on February 7, it was decided to give full active support to the Hunger Marchers now on their way to London. The following resolution was passed unanimously, and all delegates voting:—

"That this Delegate Assembly of the London Area sends two delegates from every district in the London Area to attend the National Congress of Action at Bermondsey Town Hall on Saturday and Sunday, February 24 and 25, 1934, and calls upon every Green Shirt District throughout the country to do likewise in support of the Hunger Marchers in their fight against Poverty amidst Plenty."

All London Green Shirts are called upon to take part in the demonstration that is due to take place in London on Sunday, February 25.

Green Shirts in the provinces should make every effort to attend on that date, in full uniform, bringing their green-and-white Social Credit banners with them on parade.

Social Credit supporters (men and women) will be heartily welcome to join with the Green Shirt contingent, and such supporters will be issued with the green armband.

Parade at 12 mid-day promptly, at Green Shirt National Headquarters (35, Old Jewry, Cheapside, London, E.C.2) on Sunday, February 25.

## Forthcoming Meetings.

### Basingstoke.

On February 22 two members of the Newbury branch of the League of Nations will address the Basingstoke branch of that organisation on "Douglas Social Credit and Peace."

[The sender of this notice gives no particulars of meeting-place.—ED.]

### Birmingham.

Birmingham Douglas Social Credit Group: "The Nation's Credit," by H. R. Purchase, Esq., at Queen's College, Paradise Street, Wednesday, February 28, 6.30 p.m.

### Watford District.

Mr. J. E. Tuke will speak on Social Credit on the following dates:—  
Friday, February 23, Wesleyan Church, North Watford, 8 p.m.  
Friday, March 23, National Council of Women at Mrs. Keyworth's residence, King Edward Road, Ruislip, 3 p.m.

### PROPOSED LEWISHAM GROUP.

Will anybody desirous of joining a study group who lives in Lewisham or district kindly communicate with G. Eedle, 4, Blackwall Lane, Greenwich?

[We believe a group for this district is already in being. If so, perhaps the secretary will communicate with Mr. Eedle.—ED.]

## The Films.

"Queen Christina." Metro-Goldwyn-Mayer production. Directed by Rouben Mamoulian. Empire.

The only thing to be said for the pseudo-historical reconstructions that are now flooding the screen is that they are preferable to mid-Victorian treacle of the "Little Women" brand. This film is synthetic and insincere. Christina was an outstanding figure of her time; Greta Garbo acts with intelligence, and almost persuades you in believing in her queenship, but instead of reconstructing the atmosphere of the period the producers give us just an ordinary triangular amour. One-third is John Gilbert. He was officially retired last year, and one can now see no reason for his resurrection. But if he must play the great cardboard lover, let him spend a quarter of a dollar on a hair-cut.

Hollywood will never learn that a mixture of accents and accentuations invites ridicule. Swedish-English, public-school English, and plain American may make a good League of Nations, but the *mélange* is not that of the court of seventeenth century Sweden. The six-year-old Christina is played by a child of uncanny self-assurance, who comes over all Middle-West when she speaks. Yet, reams of publicity matter have assured the filmgoer of an assiduous hunt for historical accuracy. Christina's bed and palace and oaken safe have meticulously been copied. The globe she used—discovered at Pasadena—is actually among the properties. And the net result is as far away from Sweden in the time of Cromwell as it is from the garden of Eden. Synthesis.

"This is not important," says Greta Garbo to one of her celluloid ministers. The phrase summarises the picture. William Daniels's photography is often beautiful; there is brain behind Garbo's acting; and the laughing Garbo is by way of being a revelation. But it is not important. And the whole of the film after the abdication scene is anti-climax.

Definitely a box-office success.

### Postscript.

Owing to what are euphemistically described as "the troubles in Paris," the presentation at the Rialto of "La Rue Sans Nous" has been postponed until Saturday. In this picture the camera never moves out of the one street in which the action is laid.

DAVID OCKHAM.

## The Theatre.

"Within the Gates." By Sean O'Casey. Produced by Norman Macdermott. Royalty.

Sean O'Casey is one of the darlings of the pseudo-intelligentsia, and a greatly over-rated playwright. His construction is untidy, his ideas are platitudinous, and his expression is woolly. He not only vacillates between Greek drama, realism, and expressionism, but endeavours to unite all three methods in a single production. The combination is conceivably possible, but Mr. O'Casey is not the man to make a sound job out of the fusion. His flats do not join, especially when the structure is partially erected on musical comedy and revue.

If anyone knows what this play is about, the secret is jealously guarded by the author. The four scenes, all in a London park, cover the four seasons, which is presumably symbolic, as is the succession of morning, noon, afternoon, and night. A young whore wanders through the seasons, accompanied by an incredibly boring old mother, and a bishop. The latter is apparently the whore's papa, without benefit of clergy. If Mr. O'Casey had desired to show the complete incapacity and unwillingness of the Church of England to deal with social and economic problems, a legitimate vein of satire lay ready for his working. But the bishop is merely the conventional comic parson of our stage, and the remark by another character that "Your God wears a bowler hat," is a contribution neither to theology nor to sociology.

Commentators may dispute whether Mr. O'Casey's thesis was the notorious wage of sin, or the advisability of gathering your roses while you may, or neither—or nothing. One receives the impression that this author imagines that there is something very bold and daring and sophisticated in talking about nakedness and being in bed with a woman. It is not an adult phase. This romanticising of the whore since "La Dame aux Camélias" overlooks the patent fact that the trade of a prostitute is essentially unromantic. Indeed, the average journalist's life is in comparison a carnival of romance. But Mr. O'Casey's Victorianism allows him to stage a mighty battle over the soul of his young whore—who wants to be saved only when a heart

attack puts the fear of hell fire into her, and who forgets her soul immediately her fancy boy arrives with a wad of banknotes. True to type, the wench dies in the last act, after the Church of England, the Salvation Army, and the fancy boy have all offered their individual passports to paradise.

The author's gardeners and chair-attendants, *et al.*, talk in a high-falutin manner that is completely out of character; the chorus of down-and-outs fulfil no recognisable purpose; and the roll of drums and the periodical darkening of the stage also have no tangible justification. Altogether, an immature and amateurish effort.

The large and capable cast do the author the great service of making their individual rôles far more convincing than the play itself. Most of them, however, fail lamentably to capture the cockney accent. Save for this defect, great credit is due to Norman Macdermott's production. Hubert Hughes's incidental music is both charming and appropriate.

### Without Comment.

According to the publicity representatives of the Arts Theatre, which will shortly re-open, one of the plays selected for presentation is "Shakespeare's Grand Guignol thriller, 'Titus Andronicus.'" VERNON SOMMERFIELD.

## Music.

Tilly Connelly and John Tobia, Aeolian, February 2.

This was a very unusual two-piano and piano duet recital, consisting of a programme upon most novel and original lines, Busoni, Casella, Berners, and Bax. With a courage and enterprise which can hardly be too highly praised, the recital givers gave the place of honour upon their programme to the two-piano version of the mighty "Fantasia Contrappuntistica" of Busoni. Of all the three forms of the tremendous work this is surely the greatest, and the enthusiasm and obvious reverence that the players brought to the performance of this recondite, aloof, austere music were entirely admirable. The performance, on the whole, was a very good one, with a strong feeling for the terrific intellectual excitement and exaltation of this extraordinary music, that, more than ever, as time passes, is seen to occupy a niche absolutely alone and unique. Such is the force of Busoni's strange, hallucinating genius that his performers, even when indifferent, which was far from being the case in the present instance, seem to be under some sort of possession when playing his work, and by some quality of necromantic evocation, he himself, his very self, seems to be presiding over what assumes the nature of the celebration of a rite. The structure of the immense work was finely realised, and the lesser points of climax, so difficult properly and duly to subordinate in a work of this complexity and intricacy, were remarkably well managed, leading logically and coherently into the overwhelming pages of the *coda-stretta*, one of the most exciting things in all music. The only fault that one might hint at is that rather more steeliness was called for in places; the treatment of some of the more subdued variations, for instance, was rather too soft and rounded in outline.

It was, of course, inevitable that music of such stature as this should not only dwarf but practically obliterate everything else upon the programme. The gay impertinences and *gamineries* of Casella—"Pupazzetti"—and the really very clever parodies of Lord Berners, of the two Strausses, and the one Straus, wrongly printed in the programme as though they were three Strausses, could hardly help sounding out of place after the "Fantasia Contrappuntistica"; it was rather like placing Miss Beatrice Lillie alongside Mrs. Patrick Campbell, or Mrs. Siddons. The recital givers deserved a far better audience than the one they had, and I heartily recommend all music lovers not to let the opportunity pass unused if and when these two excellent players again give us the "Fantasia Contrappuntistica." Such music has just that rare quality, that power of evoking that particular atmosphere of solemnity and gravity that Busoni himself insisted should be associated with the public making of music, and which is so rarely associated with the public making of it, except at the hands of a Busoni himself, or a Petri.

L.P.O., Queen's, February 4.

Some remarkably ragged playing, and much more faulty intonation than we have any reason to expect from this, the best—as a rule—of our present London orchestras. On one or two occasions on this particular Sunday afternoon I thought I was listening to some older friends, and less reputable ones, among our London orchestras! Alexander Kipnis sang—not at all well—the lovely "Kindertoten-

Lieder" of Mahler; far too much disregard of Mahler's express indications, uncertainty of pitch occasionally, unevenness of line, and a roughness of approach. The orchestral part in the proceedings was very rough-and-ready too, and much more rehearsal was indicated on the part of all concerned. Sir Thomas Beecham was decidedly not at his best on this afternoon; in the Handel Suite arranged, and beautifully, by Sir Thomas himself, we had the authentic fineness of touch and subtlety of line that we look for, but, as a whole, it was decidedly an "off" day. And why is it when a *forte* string passage succeeds an isolated wood wind one, that, in the case of an English orchestra, the strings are appreciably—and unpleasantly—sharper in pitch? I had a clever orchestral player friend with me, who has always noticed the same thing.

B.B.C. Symphony Concert, February 8.

The last Mahler—the Ninth—Symphony was the central point of attraction in the programme on this occasion. It is rarest, purest Mahler, every bar signed unmistakably, with that amazing combination of utmost refinement and subtlety on the one hand, and a childlike simplicity of spirit, but not in the least of head . . . that is where so many of our English critics of Mahler go so hopelessly off the rails in their inability to see that the one does not in the least mean the other as corollary. The Ninth Symphony, while having points of thematic shape and design that recall the earlier Symphonies, is no mere repetition of them. It is a distinct and distinctive entity, taking its place logically, and inevitably, for all who really know their Mahler—not many, in this country—in the great and splendid series of his immense symphonies. The remarkable thing about them all, and this work in particular, is that with all its leisureness, its easy-going pace, as of a man in no hurry, but quietly and calmly going on his way, yet knowing with unerring certainty *where* and *how* he is going, it is never prolix nor redundant, in the sense that so much of the works of smaller men, smaller both as regards their artistic stature, as well as regards the actual cubical content of their work. Mahler's ideas are in their very nature large and spacious; they need time and space in which thoroughly and convincingly to deploy themselves.

That a contemporary audience, hypnotised by contemporary musical practice and criticism into believing that brevity is the soul of a lot of other things besides wit, that it never occurred to anyone to claim for it outside these days of the short-winded, days that, I suppose inevitably elevate into a quality, as a salve for wounded vanity caused by the contemplation, if occasional, and if involuntary, of other older and bigger times, should find a difficulty in swallowing a composer who can by no technical nor critical jugglery be tacked on to any of the current fashions of the last twenty-five years, is not astonishing. That these same audiences should also impute the fault to the composer, instead of to themselves, and the times in which they live, or perhaps, one should say, that particular body of ideas whereby they happen to be hag-ridden at the moment, is also not surprising, regrettable though it may be, when one thinks of the extraordinary musical beauty from which they are isolated by this sort of inoculation process. The performer feared so much worse, that one was grateful to have one's fears approximately, pleasantly deluded in this respect. I, however, found myself compelled by circumstances to listen to the performance *via* the air, and it was all too plainly in evidence that the "control" functionaries were engaged in teaching Mahler how he ought to have orchestrated and dynamically marked his own scores. A slender little thread of flute melody came over with a volume, intensity, and prominence fully the equal of a trumpet. Later, when there was a prominent trumpet *quasi-solo* passage, it had certainly no more, if as much, volume and intensity as the flute. Strange freaks were also played with the *timpani*, who on occasion might have been in front of the entire orchestra, instead of at the back of it, their proper and normal position. Altogether it was necessary at times to exercise an inordinate amount of goodwill to realise that this was one of the most exquisitely and subtly orchestrated compositions of modern times. Fortunately, one's knowledge of the score places this beyond a doubt, but there must have been many sensitive listeners who must have wondered, more than once, as a strange, inchoate morass of sound reached them, if, and why, this was the wonderful Mahler orchestration of which even our critics have heard, and which even they, with the worst will in the world, cannot deny. The matchless last movement, famous "Adagio," even though its full beauty and eloquence were hardly realised, was as ever indescribably

moving and poignant. The last few pages are a miracle. The music does not melt away nor fade; it evaporates in a soft glowing and tender radiance, in a way that is almost without parallel in all music . . . only that most expressive German adjective-participle, *verklart*, meets or fits the case.

KAIKHOSRU SORABJI.

## West Riding D.S.C. Association.

### REPORTS AND NOTICES.

Since its formation the above has been very active. Under its auspices Lady Clare Annesley has addressed meetings at Swinton, Mexboro' (Rotary Club dinner), Bradford, arranged by the Bradford Group, Dewsbury, Doncaster, Rotherham, and Sheffield. Other meetings have been addressed by Mr. Dodgson, Bradford, whose meeting at Brighouse is to be followed up on Wednesday at Wright's Cafe, Brighouse, by the Secretary. The vice-President, Mr. S. I. Swaby, Rotherham, has also addressed meetings, and is running a Speakers' Class under the Bradford Group. Mr. Hattersley has had an exceptionally busy time, and is also working hard on the new edition of *This Age of Plenty*. Mrs. Hattersley has addressed meetings at Sheffield and Rotherham.

A Week-End School was held at Ilkley, February 10 and 11. Notwithstanding the short notice this was attended by over fifty people. Excellent addresses by the vice-President, in the unavoidable absence of the President, Dr. Neil Montgomery, of the Kirkburton Croup, and Lady Clare Annesley, discussions on matters of individual difficulty, and the pooling of the knowledge gained by experience, all helped to create in the members a feeling of good fellowship, which, with the enthusiasm aroused, must help on the work in the West Riding.

It was decided to hold a Summer School, and a small sub-committee was formed to survey suggested places.

In addition, arrangements were made to produce a monthly broad-sheet. The editor for this is J. Earnshaw, Esq., 8, Ashfield-road, Moorhead, Shipley.

New groups are in the course of formation, one of the latest being the Doncaster Crossways Group, Secretary, Miss Halstead, Crossways, Doncaster.

Will any one interested in Social Credit and not attached to a group, please communicate with the West Riding Secretary, S. A. Staples, Wellwood, Swinton, Mexboro'.

## Sir Maurice Hankey's Mission.

Mr. Bernard Shaw recently left for New Zealand. At about the same time it was rumoured that Mr. J. H. Thomas was going to Australia, presumably in connection with the Victoria centenary celebrations. On Sunday last, however, it was announced that Sir Maurice Hankey would go. It is a discreet decision. Public men visiting either Dominion find themselves in the field of Social Credit politics, and will be bound to express views on the subject. Shaw is adroit enough to keep his own end up in a dialectical duel—besides which, his views do not commit the Government. But Jimmy Thomas—if he had gone—what joy! It was too good to be true. Sir Maurice Hankey is not a public man. He is a sort of Civil Servant; and can plead that as an excuse for not expressing views on "controversial issues." At least, not in public. In drawing rooms, board rooms, or Cabinet chambers, yes. He has been Secretary to the Cabinet for fourteen years, and Clerk to the Privy Council for eleven years; and, as the *News of the World* says:—

"While Governments have come and gone, Sir Maurice has remained in the very centre of affairs, and no man alive is a greater repository of political secrets."

That such a personage should be sent across the world to take part in what, after all, is little more than a birthday party, is a magnificent compliment to Australia—or, shall we say, to the Douglas Movement in that country. The Press takes care to say that he was "invited by the Australian Government." (So was Niemeyer.) But it doesn't explain how they came to think of his name as a possible visitor. If he'd spelt it with a "P" we might have given a guess ourselves.

## Sir Robert Gibson.

We hear from an Australian correspondent that Gibson was accorded a State funeral. "Not a bl— note," said this now departed dour deflationist to the helpless Scullin Government. The legend ought to be engraved on his tombstone. The same correspondent says that there is good authority for the statement that Gibson used to be frequent telephonic communication with Norman. Evil communications corrupt good manners.

## Major Douglas at Perth.

The Melbourne Age, of January 17, reports Major Douglas's reception at Perth. The report is headed: "Douglas Credit System—Its Founder Reaches Perth—Remarkable Welcome."

"A large crowd of followers . . . vigorously cheered him, and the Highland pipers' band played Scottish airs as the vessel berthed."

"Major Douglas was tendered a civic welcome at Fremantle, and after a welcome in Perth by the civic dignitaries he addressed a large public meeting in the town hall. A national broadcast followed from 6 W.F., and then Major Douglas was entertained by the State Government at a lunch at Parliament House."

The report embodies a short interview in which Major Douglas gave a rough outline of the Social Credit analysis and objective. It concludes with a biography, in which, among items already familiar to our readers is the following:—

"Following the presentation of his paper: 'The Application of Engineering Methods to Finance,' at the world engineering congress in Japan, many thousands of copies of his works have been printed in Japanese."

This is a most opportune point. No people exist on this globe who are less likely to buy moonshine than the Japanese. And it is a suggestive coincidence that these people, who have got down to Douglas in greater numbers than any other, are getting away with the world's trade in advance of any other. Admirers of the world's trade in the Quintessence of Gibsonism had better pull themselves together and think of something else. Japan is an unhealthy place for obstructive financiers; and one who told the Militocrats in that country: "Not a bl— note" would find himself a sticky mess between the adjective and the noun.

## Spilling the Beans.

How many beans make five? It is stated in the Sunday Press that Leopold Harris is to get a remission of five years from his sentence for turning Bank's evidence against Captain Miles. Capsoni did better; he got £3 a week for a considerable time, a free pardon, and a passport—and then some if the truth could be known. Now it is Captain Miles's turn to spill the beans. Who'll be next in the dock? Poetic justice demands that it shall be at least an insurance-magnate.

## The Basle Butcher's Bill.

Item.—Paris, February 6, fifteen civilians killed and five hundred wounded: four hundred police and soldiers wounded.

Item.—Paris, February 12, one "demonstrator" killed and "scores" wounded: twelve policemen killed.

Item.—Vienna, February 12, five hundred to a thousand estimated killed during that and following days.

## Shirts.

Questions in the House last week were addressed to the Government suggesting that the wearing of "uniforms" by political parties should be declared illegal on the ground another idea. It is that every Member of Parliament should be compelled to wear a uniform. It came to us when read-slaughter of demonstrators (who, by the way, were not wearing shirts or any other uniform). A group of demonstrators spotted a French member of Parliament in the street and said: "Hi, there goes a Parliamentarian—let's of them hadn't recognised his face they might have missed such oversight everywhere. And as the fashion nowadays is to have non-party Governments, the same pattern of uniform could be worn by all members."

## Edinburgh Broadcast Debate.

The debaters will be: K. S. Isles Lecturer in Economics, Edinburgh University, and Philip McDevitt, J.P., a member of the Glasgow S.C. Group. Scottish Regional or National Programme. (This has not yet been settled.) Date, February 26, 8.30 to 9 p.m. Wave lengths: 373.1 metres if Regional, or 285.7 metres, if National.

Mr. Isles is of Caius College, Cambridge, where, it is stated, he was engaged in research work and lecturing.

## LETTERS TO THE EDITOR.

### VELOCITY OF CIRCULATION.

Sir,—Reports you and others have printed of the adoption in one or two communities of Gesell's "Free-Money" show that the experiment has immediately resulted in intense economic activity and general prosperity. Now the whole object and effect of this free money is to accelerate the velocity of circulation. But Douglas contends that a velocity of circulation is of no importance and cannot effect rapidity of consumption.

J. A. FRANKLIN.

"Purbeck View," Sandbourne Road, Bournemouth. [Experiments on Gesell's theory and others like it have all been conducted in limited sections of a national credit-area. Granting, for the sake of argument, that the experiments have invariably resulted in the prosperity of the people co-operating in them, it does not follow that the same result would follow the extension of the experiment to the whole national credit-area. For example, if the people of Surrey got fat on an unorthodox credit-system while the other counties of England remained under the orthodox system, it would be a breach of an elementary rule of logic to infer that all England would get fat by the same method. If a certain grocer found that he took more money week by week because he kept his shop open all day on Early Closing day, he would be talking nonsense if he argued that all the other tradesmen in the town would simultaneously get richer by the same practice.]

As regards the phrase: "Velocity of circulation," it is vague in meaning as it is familiar in bankster propaganda. It is familiar precisely because it is ambiguous. That is how the bankers make a show of wisdom in debate. How do you measure the velocity? By the time taken for a banker's loan to return to the bank for cancellation? If so, we can show that the high velocity can be attained by a low rate of consumption. Alternatively, do you measure the velocity by the time taken for incomes paid to individuals by industry to return to industry? And if so, do you allow for the fact that there are two possible ways in which the money returns, namely (a), purchases of goods at shops (Consumption) and (b), purchases of shares on the Stock Exchange (Investment)? The money could, in theory, all return by the route "b"—in which case the velocity of its circulation would have no effect at all on consumption.

And if the money all returned by the route "a" (which is equally conceivable), it need not affect the "rapidity of consumption"—what it would do would be to increase the rapidity with which the shopper yielded up units of money without necessarily increasing the rapidity with which he got units of goods in exchange. Here we come up against the snag in the whole business, namely, that the price of an article is what it will fetch, and will continue to be so until the existing system of costing and pricing is regulated on Social-Credit principles.

The reason why the price of any article is all it will fetch is because the collective cost of all articles is invariably greater than the total money existing to buy them. The seller of any particular article never knows for how long he can rely on getting a profit at all, and he naturally makes all he can while he can. It is the only way in which he can hope to avoid the necessity of closing down immediately his goods fail to fetch their cost. He "profiteers" in order to accumulate "reserves" with which he can keep his business going through a bad patch when he has to sell at a loss to get any revenue at all.

The idea of restoring prosperity by "fast spending" is more intelligible than that of "wise spending," but it is equally futile. The core of remedy is correct costing.

### DEPRECIATION.

Sir,—"Accountant," in his excellent article on Depreciation, quotes Mr. Hawtrey as saying: "The depreciation is not in respect of what he has spent, it is in respect of replacement in the future."

Might it not be fair to say that it is equally in respect of both? Financially speaking, the industrialist's business is to incur costs and recover them with something to the good which he calls his profit. When he purchases plant he incurs a cost, and he expects to recover that cost by the time the plant requires renewal, so that he can replace it. Certainly depreciation is a cost. A manufacturer who spends £1,000 on materials and charge this sum into his prices at the rate of (say) £200 a week for five weeks; or he may spend the same sum on a machine which will give ten years' service, and charge it into his prices at the rate of about £2 per week over that period. There is no differ-

ence in principle between the two transactions; one is more protracted than the other, but that is all.

From this point of view, depreciation is an ordinary B cost, and should presumably be regarded by E.63 as an "old cost flowing along."

It could perhaps be regarded as a new cost by assuming that the plant in question was financed in the orthodox manner—from savings. By the time the plant was ready to commence operation, the public would have received a long past period, and it would have parted with this same sum in return for share certificates. So the cost-accountant could be regarded as starting with a clean slate as regards the public, and his subsequent allocations could be regarded as new costs—costs which had not previously appeared as income.

But the former would appear to be the simpler and more satisfactory view.

If profits be omitted, and depreciation regarded as an ordinary B cost, then all B costs come within E.63's category of "old costs flowing along," and his problem becomes correspondingly simplified.

Taking the symbols there used, if the flow of incomes be proportional to  $A_1 + A_2$ , then the flow of total costs on to  $B_1 + A_2$ .

That is to say, the flow of total costs is always in excess of the flow of total incomes by an amount represented by  $B_1$ .

This is a general result, independent of profits, independent of banking finance, and applicable to any economic condition, whether of boom, slump, or (temporary) stagnation. It shows the inherent discrepancy between incomes and costs arising as a result of normal cost-accounting.—Yours faithfully,

A. W. COLEMAN.

### PSYCHSTERS AND PSYCHOLOGY.

Sir,—It certainly is a shame that those four naughty psychopercipital horsemen should have trampled down your pet pseudo-science. But whatever makes you think that "psychsters" like psycho-analysis? Listen to Jones in 1915:—

"To take another current, and more important, analogy. Modern economists know that the idea of wealth means simply 'a lien on future labour,' and that any counters on earth could be used as a convenient emblem for it just as well as a 'gold standard.' Metal coins, however, and particularly gold, are unconscious symbols for excrement, infantile times, was derived. The ideas of possession, in wealth, therefore, obstinately adhere to the idea of money, and gold for definite psychological reasons, and people simply will not give up the 'economist's fallacy' of confounding money and wealth. This superstitious attitude will cost England in particular many sacrifices after the war, when efforts will probably be made at all costs to reintroduce a gold standard."

If only there had been more such "dilutes of existing knowledge" in 1915, the proposals of the Cunliffe Committee might have suffered a different fate. But in effect favourably reported in the bankster Press, nor is there any "bias in educational policy" towards the inclusion of psycho-analysis in either school (or university) curricula, or to imply. Obviously, it would not enhance the dignity of High Finance.

Prof. Elliot Smith has shown that there is also an historical explanation of the "Economist's Fallacy." It appears that nearly all the earliest sites of civilised man were associated with the mining of metals, principally of gold; and that gold possessed for him a magical property as a preserver of life.

Both the New Psychology of Freud and the New Anthropology of Elliot Smith provide valuable clues to explain (a) the enormous prestige of the owners of the world's gold, and (b) the abject acquiescence of the mass of mankind in a tyranny founded on this ownership. L. T.

(Since we reserved the designation "psychster" for that small class of people trained for the function of government; and since the function of governing to-day involves the practical implementation of the public into acquiescence in the implementation of High Financial policy; then the "psychster" will "like" psycho-analysis in the sense that it is ready to afford it his patronage as a subject of research which is not subversive of "sound government.") The citations given from Dr. Ernest Jones and Professor Elliot Smith in no wise impair the force of what we said. They embody an analysis of the probable causation in the

distant past of present psychological reactions to the idea of "money" or "wealth." But neither affords a definite idea of what we are to do about it. We can accept the statement that if the said cause had not operated the Cunliffe Committee would (not might) not have made the recommendations that they did. But how does this knowledge help us to undo the effects of their adoption? If the answer is that people must now be educated out of their present attitude of mind, the further questions arise: (a) what people?; (b) by what method?; and (c) how long will it take? If the answers should be (a) the master money-monopolists; (b) by psycho-analysis; and (c) say, six months we should say: "Go ahead by all means, and set your Four Horsemen charging at them at once." There would be the old difficulty of getting near enough to the bird to salt its tail—and it must be remembered that the task is peculiarly difficult in the case of the "Oozlem Bird." But if the answers are (a) all people, or the majority of them; (b) by psychological treatment of any sort, then unless the time-limit (c) is to be extended for centuries, mass-methods of psychological treatment must be adopted—which means that the Press and other agencies of mass-education must be used.

If it be true that the "bankster Press" receives psycho-analysis coldly or contemptuously, the probable reason is that the subject is not sufficiently interesting to make a "story." We will concede that this explanation would cover the attitude of the Press to phrenology as well if there were no indications in other quarters of hostility to it and no antecedent reasons why there should be. Nevertheless, Freud got a "good Press" when he first announced his theories. They had to do with sex—and sex always sells well. The papers (including Punch) alluded more or less discreetly to his theories with more or less leering or levity, but they did give him a fine advertisement. Then Jung came along with a less thrilling thesis; and then Adler with one less thrilling still.

The control of Threadneedle Street over Fleet Street is not so rigid as to justify the conclusion that whatever the Press chooses to ignore is ignored under orders. There exists to-day such a wide assortment of subjects which serve to confuse, distract, and tire the mind that the bankers can afford to leave editors to exploit those which bring in the most money.

In conclusion, it must be borne in mind that our frame of reference is admittedly and purposely a narrow one, and that when we disparage certain subjects of teaching within it we are not challenging their value outside it. Our background is this: that the problem before Douglas advocates is a political one, and consists in seeking some means of getting Social Credit adopted against the will of the Money Monopoly and irrespective of the "opinions" or the psychological condition (chiefly inertia) of the population. Those of our readers who consider this to be impossible, or deem it undesirable, are thinking in another frame of reference—one in which our reasoning does not apply, and into which we should not think of introducing it.—Ed.]

## ANSWERS TO CORRESPONDENTS.

### NEW ZEALAND POLITICS.

A.M.—Many thanks for your letter of January 4. We will convey to the writer of the article on the New Zealand Legion what you say. But we do not think our readers will have been misled by his calling the Legion "gold bugs," because this epithet would not be considered by them to apply to the rank and file membership. We quite understand that there are hosts of good people in bad movements, and there is no need to make that reservation explicit every time we deal with different movements of this sort. We note what you say about the local warfare between Social Credit papers, and agree with you that the elimination of some of them has been a good thing. We thoroughly endorse your sentiment that: "We are far better without a 'half-pie' Social Credit paper, or even a 'three-quarter pie.'" The same applies to members of the Movement. Every member who does not know where to go, and how to get there, invariably plants himself in the way of those who do.

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