

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### Atrocity Mongering.

The Socialist Press Service circulated to the Press under date March 16 a duplicated typewritten article purporting to describe authenticated atrocities in Austria after the recent insurrection there, "We hope you may find it of use to you," says the Secretary, V. Van Kampen. What use? The document can only harrow the feelings of British readers to no purpose—unless, of course, the idea is to get them to subscribe money for the surviving victims of the struggle. We all know, without evidence, that in these crises the authorities feel they must win at all costs and in the shortest time, and so they trample the humanities under foot without hesitation. This document has just the same value as has a film exhibiting the "horrors of war"—and that value depends wholly on what moral is drawn from either. In every case the moral is left in the air, or, if not, the means of implementing the remedy are beyond the control of the people whose hearts are appealed to.

On a cold logical financial analysis it can be shown that "murder" without compensation to survivors in any given credit area is a financial gain to the Government. It lessens the number of people seeking work, and therefore the amount of money spent on relief. And if sympathisers outside the area pass the hat round and send in money for the afflicted, the amount sent is virtually a subsidy to the offending Government. Its ultimate effect is just the same as if the Austrian Government itself inaugurated an International Relief Fund for the victims, and used the contributions to relieve its own Budget expenditure on relief! Old readers will recall the pre-war Indian Famine Fund through which German people (among other foreigners) were tapped to relieve Great Britain of her responsibilities to her own subject races! Reflection will show that those sacrifices of human life are a form of rationalisation, while rationalisation itself is an essential by-law of the financial system. Barbarity begins in the bankers' board-room.

### Imperial Chemical Reserves.

Imperial Chemical Industries, Ltd., publish an announcement of final dividend for 1933. Balance available for distribution is £6,545,375. Dividends absorb

£4,979,236. General Reserve absorbs £1,000,000. The balance, £566,139, is to be carried forward. This last figure is just fractionally greater than the carry-forward brought in at the commencement of the year. So at least £1 out of every £6 10s. received in revenue is to be withheld from redistribution as consumer purchasing-power, i.e., will be retired from general circulation. Additionally the same thing will happen in regard to a substantial proportion of the £5 million odd declared as dividend. This will not go to individual persons as income available for personal expenditure, but to financial institutions as revenue available for retention as reserves to any amount which the directors (virtually bankers) see fit to decide upon.

\* \* \*

Nor is this the whole of the story. The £6½ million odd declared available has been arrived at by deducting about half a million for income tax and £1,000,000 for the "Central Obsolescence and Depreciation Fund" from an original "gross income" of £7,663,945. This "Fund" is not a store of money, but, like the "General Reserve," merely an account recording how much money has not been paid to shareholders. In the Social-Credit picture both accounts represent and roughly measure the holes in the consumption-system through which money has gone to be retired and destroyed via the investment-security market. It is not far-fetched to estimate that the public has been the victim of a concealed bank-tax to the amount of at least £2,000,000 as the result of the above "sound precautionary" accounting devices. It is these devices which account for the time-lag between an expansion of bank-loans and a rise in retail-prices; for they can be used to regulate the proportions in which the new credits flow into the share-markets and consumption-markets respectively. Again, this is not a "capitalist ramp" in a Labour sense; it is an implementation of a bankers' ramp—an implementation which is duplicated in Trade-Union finance.

### Reserves as Restraints.

The true position of any of these centralised private or public institutions at any given time would be shown by comparing their total liabilities to pay money to individual citizens with their total free balances in current and deposit accounts. Such a comparison cannot

be made because of the interlocking of Reserve Funds, and the impossibility of ascertaining the identity and measure of personal ownership represented by the securities which are held to constitute these "Funds." To a large extent it is probable that they are linked up with what are referred to as the banks' "secret reserve" funds. Only last week we saw references to the fact that these secret reserves exist, and defences of the practice of secreting them. They are in reality (whatever their form may be conceived to be) the reserve power of the banks to finance distribution, and are therefore, precisely because the power is reserved, the occasion of restraints on the production of goods appropriate for distribution. The declared reserves of business, in this fundamental sense, feed the undeclared reserves of the bankers. And it is for this reason that Parliament is warned off from interfering with credit-policy, and particularly with that branch of policy which affects the accounting of credits. In this frame of reference lies the only interesting feature of Roosevelt's interference. Will he be able to carry forward from the loan-regulation phase of his experiment some reserve of political power to interfere with the price-regulation phase, with the prospect of translating it from an experiment to an achievement? We must wait and hope to see.

#### The Deficiency of Purchasing Power.

A book\* by a Mr. Christopher Hollis has just been published, and requires notice. On his main theme the author is readable and informing. In his necessarily rapid survey of the period he covers he has set down a number of "key" facts relating to the usurpation of Government and the expropriation (as Social Credit students will call it) of the governed by the Money Monopolists. For instance, the London Money Market's loan to Napoleon prior to the Battle of Waterloo is cited. The Bank Charter Acts are discussed, as also are the theories and views of the earlier economists—Cobden, for example, who is stated to have declared with complacency on one occasion that this country had exported goods to Brazil alone to a greater value than those delivered to the total peasant population of England in the same period. That is a nice commentary on Free Trade and economic interdependence! Altogether this work makes an excellent speaker's handbook on the political aspect of the bankers' advance to power, and contains many sound sentiments on such economic and social anomalies as Social-Credit writers have selected for emphasis in *THE NEW AGE* and elsewhere (e.g., labour-saving inventions; export policies, etc.). The chapter dealing with Malthusian theories against the background of present-day productivity is very well done. As a matter of fact Mr. Hollis might well have been inspired from Social-Credit sources alone in respect of a good deal of the matter in his writings.

But Mr. Hollis is as vague as a guide as he is definite as a historian. That is the rule rather than the exception with writers who try to draw lessons from history—even financial history—without knowledge of the technical flaw in accepted axioms of finance. It is one thing to show how bankers have used money to establish ascendancy over political policy, but quite another to show how money can be used to destroy that ascendancy. The snag lies in the fact that (ruling out Social Credit) the effect of any device proposed as an improvement on the bankers' methods will be to create phenomena which will discredit the improvement in the eyes of the public and impel them to renew their vote of confidence in the old system. The reason for this is technical, and resides in the automaticity of loss in purchasing power consequential upon the continued operation of accepted wrong principles of costing. The problem of ascendancy is fundamentally a problem of

\*"The Breakdown of Money—An Historical Explanation." By Christopher Hollis. (Sheed and Ward, 232 pp., 4s. 6d.)

accountancy. You may push the banker off his throne (e.g., nationalise the banks), but if you do not re-count costs the banker will sooner or later remount the throne.

Mr. Hollis is aware of the fact that Major Douglas holds this view, but confesses himself unable to accept it. He says:

"There is a deficiency of purchasing power. Now, according to the supporters of the Douglas scheme that deficiency arises out of a mathematical necessity. The present writer is not able to accept that argument in any form in which he has come across it—

"other than—  
"that of Lord Tavistock, who, in his pamphlet, *Poverty and Overtaxation*, says that there is such a deficiency, 'unless the banks are granting new loans as fast as they are receiving repayments of old loans.' In this statement of it the theory is clearly true, but is it very important? Obviously there is a deficiency of purchasing power if there is deflation. But is there such a deficiency when there is not inflation? . . . It is the export of capital which in my opinion has been responsible for the deficiency of purchasing power in Great Britain."

The short answer, by the way, to this diagnosis is to point out that deficiency of purchasing power is universal, and therefore necessitates the conclusion that the world as a whole has exported capital. Extra-cosmic borrowing is a good one!

The statement here criticised by Mr. Hollis is not correct. The pamphlet, *Poverty and Overtaxation*, in which it appeared, was not endorsed by Major Douglas, and, so far as we remember (for we have no copy by us at the moment) did not purport to be describing the authentic Douglas Analysis. Further, the pamphlet was issued under the auspices of the late National Credit Association, whose emphasis in policy was on the moral reasons for issuing dividends rather than on the technical reasons why dividends were necessary. It set out more to overcome psychological resistance to the Social-Credit objective than to meet intellectual resistance to the proposed means of reaching it. It would have been better if the Association had cut the technical part of the subject out of their propaganda and concentrated exclusively on its ethical background.

So far as we are aware, there is no independent work on Social Credit, except H. M. M.'s *Outline of Social Credit*, that has been formally and publicly recognised by Major Douglas as correctly presenting his views; and it is to be hoped that critics of the Douglas Theorem will in future rely for their material on Major Douglas's own writings both as to content and form. In the last analysis it is he, not other writers, who must be confuted if any flaw in the Theorem is to be demonstrated. This applies also to writings in *THE NEW AGE*, although the necessity for the warning does not arise in a practical sense here, seeing that critics consistently avoid citing its name.

#### CREDIT CREATION AND CORRUPTION.

[Extracted from a daily tear-off calendar for 1934, on the leaf bearing the date March 8.]

Blest paper-credit! last and best supply!  
That leads corruption lighter wings to fly. —POPE.

#### Notice.

All communications concerning *THE NEW AGE* should be addressed directly to the Editor:

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20, Rectory Road,  
Barnes, S.W.13.

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

## THE PLIGHT OF DURHAM.

According to a Special Correspondent of *The Times* (March 20 and 21), who has been investigating the situation in Durham, the problem there is distinct from others in that industry is not only paralysed but destroyed. Not only is work suspended, but plant is dismantled. Hence the returning wave of prosperity cannot float Durham off the rocks. One's first reaction to this sad tale is to ask why the benefits of the economic interdependence of nations in the world cannot also accrue from the economic interdependence of counties in this country. Are we to conclude that a returning wave of world prosperity may yet leave some of the interdependent countries on the rocks? If so, the case for "narrow nationalism" wants a bit more answering than the moral reprobation to which it has been subjected.

Durham has no option to be otherwise than interdependent; but that fact is irrelevant to the question of the merits of interdependence. What these merits are is unwittingly exposed by the Correspondent. He first points out that unemployment being universal in that area the dole and the means test are ever-recurring subjects of conversation. "They colour the whole sky for the man out of work"—"his weekly payment" is "his one lifeline, his one security against seeing his children starve." So the Commissioners appointed by the Government in 1932 are "fulfilling a thankless task." And what does this Correspondent propose? It is that the new Unemployment Assistance Board should pay great attention to publicity. The reason is that recipients of relief in Durham do not appear to realise that other people have to pay for that relief. Therefore they must be reminded of it as forcibly and frequently as possible. He suggests as one device that

"It would be a gain to print on the back of every form a clear statement giving the total amount paid out in transitional payments annually, and a summary of the sources from which the money is derived, like the summary every taxpayer or ratepayer finds on the back of his demand note."

We would like to have the job of preparing that statement, with the freedom to tell these poor paupers about the source (not "sources") from which all money (not "the money") is derived.

Since writing the foregoing we have seen later issues of *The Times*. That of March 22 contains the third and last instalment of its Correspondent's article; and those of March 23 and 24 correspondence arising therefrom. On March 23 the correspondents were Lord Daryngton; Mr. L. B. Armitage, F. R. Econ.S., Fairfield, Skelton Road, York; Col. Hugh M. Stobart, Middlethorpe Hall, York; and Mr. H. J. B. Atkins, 57, North End House, Fitzjames Avenue, W.14. On March 24 there were letters from Mr. Harry Bottomley, Ex-County Accountant of Durham, Barnard Castle; "The Secretary of a Northern Occupational Centre" (no address given); Mr. O. H. Corble, Industrial Agent, L. and N.E. Rly., King's Cross Station; and Mr. Richard St. Barbe Baker, Founder, The Men of the Trees, 17, Park Street, W.1

The articles were evidently timed to coincide with, and to direct, the debate in the House of Commons on March 22 on unemployment and distressed areas in connection with the Consolidated Fund Bill; and *The Times* announced on the following day (under "To-day's News") that "frequent references" were made to these articles by speakers in the debate. The *News-Chronicle* of this date (March 23) published a leading article ("The Distressed Areas") dealing with

the debate; and anyone who compares it with the articles in *The Times* will see that it endorses the principle of the general recommendations put forward by the Correspondent, namely the institution of an "external body" with "full powers" to study local problems, chiefly with the view to revive what activities can be revived (agriculture is mentioned) and otherwise to supervise and regulate migration from Durham to other centres. No doubt other newspapers will be found to have reflected the views of this Correspondent in their editorial comments. Really there is nothing else that they can do but to say yes to the Government, who can't say no to the experts. For virtually *The Times's* Correspondent was unofficially fulfilling the function of the Secretary to the Cabinet, but with the difference that he publicly circulated the material on which the debate was to be conducted, and within the scope of which the debaters were to confine themselves. Who he is we are not told, except that he has been commissioned by *The Times* on two previous occasions to conduct investigations into special local problems like this one. Without questioning his conscientiousness or ability in the slightest, we may be quite sure that he would not have been entrusted with the job unless the high politico-financial supervisors of the policy of *The Times* had been assured that his observations, analysis and recommendations would not give encouragement to remedies involving departure from the established principles and methods of "sound financial" policy and procedure. In any case, commissioned articles can always be censored by those who pay for them: so it all comes to the same thing in the end. The ultimate power of veto on all remedies for economic troubles lies in the hands of the Governor of the Bank of England, and as the retention of that power depends chiefly on the secrecy with which it is exercised, it stands to reason that *The Times* would take care that its investigators were not the kind of men to ventilate ideas tending to precipitate an open conflict between Mr. Montagu Norman, representing a private money-monopoly, and the Cabinet, representing (as it is thought) the interests of the public. It was precisely to forestall any such embarrassment that, when the special Committee was instituted some years ago to keep the controlling-shares in *The Times* from falling into wrong hands, it was provided that one of its members should be the Governor of the Bank of England holding his seat by virtue of that office. It is hardly necessary to point out that he is not only a member of the Committee, but virtually the only member of it when major issues affecting financial policy have to be decided. Any experienced business man will realise that on such issues other members, e.g., the Lord Chief Justice or the Archbishop of Canterbury (who also sit by virtue of their offices) would not trust their own judgment—much less try to enforce it—against that of the Bank Governor. It is pertinent here to recall Mr. Baldwin's vulgar snub of the late Archbishop of Canterbury, in conjunction with Mr. Neville Chamberlain's recent petulant reproof of the Archbishop of York. Both episodes reveal the supercilious attitude of statesmen towards the judgments of the Church where financial policy is in question.

Against this background it will be interesting to discuss one or two of the reactions displayed by the correspondents whom we have named. To begin with, the general tone of these reactions is one of thankfulness to *The Times* for so movingly and fairly depicting the miseries of Durham. Thus Mr. Atkins. He is so moved by this "scrupulous fairness" and this "sympathy with the unemployed" as to say that although he is "in sympathy with the objects of Socialist policy," the

articles have "done more to impress me with the sincerity of Conservative thought . . . than much of the complacent and assertive propaganda which," etc., etc. Now, isn't that just too sweet?! Mr. Armitage reacts similarly. He would! So does Mr. St. Barbe Baker, who, however, does venture to call attention to the value of forestry as the object of a Parliamentary grant; and who will evoke sympathy with his picture of the "Black Country" being converted into "pleasant woodland scenery." That will come without a doubt; but not yet: there are other black things to be converted first. Next we must mention Mr. Corble. His object in writing is to assure *The Times* that his company (the L.N.E.R.) are constantly thinking of ways in which they may assist in bringing about a return of prosperity to Durham. Apparently the writer of *The Times's* articles, whom we will call "Mr. X," had explicitly named and invited the Company to do its bit in the new war on unemployment. All we need comment is to suggest that whatever the L.N.E.R. can contribute consistently with maintaining its profits or at least avoiding loss is already being done, and that if anything further is now done it is likely to be at the price of turning the Company from a commercial enterprise into a philanthropic institution. It will certainly get no subsidy for the purpose; and in the absence of a subsidy the auditors of the Company's accounts will see to it that any persons given employment which the Company could afford to do without will be billeted either on its shareholders or on its passengers. Mr. X had already pointed out in his article that the universality of unemployment in Durham constituted a special problem because there were no relatively poor people to carry the absolutely poor. The problem did not consist in billeting one part of Durham on another part, but in billeting the whole of Durham on itself. And it was this situation which constrained him to undertake, as he did in his articles, the task of advertising Durham's adversity on a national scale, in the hope of getting assistance from outside the area. To point his appeal he refers in one place to the (alleged) feeling of some of the unemployed that "London" does not understand. Ah, a misunderstanding! Well that's easy. Mr. X will tell London, he will tell London fairly, impartially, movingly. Yes, bo, he sure will shake up the conscience of li'l ol' London some, and mind you, he don't say may-be! And undoubtedly he has done his work well, as the response of the correspondents cited testifies. It is no mean achievement that he almost persuades our Socialist friend Mr. Atkins to become a Conservative.

The letter of the Secretary of the occupational centre referred to deserves mention, because he comes a step nearer to talking business. After lamenting the fact that the people in the South do not understand the plight of the North, he asks:

"Is advice or capital available for any unemployed craftsmen who may have the skill to set up on their own account?" (Our italics.)

It is possible that this writer has President Roosevelt's plan in his mind, and the idea of getting State assistance. On the other hand he may be thinking of private finance raised by voluntary donations. He does not say. He quotes one of the unemployed as saying to him:

"I am forty. I am beginning to wonder if I shall ever work again. We've waited long enough for someone to come. It looks to me as if we shall have to do some at ourselves. Mind, I'd work for nought till we got it going, and there's others like me. Of course it'd have to start in a small way, but then it wouldn't be the first time that's happened."

The writer believes that "we should get the capital if we knew what could be made that people are going to want," and is sure that small enterprises run by men like his friend "would not fail through lack of will, ability or practical sense." Of course they would not, provided that it was certain that people were going to have the money to pay for what these men produced.

But that is where the snag comes. Between the time when "capital" is expended and the time when a return on it is expected, all sorts of things outside the humble "capitalist's" control may happen to the capital. Capital spent in Durham cannot be contained in Durham; and without such guarantee capitalists in Durham (big or small) cannot rely on recovering it in Durham or even a return on it there. Students of the credit-system are further aware that in addition to the chances that capital will move about from place to place, there is the established fact that it is being withdrawn from circulation at a faster rate than that at which goods financed by it can be got finished ready to recover it in prices. Good will and energy do not create money, and, speaking comprehensively, they do not command a monetary reward unless exercised in directions inherently laid down in high-financial policy. The problem is not, as this correspondent suggests, to guess what people are going to want, but to guess what they will be obliged to buy. And when that has been guessed (not a difficult job) it will be seen that there is no hope for small independent enterprise—that the markets are controlled by mass-finance with the bankers behind it. The consumer's margin of choice is being reduced by his impoverishment rapidly towards zero, and thus it becomes an easier matter to calculate what he will buy and how much of it. This ease and reliability of calculation constitutes the essence of what the banker regards as security for loans. Hence the trade comes to be monopolised by "big business" operating on large-scale bank-loans.

"Charity is not enough," remarks this correspondent. In so saying he is under the influence of his mentor, Mr. X, who, as we have seen, has ostensibly demonstrated (on an incomplete survey of the relevant facts), that one man's relief must be another man's charity, whether the charity proceeds from voluntary gifts or involuntary taxes. This illusion has to be dissipated. It is now known that the fortunes of everybody can be underpinned at one and the same time by additions to incomes made available by the translation of the real credit of the nation into its financial equivalent. The technique of doing this must be consulted in Social-Credit literature, but it can be described as consisting in a reversal of the process which has been going on for generations inside the banking system, that process having been (and being) one of tapping earned incomes and translating the proceeds from their visible financial form to the state of invisible potentiality. "The repayment of a bank loan destroys a disease," said Mr. McKenna. And the clues to be found in the Durham, and the cure for it, are to be found in the deeper implications of this process of deposit-struction. "It's hard thinking that we need," remarks this correspondent. It is; and it isn't. There is no need for thinking to discover what's wrong. That has been discovered once and for all by Major Douglas. The only thinking now required is that necessary to verify the discovery. "And," concludes the writer, "by those with the necessary knowledge." We would prefer to say:—by those morally and intellectually capable of absorbing a basic unfamiliar form of knowledge. This bars the "experts"—mentors who have prematurely closed their philosophy on the fundamental purpose of economic activity and the financial technique for accomplishing it.

Next we come to Col. Stobart. He's not lying down to Mr. X. He objects to certain things which Mr. X has been "telling London." Among those things is the statement that the trouble in Durham is partly due to the colliery directors having neglected their interests, coupled with a provocative reference to the "mansions" in Durham inhabited by these negligent people. (Readers will see why our Socialist friend, Mr. Atkins, was so impressed with the "sincerity of Conservative thought" breathing through Mr. X's articles.) Col. Stobart, in liery owners in Durham are used, says Col. Stobart, in

"patronising lectures from the Press." He points out that coalmining is financially "hazardous," and with that as a background describes what the colliery owners have been obliged to do with regard to the housing of their men, and the maintenance of their own property, personal and otherwise. Another "Atkinism" of Mr. X's to which Col. Stobart replies is one to the effect that the owners have taken "millions of money" out of the collieries of West Durham. (This will sound to the ear as if somebody had driven a gallery into the Bank-of-England vaults where they store their notes and had lifted a few trolley-loads of them.) These "millions," he replies, are largely "imagination," especially as regards recent years.

"Any reserves the colliery companies may have had have been spent in the endeavour to carry on in the hope of better times."

Put into technical language, describing what probably happened, the statement means that whatever securities the colliery owners bought on behalf of their shareholders with their undistributed profits had to be sold afterwards for what they would fetch and be devoted to providing employment in the lean years at the shareholders' expense. There is no need to infer that the collieries have not done very well in their time, like many other industries, and especially during the inflationary years 1914-19. But anyone who asserts that the past prosperity of the masters must necessarily have caused the present penury of their men is making loose assumptions. It involves the assumption that if the profits taken out of the business by the shareholders had been distributed to the men instead, the men would now be better off. They would not, except in a few individual cases here and there. Durham, like Great Britain, and the whole world, is the victim of a money-drought. It is worse in degree in Durham, no doubt, but if the visitation were equitably alleviated in relation to the rest of the country the evened-out result would be much about the same, and equally intolerable everywhere. The trend and outcome of banking policy, whether enacted by the Legislature in Money Bills, or implemented outside by Money Rates, investment flotations and publicity, is to retrieve money from the private ownership of individuals as quickly as possible, partly by taxing them and partly by persuading or frightening them into accepting substitutes for money (shares, bonds, etc.) which thenceforth can only command money by sale to willing buyers for what they may offer, or by borrowing from the bankers what they may choose to lend. When you recollect how Lancashire operatives yielded up their savings (where any) and pledged their homes to finance Britain's "Stavisky" Cotton Boom, does anybody suppose that similar ramps would not have been engineered to trap the loose savings of other workers all over the country if they had been able to collar the profits of the prosperous war-years? In theory, of course, they might have resisted the temptation; but assuming that they did, and that for some reason or other they all insisted on hoarding their money in cash, or keeping it on current account at the bank, this would automatically cause a shortage of investment-capital, which, unless made good by expanded loans by the banks, would begin to hold up industry and throw workers out of employment. Those thrown out would be left to feed on their savings when their insurance benefits had run out. Meanwhile, the situation would cause apprehensions of a crisis, and would give the cue to the Government (inspired by the banks) to take over and nationalise blocks of industrial enterprise. These now being "public property," the workers, who had declined to finance them through the investment market, would now be compelled to do so through taxation. And thus the banks would get hold of the money in the end.

It is true that the "capitalist," in the Socialist sense, is prone to annex all the profit he can, but even were he not, it would be the bankers' policy to induce or

force him to do so, and this for the reason that if, let us say, £1,000,000 of profit is shared annually by ten capitalists they will reinvest a far larger aggregate sum than will ten thousand workers receiving £100 each annually. The capitalists wouldn't know what else to do. The workers would—or their wives would. And since anything the bankers want badly enough they get, the money-drought of which we are speaking would have appeared in Durham and elsewhere no matter how generously the colliery-owners and other capitalists had treated their workpeople.

Anyone who studies Col. Stobart's description of the financial burdens laid upon colliery owners (especially where he deals with estate duties and the insurance payments necessary to provide for them) will see that they doubly underline the above analysis. In every sort of way these people are forced to yield up their possessions of *actual money*; and it is only by the retention of actual money that any person (or group) can retain the power to help himself or help others at his own instance and discretion.

With certain reservations which it is unnecessary to discuss now, we consider that Col. Stobart's protest is fully justified, and that he is entitled to tell Mr. X to mind his own business. But the moral he draws is nothing more than a local palliative. There might very well be a point to which men would reduce their claims for wages, and increase their output of work for them, which would enable pits to re-open. But under the present system of national finance, public or private, the labour-charges incurred by one industry constitute the largest proportion of the revenues of other industries. We saw and heard President Roosevelt (at "the pictures" last week) telling an audience that two thirds of the total sales of consumable goods in the United States were to people in receipt of not more than 2,000 dollars a year. Industry lives on its workers, and therefore should flourish on high wages. One reason why it cannot be obvious enough when foreign trade comes into the picture. But it would be equally unable to flourish in a country closed to competition and containing all the natural resources necessary for keeping everybody at a high level of comfort. The root reason is technical, and lies embedded in Mr. McKenna's reference to the *destruction of deposits*. If Col. Stobart, and those who suffer with him under the same condemnation, will take the trouble to acquaint themselves with the elucidation of this problem as set forth in Major Douglas's writings they will, for one thing, place themselves in a position to assert and prove that the inspirers of the "patronising lectures" on capitalist "ineptitude," that he rightly resents, are themselves the prime cause of it. All the anomalies and apparent stupidities of private capitalism can be related causally to something called the *risks of enterprise*. In turn these risks of enterprise can be proved to be the automatic consequence of the precautions which the banks take for their own "safety." Are those precautions necessary? Must the safety of the banker inevitably be the danger of the producer? Or, in the reverse sense, should not the safety of the producing and consuming majority of the community take precedence over the safety of the tiny minority whose only legitimate function is that of measuring the community's achievements in books and certifying them on pieces of paper dignified by the name of *Money*. Safety!—as Nietzsche might have exclaimed—*For what?—For whom?*

Mr. Harry Bottomley puts in a spirited defence to Mr. X's charge of "waste and extravagance" against local authorities in the Durham area. His remarks generally follow the line of the analysis which we gave in THE NEW AGE of February 22 and March 1, showing the relation between "rating assessments" and "poundage rates." He points out, just as we did, the

fallacy of treating poundage rates, as between area and area, as an index of comparative "waste" or "extravagance." It is something like a scandal that the anonymous gentleman chosen by *The Times* to guide the counsels of Parliament should expose his ignorance of, or indifference to, technical facts about public finance which are familiar to the youngest clerk in any Borough Treasurer's office. Mr. Bottomley says that true comparisons of costs depend on "fair units of comparison," such, for example, as the "cost per child receiving elementary education." He chooses this example because, as he says in another part of his letter, the number of children requiring free education is larger per 1,000 in Durham than in any other part of England. Further, to explain why such costs look so large when expressed in terms of poundage-rates, he says that out of 200,000 houses in the area, "90 per cent. have a rateable value of under £15 per annum, and 75 per cent. are under £10." No wonder that in some parts of Durham the poundage rates are already up to 20s. in the pound. The high rates complained of, he observes, are due to the "low product of a penny rate" and furnish no evidence at all as to the waste or extravagance involved in the spending of the penny.

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Opinions as to what constitutes waste will always differ, he remarks; and apropos of this he refers to the Ministry of Health's approval of a demolition scheme in the Rural District of Easington (mentioned by Mr. X in his first article) which scheme he (Mr. Bottomley) calculates will place an additional rate on the area of 1s. 6d. in the pound. He alludes also to the burden of cost involved in water and sewerage schemes, but unfortunately does not elaborate this important aspect of the subject. Its importance lies not only in the fact that works of this type are obligatory on the local authority, but also in the fact that they involve capital expenditure out of money borrowed outside the area. It is all very well for Mr. X to "tell London" about the pickings of colliery owners and the extravagances of local authorities in Durham, but to balance the story it wants someone to tell Durham what the City of London has been picking out of both. It is the Mansion-House Mortgagees of Municipal assets who ought to be placed in the centre of the controversy instead of being allowed to slink round its fringes, slyly fomenting irrelevant and baseless recriminations inside.

\* \* \*

By all means let us adopt the dissection method proposed by Mr. X to inform Durham dole-drawers where their doles come from, but let us apply it all round so as to inform Durham ratepayers where their rates go to. Out of the total annual sum raised in Durham how much is re-spent in Durham? We must not be taken as arguing that all of it ought to be spent there, or that Durham ought to repudiate liability for interest payable outside its boundaries. It is not a moral issue that we want to pose, but an arithmetical exercise that we want to set. When there is a natural drought one thinks of water first, and looks for it everywhere. So when there is a money-drought, one must think of money first and look for it everywhere. In doing so one is taking the initial step towards answering the vital question which is forcing itself on the attention of the public, namely: Whence does *Money* come—and where does it go?

\* \* \*

When excavations were being carried out to lay the foundations of the new Bank of England, other institutions in the neighbourhood found their water-wells running dry. The Bank had gone one deeper for its greater security and had tapped the other people's water. And it will be found that this episode faithfully symbolises the effect on local financial stability of the policy and procedure of the great London financial institutions—

banks, insurance companies, building societies, and all other interlocked components of the Money Combine—in their pursuance of political power.

\* \* \*

This centralisation of power is held out to be necessitated by the scientific laws governing the technique of finance. It is pretended that these laws will be broken, and economic security thereby destroyed, if initiative is decentralised. Very well; if the public accept that as the final word on the matter they must prepare themselves for the perpetuation and extension of the bankers' blight which has visited Durham. For since all initiative inheres in the unfettered control of Money, a wide diffusion of spare money among the population distributes initiative and breaks the "law" of centralised conservation. For one thing the public would be able to interfere effectively in politics instead of marking crosses on "views from nowhere" transmitted through the three-in-one Party Caucus. No; the inevitable outcome of the present domination will be that the more the public live within their incomes, as they are morally enjoined to do, the lower the incomes which they will receive to live within. The technique of bank-finance is designed to produce that result—as any competent inquirer can verify for himself by studying the Social Credit Analysis. Col. Stobart said in his letter that the colliery-owners who formerly lived, as was alleged, in "mansions," had been obliged to leave them for smaller dwellings where they could enjoy at least some of the amenities to which they had been accustomed. That is one evidence of the dwindling margin of initiative left to a once prosperous class of people. And if as to them, how much more as to others not so fortunate. The process is automatic and progressive in its insidious devastation of life and liberty. What re-stopped however. The method is known. A Government is the problem of getting it adopted by a public in the teeth of the opposition of the Money Combine. On the solution of that problem every public-spirited citizen of every rank should now be exclusively concentrating his mind.

### Agricultural Mortgage Corporation, Ltd

	Shares.
ORIGINAL SHAREHOLDERS:	
C. P. Martin and A. M. Walker, c/o Bank of England	180,000
Barclays Bank	100,000
Lloyds Bank	100,000
National Provincial Bank	100,000
Westminster	10,000
Williams Deacons Bank	30,000
District Bank	10,000
Martins Bank	10,000
Glyn Mills	7
7 individuals (1 share each)	650,000

DIRECTORS.—Sir Wm. H. N. Goschen, Director: National Provincial Bank; Sir Otto Niemeyer, Director: Vickers Armstrong; J. H. C. Johnston, Director: Newcastle Investment Trust; Wm. Gavin, Director: Street and Parker (Farms, Ltd.); Sir George Barstow, Director: Anglo-Persian Oil; Lord Clinton.

Sir George May, Secretary: Prudential Assurance.	
Manager: S. A. Bonner, Stone House, Bishopsgate, E.C.	
CAPITAL:	
650,000 shares of £1 each	650,000
5 per cent. Debenture Stock	8,500,000
4½ per cent. Debenture Stock	2,000,000
Loan from Minister of Agriculture and Fisheries	650,000
Government contribution towards administration	10,000
First Mortgage of Agricultural Land	9,451,847
Loans to Landowners for Improvements	33,000

## Major Douglas at Sydney.

[Extracts from speech at the Stadium on January 25, 1934. Reprinted from *The New Era*.]

It is not sufficient that an idea should be right, it must be dynamic, and I have mentioned these little matters to show you that this idea is dynamic and has force behind it. What is it that makes the appeal in these ideas that we are discussing to-night? Of course, in an economic sense, as we believe from the bottom of our hearts, they are correct, they are sound, but that is not enough. They do, we believe, render it possible to solve this paradox of poverty amidst plenty, but even that is not enough. There are ways by which this paradox could be solved otherwise. There are methods that are being employed in Russia and elsewhere in attempts to solve this problem along quite other lines, but the reason that these ideas do make, to those who understand them, an instant appeal and an urgent desire to get to the truth of the matter is that they offer an escape from something that I have called Utopianism.

We all know that at the present time the world is becoming bound up with one law and one regulation after another. We are brought up in what is sometimes called vocational training, as if the object of life was to earn a living. We are told that we must do this, that we must go there, that we must not do that, and there is at the bottom of your own mind the feeling that it is not only not right but that it is not necessary. (Cheers.) We may see the urgent necessity for subordinating our special wills and our special ideas of life to some specific urgent necessity such as perhaps arose in 1914. What humanity does not like and will not believe for any length of time is that that necessity should be made permanent.

Now, the Social Credit idea is exactly the reverse of that regimentation to which I have referred. It says first of all that because of the genius of inventors, because of the work of engineers, organisers, agriculturists and others, great chemists and so forth, we have now ready an age of abundance and fundamentally economic security and it will not, in my opinion, for very long tolerate that terms should be made for that abundance or that economic security. (Applause.)

You will remember it was said about certain forward people that they took too much upon themselves. Now, I think that in dictating to all of us the way in which we shall get these good things which either we ourselves or our immediate ancestors have provided for us, any self-appointed body of persons, whether they be called financiers or otherwise, are taking much too much upon themselves. It is from this world of bargaining, this world of rule and regulation, which exists not because of the necessities of the case, but because of the necessities of the system, it is from this that Social Credit offers an escape. (Hear, hear.)

It does not say, there is one perfect world and we will impose it upon you others, making it a Utopia, but it does say that we are in possession of all the necessary materials to enable you to make a perfect world for yourselves. We do not know what sort of a world you would like to make, but we will help you to make it, and that is what we call the escape from Utopia. It is the thing that the human mind, and particularly the Anglo-Saxon mind, has always been determined to achieve right through history, and sometimes we call it Freedom, and we are determined, all of us, to achieve Freedom. (Loud applause.)

There are, of course, a number of technical considerations in the achievement of any system of distributing goods and services. An examination of the exact details of proposals of that kind is always, in my opinion, better conducted by perusing the writings or discussing it with others who are equally interested, but the principles which are necessary to achieve this economic freedom are really very simple indeed, and do not let anybody tell you that they are complicated.

The first of these principles is that your accounting

system—and you must have an accounting system in this economic world in which we live because it is a complex system dependent to some extent on what we call the division of labour and process, you must have an accounting system in order to keep these processes regulated—but the first thing that any accounting system should do is to reflect facts. (Hear, hear!)

Now, how can it be said that the accounting system of the world reflects facts when you see such a simple little thing as this—and this is only one of thousands of instances. Take a bale of wool and put it in storage and do nothing whatever to it. One day this wool may be worth, let us say, £1 (I don't know the exact price, but let this serve for illustration) and in one or two weeks exactly the same bale of wool is said to be represented by £3 or £4. How can you possibly have a system which represents facts when the figures can change at any moment without any of the facts changing? That is one of the elementary aspects of the matter, but I simply use it to emphasise that you cannot begin to grapple with this problem until you are quite reasonably sure that you have some sort of relation which you understand between the facts and the figures. If you had a genuine relation between the facts and the figures at the present time, you could not possibly have poverty amidst plenty. (Applause.)

It is only a very short time since over the wireless in Great Britain we were assured that we were a poor, poor country, and that the only thing to do was to economise. Suddenly, with no change whatever in the physical facts, they seemingly discovered that that would not work, and within two or three months of its being broadcast that we should economise we were told that the only thing to save us was to spend. (Laughter.)

Now, having got some sort of relationship that you understand between the facts and the figures, then you have as a question of policy to deal with both the facts and the figures. This is where genuine politics—I do not mean the sort of stuff that is called politics, but genuine politics—may reasonably come in. You may take, for instance, a country like Australia, and you may say, well, a very wealthy country potentially, and we should like to develop it very much along Western European lines, and in order to do that it would require that the whole of the population shall be employed. There is no difficulty about that whatever. I would guarantee, with a free hand, to put every man and woman who wanted to work in Australia into work within three months. (Applause.)

But it is not necessary. You might quite reasonably say—"There is plenty of time for posterity. There is no reason why we should do the whole of posterity's work; posterity never did anything for us. Let us enjoy a certain amount of this glorious sunshine and this wonderful land in which we live." That could be achieved; there is no difficulty whatever in providing, with a very much shorter working week, or, alternatively, with a comparatively large leisure population, a very high standard of living for everyone.

These are matters of policy, genuine matters of policy, which you might reasonably be supposed to be allowed to settle for yourselves, but when anyone says that it is impossible that this country can be in a state of full employment, or, alternatively, that it is impossible that those who are not employed shall be reasonably maintained, then I say that he simply does not know what he is talking about. (Hear, hear.) You cannot possibly have at one and the same time a large unemployed population, which is the same thing as assuming a large potential production, together with large unused spaces of land and a large mass of unused machinery, you cannot have these things at one and the same time, and have poverty without there being some reason which prevents these people from becoming rich. (Applause.)

There is one aspect of the matter which I think is probably more important in Australia very largely because of your trend of thought, as I understand it, and that is the question of the form of administration that

you give to your various industries and to your finance. It is one of the most unfortunate mistakes which has affected the general move in the world for better conditions for everybody that it has generally confused what we call administration with policy. People think, when they see a man giving orders, that that is the man who is formulating the policy which is being followed in that particular instance. This is very probably not the case. When you see a foreman stevedore down in the docks unloading a ship with the aid of a large number of men to whom he is giving picturesque orders that man has no control whatever over policy. He is in a certain amount of control of administration. He is administering a certain mass of men in accordance with a policy which is imposed upon him.

Now, there is one danger which I see at the present time, apart from the intervention of a world-wide catastrophe, and that is in regard to this question of change in the financial structure of the world. We know quite well that governments are supposed to be supreme over the people governed. On paper, at any rate, the Government of Australia is the supreme authority in Australia, I presume. But I refer to a country I know better, Great Britain. On paper the supreme authority in Great Britain is the House of Commons; but it is extremely doubtful if this is so at all. It is much more likely that the supreme authority is the Bank of England. But the point I want to make is this, that there is a sort of paper condition of these governments of ours which does make them a power, though they may not be the supreme power, but they are the second power in the State. What I am so much afraid of is that, by undue haste in combining these two powers through the nationalisation of the financial system and its combination with the government system, you might make only one supreme power which you cannot handle and you cannot control. That is a very real danger, and I would like to impress it on you. I do not think that it may not eventually be necessary to make banking a State service, but what I am convinced of is that, before you do that, you must be absolutely certain that you have the policy of the banking system changed. (Loud applause.)

Now, what is that policy? It is concerned with the facts, and the outstanding facts, so far as Western Europe and the United States of America are concerned, are first of all this tremendous potential abundance, and, secondly, that this abundance is obtained by a decreasing amount of what we call employment. One of my colleagues in Great Britain, working along quite separate lines, and using somewhat different data, arrived at the same conclusion that I did, and that was the result which was confirmed by the more responsible side of what is called the Technocracy Movement in the United States which is also studying the matter, and the three groups came to the same conclusion, which amounted to this: It was obvious, so far as Great Britain was concerned, that by 1942, if there was no tremendous jump forward in invention or innovation, if matters actually took their normal course, it would be possible to supply all the goods and services that Great Britain could possibly use for a very much higher standard of living than anything we have conceived up to the present, with an unemployed population of over 8,000,000 in Great Britain.

The total employable population in that country at the present time is somewhere between 12,000,000 and 13,000,000, so that the normal progress of actual production would force us to contemplate a state of affairs within ten years' time that only one-third of what we would now call our employable population would be employed. The wages system as we know it is progressively and increasingly incapable of dealing with the form of society in which two-thirds are unemployed. We know exactly how to deal with that situation, and that is by the method of national dividends. (Cheers.)

I want you to realise that, owing to the fact that we are brought up under the hypnotism of money, these

very simple things are sometimes very difficult to realise. There is really no such thing as economic insecurity at the present time. There is no reason why any single person in Australia should give one moment's thought as to where his next meal is coming from. To say that it is necessary to have a succession of "booms" and "slumps" is an admission of complete administrative incompetence.

I am always very anxious at all times to make this matter as impersonal as possible. I do not honestly believe that every banker is a rogue; I think that many of them are very sincere indeed, and, of course, I realise the immense power that their position has placed in their hands. Where I do think that they begin to be seriously blameworthy and liable to public reprobation is that when these matters are presented they will not consider them. I do not myself mind in the least if better ways are found of doing things than the ways that we propose. There may be; nothing is perfect. What I do object to is for people to say: No, we will persist in the old ways which have produced these catastrophes.

It is a very strange thing that those who consent to be the upholders of the financial system are not particularly perturbed by the accusation that they have made mistakes. They have made mistakes even in their own system to an extent which would have been certain to secure the dismissal of any functionary in any other profession than that of banking. I think that if the designers and constructors of the Bridge had fallen in their work five times, and the Bridge had fallen down about five times, and was not up yet, you would be likely to say it was about time that new designers and new contractors should be given the work; yet this financial system which is alleged to be the only financial system breaks down on every occasion that any strain is put upon it. Somebody has defined a bank as being an organisation which lends you an umbrella when it is fine and asks for it back when it rains—(laughter)—and, of course, when it rains you get wet. But, as I was saying, the accusation of having made continual mistakes and having continual catastrophes does not perturb the orthodox banker or economist at all.

What does perturb them is to say that the system is a bad one and must be changed. That is why it is very important to point out that a cohort of angels from Heaven could not make this system work satisfactorily. We have been saying that for the last fourteen years and, in my opinion, most of the reasonable arguments which could be brought against the things that we have stated have been said and are practically silenced. There is no argument which is brought forward now in Great Britain with which we as an organisation have not dealt and have not answered, but it is necessary to realise that you can go on along these lines practically for ever so long as you do not move any further. You have got to bring pressure to bear. (Hear, hear.)

In Great Britain we have devoted during the last few years much more attention to this question of bringing pressure to bear than we have to the technique of Social Credit. We are quite satisfied that we have a technical basis for what we want to do, and we are now concerned with getting it done, and in general we have pursued this course. It is a very increasing number of men in responsible positions. It is a very cheap thing, and one quite out of drawing with the gravity of this movement, to suppose that all men in responsible positions are incompetent and are fools. They are not. What I am perfectly convinced is that these men will never move unless pressure is brought to bear on them. You must first of all get the people to understand what it is that you are trying to do, and what you want, and then you must say in no uncertain terms that you intend to have that thing done, and I am absolutely confident that you can get it done. (Cheers.)

I notice that when I talk now to those people in responsible positions they do not ask me very much

withstand you. But don't be necessary, and, in a rapid passage through Sydney, I give you some practical advice as you go.

Don't waste too much time in lambasting the man who is carrying on the situation. Go to him and say, "Look here, we don't like your system, it isn't necessary, and we would like you to change it. You are close to the machinery, you are in charge of it, you are familiar with it, and it won't answer any special purpose in putting you out. What we are determined to do is to have this thing done. Now, if you do it, everybody will be happy, but if you won't do it, we will put you out." (Applause.)

Following that, I must say that I am not very much impressed with the idea of forming a special Social Credit Parliamentary Party. I have always opposed the idea in Great Britain, and I think my position has been justified. Get hold of the existing people, whether they are politicians or whoever they may be in position, and apply your pressure to them and make their lives a misery to them until they do what you want. (Hear, hear.)

Before concluding, I am forced by my conscience to end upon a graver note. I think it will be a miracle if we get through the coming year without the beginnings of another great war. What the outcome of this may be I do not know. If it is possible by that miracle to avert that comparatively imminent catastrophe, it can only be done by getting complete control of the financial system within that time. I say that not to frighten you. I do not believe that the Anglo-Saxon ever really is urged along any course by fright. I am simply telling you as a reason for knowing that it is vitally necessary that you don't waste too much time about discussing the fine technical details of a new economic system. That can be adjusted by your experts. Keep hold of the situation, say that you are going to have certain radical changes made in this financial system along lines which are perfectly simple and which will permanently avoid the necessity of undue competition for foreign markets. That is the tinder against the flint at the present time, and there is only one possible way of dealing with that—by increasing your internal purchasing power so that you do not have to press for export markets because you can consume your own production. (Applause.)

Finally, it is very frequently asked of me whether it is possible for a real financial system to be instituted in one country at a time. There are two answers to this. The technical answer is: "Yes, certainly, there is no difficulty at all," but what you might call the worldly-wise answer is: "Yes, certainly, but such a country would immediately have all the pressure of international finance brought against it." That is a true objection, but it has this important qualification, and that qualification was one of the reasons why I sketched the growth of these ideas in the different countries of the world. I do not believe that if you instituted Social Credit in Australia, and financial pressure were brought upon you from London, as it would be, I do not think that it would be tolerated by Canada.

There is all over the world a growing appreciation of this situation, which spreads even amongst bankers themselves. There is no doubt at all about it that all the lower strata of banking—and I think it is not an exaggeration to say, certainly in Great Britain, 80 per cent. of bank officers—absolutely agree with me. For that reason I would ask you to take heart and at the same time realise that by making the change in the present financial system you are not running anything like the risks that you are running by allowing things to drift. So get on with it and get busy. (Loud and continued applause.)

## Area Reports.

### Southern Area.

Though one of the weakest Social Credit Areas until recent months, satisfactory progress is being made and the number of groups is increasing rapidly.

### Bournemouth Douglas Social Credit Association.

On the dissolution of the Study Group prior to the formation of an active Association, members decentralised into groups in the various districts. Propaganda work has been carried out mainly through other organisations, and this method has proved most effective.

Now that the Bournemouth D.S.C. Association has formed, groups are linked together in co-operative effort while retaining their identity, on general lines similar to Southampton.

### Brighton and Hove D.S.C. Association.

Study meetings are held fortnightly by the Association. Weekly discussion with sale of literature—Brighton and Hove Parliament.

Interviews have been secured with, and literature distributed to local clergy, secretaries of various societies and clubs, including members of the Executive of the Sussex League of Nations Union, Women's International Union of Peace, Townswomen's Guild, etc., etc. Correspondence has been addressed to the local Press, some of which has secured publication.

On March 14 a successful Social Credit Rally was held in the Union Church Institute. Hostess, Lady Clare Annersley.

### Folkestone D.S.C. Association.

Weekly meetings, of which those on alternative weeks are for the purpose of study. The Dean of Canterbury spoke at a meeting last month, organised by the Rotary Club, and 400-500 attended.

The Group is consolidating its strength before proceeding with more ambitious work.

### Jersey D.S.C. Association.

Individual members are encouraged to work on their own initiative.

Press correspondence is pursued vigorously, and prominent visitors to Jersey have been contacted.

An invitation was extended to postal workers to attend a lecture. Result, twenty new members from this source. The Association intend to extend this method of approach to other bodies and commends it to the consideration of all Social Credit Groups.

### Southampton D.S.C. Association.

(Area Headquarters: 24, Carlton-crescent, Southampton.) Weekly study meetings at headquarters are well attended.

Women's Section hold fortnightly meetings.

A Public Meeting was held in the Chantry Hall on February 27. Mr. J. B. Boothroyd was the speaker.

Over 400 attended. A further meeting was held at the Temperance Institute on March 27, at which Captain T. H. Story was the speaker. The report of this meeting has not yet been received.

It is the deliberate policy of the Association to work through other organisations and, on an average, six or seven meetings a week in and around Southampton are addressed by members.

Public Meetings of political and other bodies are attended and the Social Credit challenge voiced.

The Correspondence Committee maintains correspondence with other groups, initiates and follows up press correspondence, maintains close touch with the Secretariat and generally assumes responsibility for policy, progress and making and following up Social Credit Contacts.

Social Credit Study Groups have been started in Ringwood, Winchester and Portsmouth. This expansion work is becoming easier as the growth of Social Credit in the district is beginning to run on its own momentum.

### Group for Sutton and District.

Will readers interested in the projected formation of a Group in the above district please communicate with Miss J. Mickle, 49, Quarry Park-road, Cheam, Surrey?

## LETTERS TO THE EDITOR.

### "THE MODERN SCOT."

Sir,—Mr. Montgomery's tirade of irrelevant, and, as it happens, inaccurate statements as to my family history and character does not prove his case, and leaves me unmoved. It is a method commonly adopted by a certain type of debater.

His para. 3 is typical of the Harry-Lauderesque Scotsman; the men (sic) who debase the character of their fellow-nationals in foreign countries. "He who laughs at himself is a fool—he who laughs at his family is a knave—he who laughs at his country is a traitor."

Re para. 4. It is impossible to separate the political issue from the literary aspirations of a nation. E.g., the French Revolution and the Irish struggle for Freedom.

Paras. 5 and 6 give me some hope for Mr. Montgomery, although his final sentence seems to show that he cannot see the wood for the trees. However, he is annoyed. It only requires that someone should call him a Sassenach, and then I should be

Yours in hope,

A FREE SCOT.

P.S.—I have sound reasons for my anonymity, but Mr. Montgomery could not possibly understand. The English methods are such that "open fighting" is now ruled out by their victims. In any case, Mr. Montgomery is as unknown to me as I am to him.

### DUAL CREDIT DISTRIBUTION.

Sir,—The Douglas case has been subject to so much misrepresentation by those incapable of understanding, or who have some axe of their own to grind, that it is not surprising that criticism of any description is viewed with suspicion.

If the letter appearing over my pseudonym in the issue of 22nd inst. were regarded as complete in itself and not simply as a reply to critics on points raised, it would be reasonable to assume that my object was to show that the Douglas principles of a solution of our troubles were in fact capable of application. Such, however, was not my intention, for no one is more convinced than myself that the reasoning upon which the Douglas principles are based is irrefutable.

Douglas requires "That the cash credits of the population shall at any moment be collectively equal to the country cash prices for consumable goods for sale in this country (irrespective of the cost prices of these goods) and the purchase or depreciation of goods for consumption."

My concern is to see that the requisite mechanism is ready to give effect to the foregoing.

Believing that the mechanism offered was insufficient for the end in view, I submitted an article to you some weeks ago entitled, "Retiring Consumption Credits," which you were kind enough to publish. I confess I was surprised while it confirmed Douglas principles it offered new mechanism to give effect to those principles. At the same time I did not assume that silence implied assent.

The point is that constructive criticism was offered prior to what might be termed destructive criticism.

With reference to your footnote to my letter you are in error when you assume that I differ from you in the matter of price discounts being in addition to national dividends on the same goods.

My position is precisely the same as yours, as outlined in your illustration of goods priced £100, but for which the consumer has only £80.

As you point out, these goods can only be taken off the market by the issue of a further £20, whether as discount to producers or as dividend to consumers.

But my argument starts where yours stops, namely, where you say on page 252, "If P. (producers) be assumed to work on bank credit, then when P recovers the £100 the bank retires and destroys it."

Only in an isolated case would you be justified in making such an assumption. Moreover, to do so as a general practice would strike at the very heart of the Douglas analysis.

You are presupposing that in respect of the prices of all goods offered for sale there is debt owing to a bank.

Douglas, quite apart from McLeod, McKenna, etc., proved that bank loans create bank deposits. It follows that if this is true, and it is true, that by your reasoning there are bank deposits in existence equivalent to the prices

of all goods offered for sale. You don't believe that; neither do I.

The Douglas analysis teaches us that while one unit of money often is responsible for the creation of more than one unit of cost (or goods), that same unit of money can destroy or remove permanently not more than one unit of production—unless the receiver is either "living on his capital" or failing to repay his bank loans. The law prohibits Companies, Ltd., from living on capital, and the banks see to it that all loans are repaid.

Let me illustrate my position!

Assume that prices of goods offered for sale in Great Britain collectively equal  $x + y$ , and the total of money in existence and owing to banks equals  $x$ .

To enable the community to buy goods  $x + y$ , it would be necessary to issue additional money equal to  $y$ . But although producers' costs total  $x + y$ , their bank loans total only  $x$ . Therefore, when through prices they recover  $x + y$ , there will remain  $y$  to their credit at bank.

It makes no difference whether "y" is received direct from national credit office as discount, or whether simply as part price out of national dividend. "ACCOUNTANT."

[Pars. 10-12. We assumed Douglas's other principle to be in operation; namely, *new credits for new production*.—Ed.]

## ANSWERS TO CORRESPONDENTS

### "THE NEW AGE."

Letters from readers on the subject of "The New Age" are hereby acknowledged with thanks. They will be dealt with in due course according to their nature, and to the expressed desires of some of the writers. For the moment we shall not pursue the matter in "The New Age." Having made known our disquietude we consider it the best course to wait a little in the hope that the occasion of it disappears.—Ed.

F. R., Kent.—We regret we cannot pass opinion at any length on the writings of Social Credit advocates in the local Press. It would occupy too much time, having regard to the increasing amount of publicity allowed to the Douglas theories in the independent newspapers. We would like to say, however, with regard to the article of March 12, which you send, that we think your style, both in tone and form, is effective for its purpose of giving newcomers an insight into the content and objective of the Douglas proposals. There is a slip at the top of column 2 in the article, where you say that one-fifth of £1,000,000 is £800,000, but the context shows that you intended the £800,000 to represent the four-fifths left after the one-fifth was deducted as price discount. We hope your efforts will have the effect they deserve.

## FORTHCOMING MEETINGS.

### North-Eastern Area.

April 17.—A meeting will be held at the Co-operative Hall, Hebburn. Speaker, The Marquis of Tavistock.

April 18.—A meeting will be held at Wallsend, at which The Marquis of Tavistock will speak. Time and place to be announced later.

April 19.—The Marquis of Tavistock will speak to the Gateshead Rotary Club at 1.30 p.m. and at the Town Hall, Gateshead, at 7.30 p.m.

### Southern Area.

April 12.—The Rev. A. S. Berey will speak on Social Credit at a meeting being arranged by the League of Nations Union, Bournemouth.

April 18.—The Bournemouth D.S.C. Association is organising a public meeting for this date, at which the speaker will be Mr. W. L. Bardsley.

(Times and places of these meetings will be announced later.)

April 24.—A public meeting is to take place at the Royal Pavilion, Brighton, at which the speaker will be The Most Hon. The Marquis of Tavistock.

## NOTICE.

Owing to the Easter Holiday "The New Age" for next week will have gone to Press on the date of the present issue. Will contributors and correspondents take note if anything is left out.

## NOTICE.

Several articles, letters, and answers to individual correspondents, have to be held over until next week. Evidently Spring is coming!—Ed.

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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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