THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Australian Bankers' Counter-Propaganda.

Subsequently to writing the comments on the bankers' counter-propaganda tactics against Douglas in Australia and New Zealand which appeared in last week's issue of THE NEW AGE, we have received from a correspondent a copy of *Smith's Weekly*—a popular illustrated newspaper (published in Sydney) of a predominantly humorous type. This copy, dated February 3, contains a report, with comments, of Major Douglas's address at the Sydney Stadium (of which we reproduced the most important sections on March 29). A good deal of the front page is occupied by sketches of "types" seen at the Stadium by one of the staff artists of *Smith's Weekly*, and his "impression" of Douglas speaking on the platform.

* * *

Right across the top of the page is splashed the headline: "*Does Major Douglas Really Understand Douglas Credit?*"—and this is underlined by twin cross-heads reading, respectively: "*Says No More About It Than He Can Help,*" and: "*Will Expound Theory Before Responsible Persons.*" The nature of the commentary is indicated by these captions, and follows the lines which we described last week apropos of certain other Australian newspapers. On page 15 appears the 100-square-inch syndicated advertisement which we also described last week; and the writer of the commentary, to his credit, makes no attempt to conceal the fact that his opinions are based, in part, on facts and arguments appearing in the text of that advertisement. We do not know at this distance, but we suppose that there can be "absent-mindedness" (to use Lord Hewart's imputation against the House of Commons) among certain grades of Australian journalists which blinds them to the fact that there can be such a thing as camouflaged bank-advertising. It is possible that this writer believes that the Sane Democracy League (of 12, Spring-street, Sydney), in whose name the aforesaid advertisement has been placed in the newspapers concerned, has no connection with such institutions as—

The Commercial Banking Company of Syndey, Ltd.
Rural Bank of New South Wales.
Bank of New South Wales.
Phoenix Assurance Company, Ltd.
Queensland Probate Insurance Co., Ltd.
Equitable Life Assurance Co. of Australasia, Ltd.

whose advertisements collectively cover two hundred square inches of space in this issue, not to mention the publicity of world-famed commercial organisations which may be presumed to be interlocked with banking and insurance interests as regards finance and general policy. And if he believes it there is no way of effectively challenging his belief. For example, if the persons nominally directing the Sane Democracy League could be identified (perhaps their names have been announced) they would all turn out to be independent, public-spirited citizens whose private interests or business associations are no less remotely involved in the Social-Credit controversy than those of the rest of their fellow citizens. Each of them could probably say, with truth, that the "risk" of "dabbling with Douglasism" affected him only in the same manner and degree as it affected the community as a whole; and some might be able to go further and say that the risk in their cases was less than in the cases of the majority of their neighbours. In short, it would be impossible to convict these people of being motivated by material self-interest. And supposing investigation were to disclose the sources of the large funds which the Sane Democracy League dispenses, even then the persons found to be financing the League could not be convicted of material self-seeking. And it is this which constitutes the problem of Social-Credit advocates; for somehow or other the public have come to regard selflessness in the midst of affluence as the ultimate criterion of political wisdom. Show them a big noise in command of a high idealism and a fat banking account and they will say: "This is the leader to follow."

* * *

Yet, if they would give the matter a few minutes' reflection, they would realise that not only in high places, but throughout all the grades of society, there are types who will willingly yield up material wealth to feed their spiritual arrogance. The writer of these "Notes" once found himself—by some joke of circumstance—nominated to serve on a committee appointed by the Lord Chancellor to select new magistrates for the Local Bench. If that committee had been disposed (and had its discretionary powers allowed of it) to put up seats on the Bench to secret auction, it could have raised no end of money for local charities from ambitious notabilities who were frantic for the privilege of administering justice (and delivering moral homilies) without fee or reward in the sight of their less-prominent neighbours and in the hearing of the Press reporters. A Mr. Turveytop, J.P., is a miniature of a Mr. Dombey, P.C.—both are manifestations of the process of ploughing pelf into power. The apex of the pyramid of power lies in the region of banking where all constraints on initiative are eliminated. Mr. Turveytop, the local magistrate, probably dreams sometimes of attaining to the height of Mr. Dombey the central banker. Short of that he will contrive all he can to have power, and to have it more abundantly. If you imagine such a thing as Major Douglas's coming into a district and advocating the supersession of an unpaid magistracy by a stipendiary magistrate, you will have no difficulty in picturing the unpaid Turveytops in a state of great agitation, notwithstanding the moral certainty that they would be better off in a material sense without this tie on their time. And even the thoughtless burgesses would display some cynicism if the Turveytops proclaimed that their supersession would be against the public interest, and that it was solely in the public interest that they objected to the change. People would probably resort to the jibe: "Oh yeah!" But let the Dombeys get up and proclaim the same thing, with no more justification, and behold the same public will fall for it like lambs.

* * *

Major Douglas, however, does not propose to dispense with bankers. He does not say that they shall be unclothed of their proper administrative authority, but rather that they shall be clothed upon with constitutional constraints in the exercise of their functions. He does not offer them indignities: it is the situation that they have created which does that to them if they would see it: he projects a new order of economics wherein the status of these bankers shall be dignified by service in the public interest. If they resist, then their supersession, as he says, may become necessary. "How shall they escape if they neglect so great salvation?"

* * *

We are not disposed to enter into a long analysis of what *Smith's Weekly* has to say. A newspaper has to live up to its reputation, and as this newspaper has set itself to provide light entertainment, discerning people will (at least we hope so) realise that Major Douglas is being made a peg for witticisms irrespective of the merits of the case he argues. Not that the fun entirely disguises an undertone of hostility, but we are inclined to put this down to infection by the "serious" newspapers. There is a proverb about answering fools according to their folly; and after this model we can point out that there is such a thing as prompting fools according to their folly. The writer exemplifies this process when he points out Major Douglas's refusal to expound his theories except "before responsible persons." He twists this into a reflection by Major Douglas on the intelligence of the audience at the Stadium, and appears to be inviting the public to repay the insult by ignoring what Major Douglas thought fit to urge upon their attention. Readers in Australia might turn up the issue of THE NEW AGE of October 26 last and study the article entitled "Prop. 47," for in the Euclidean parable which was told there is plenty of material for an analysis of the essential difference between utility of demonstrating a scientific proposition to scientists and that of popularising its political corollaries to laymen.

* * *

Smith's Weekly might take note of the fact that another propounder of a cure for economic evils, to wit, Sir Otto Niemeyer, reserved the display of his exponential gifts for "Responsible Persons Only," with the added precaution that he had the doors shut on the public first, and with the consequence that to this day nobody can find out what his proposition was—much less how he demonstrated it. The only thing we know is that either his demonstration was overwhelmingly convincing, or that his arguments why his "Responsible Audience" had better not ask for a demonstration were peculiarly cogent—for nothing less than one of these alternatives explains the sudden change of front executed by the *Melbourne Age* on the day following that gentleman's descent on the Commonwealth.

The Silver Cure for Poverty.

In a small pamphlet* (which is not priced) Sir C. B. Hunter gives reasons for his advocacy of a silver or silver-gold basis for currency in the Eastern part of the British Empire. If we (i.e., Britain) were to purchase silver in the East we should ultimately pay for it by the export of our goods to the East. We should stiffen the price of silver, and probably therefore make a "profit" on our purchases. We should also raise other prices "that are too low." Alternatively we might "barter" our goods for the silver. Any question of fixing a gold-silver ratio can be left over for the consideration of "Britain and the United States." (All these points are to be found on p. 5.) The background for the author's proposal is afforded by his declaration (p. 6) that the poverty of the East has been caused by the de-monetisation of silver. India needs improvement in its "economic and social conditions" much more urgently than it needs "self-government." "Perhaps the only reproach that can be cast on the British Government of India is the miserable poverty of its people."

Everyone will endorse the author's sentiments and share his wish to see the East restored to prosperity. But his method of implementing his objective lies open to criticism from both orthodox and heterodox angles of judgment. The problem of providing adequate supplies of credit does not reside in the restriction of the metallic basis of currency, but in the alleged inevitability of inflationary movements in prices following expansions of credit. The United States, for instance, some years ago, sterilised part of her huge gold-hoard for that very reason. The author himself is not sure (p. 5) whether India would use more credit if it were made available. And if he goes carefully into the subject he will discover that under the existing policy and practice of banking there are automatic penalties attaching to increased borrowing which tend to cancel out the benefits of the increased production thereby put into process. You sooner or later encounter the same deadlock—namely, the excess of collective costs over collective personal incomes. So long as the costs of goods for sale to individuals are to be levied in full on the contemporary earnings of individuals (which is an orthodox financial axiom) the sum of money required will never be forthcoming from those individuals; and there will be a repetition of the familiar post-war acts of sabotage manifest in the destruction of consumable products or in the scrapping of the means of production. Thus the ultimate consequence of encouraging producers to use more credit is to create a situation in which they will be compelled to use less credit. The boom implements a slump. And it takes place irrespective of whether credit has a gold or silver backing, or any backing at all.

The problem is not one of covering your credit with currency based on metals, but one of *devising terms and conditions for the use* of credit which will ensure that consumers get enough of it to defray the costs of what can be offered them by producers at any given time.

The remedy is for the Government to resume and exercise the power of giving orders to the bankers to adopt and operate the said new terms and conditions; not to give orders to Messrs. Samuel Montagu and Company for silver on the terms and conditions which those World Silver Monopolists can exact.

J. G.

* "China, India and Silver." By C. B. Hunter, K.B.E. Published at "The Willows," Newcastle-on-Tyne.

NEW ZEALAND MONETARY INQUIRY.

Major Douglas's correspondence with, and examination by, the Government Monetary Committee.

Editorial Preface.

THE "BREEKS" FRAME OF REFERENCE.

Parable of the "Turnings."

When little Willy springs a hole in his breeks mother has the choice between three options, (a) to darn the hole, (b) to sew a patch over it, or (c) to draw the edges together. If the breeks fit very tightly, option "c" is a bit risky, because under the tension set up by the repair a split may occur elsewhere—and possibly at a more indelicate site on Willy's anatomy than was disclosed through the hole. As regards options "a" and "b," their practicability depends on mother's being able to get some darning-wool or else a piece of patching material. In either case she would effect the repair by adding something to the breeks which had not been a component part of them previously. But if you suppose that no new wool or material was available, and that the breeks had to be made whole out of the material constituting the breeks, the feasibility of either mode of repair would depend upon whether or not the superficial area of the material exceeded that of the skin which it was designed to cover. If there were an excess margin of cloth equal in area to the skin disclosed through the hole, it might be cut off and transferred thereto. The breeks could, so to speak, be redistributed about little Willy's person with satisfactory results. But if the cloth were scant and weak, and strained about his person, the problem for mother would be that of deciding whereabouts she would let a new draught in as the price of shutting the old draught out. Like the old lady in *Punch* who stood on the pavement's edge facing a stream of traffic, waiting, as she said, for a space to come along, Willy's mother would have to move the hole along.

Now let us consider purchasing-power as the breeks of the economic system. If there is a shortage of purchasing power there will have to be a hole in the breeks; and all you can do is to move it about. This is Douglas's diagnosis of the economic deadlock. Opposed to him are the bankers—the chartered tailors of the economic system—who insist that the area of the credit-material which they have allowed us for our breeks is exactly sufficient to cover our nakedness without waste, and who assure us that any holes or splits which may make their appearance are due to our bending ourselves at an unnaturally acute angle, and can therefore be mended if we will resume a natural, a "confident," posture. In fact, the edges of the holes will draw themselves together *in situ*—will even grow together like a stitched wound—if only we will comport ourselves like reasonable beings.

Now, the New Zealand Monetary Committee have been set up to tackle the problem of that Dominion's breeks. Their primary job is to decide the question of whether Douglas is right, or the bankers. Is the effective covering-power of the breeks coextensive with the skin to be covered? If it is not, then something not now in the breeks must be added to the breeks to make them whole, and Douglas's basic principles and exemplary methods of restoring wholeness become relevant. Conversely, if there is no shortage of effective material in the breeks, nothing need be added—the breeks are self-repairing—and Douglas's advice is irrelevant.

Now the Committee have not made up their minds which conclusion to adopt. In fact they explicitly reminded Douglas in a letter that the question was *sub judice*. Yet at the same time they invited Douglas to submit proposals for darning holes with new wool or new material. "Will you tell us how to do what we are not yet decided it is necessary to do?" is the substance of their request—as if the *how* of the said darning or patching could prove the *necessity* for either! "No;" says Douglas: "you must first make up your minds whether new wool (or new material) is necessary; and if you find that it is, then I shall be glad to tell you whence to get it and how to use it."

"Nevertheless," Douglas proceeds, "I will give you what help I can in the meantime. I will assume that the bankers are right, and that whatever material is wanted to repair the breeks is to be found in the breeks. On that assumption—which, mind you, I reject—I will give the only relevant advice which is open; and that is to suggest to you whereabouts in the breeks you might best start to cut out your patching-material. I will recommend sites for your scissors where the skin in perhaps not quite so sensitive to the wintry blasts of scarcity as it is in the places at present exposed thereto, and even where, perhaps, no bare skin need be exposed at all."

He then, metaphorically speaking, picks up Willy's breeks, and, after exhibiting all their visible wearing-surfaces, says: "Ladies and gentlemen, I will now turn these breeks inside out." Now, as every woman knows, it's a wrong seam that has no turnings. In fact there is no visible seam without concealed turnings—these consisting (for the information of mere men) of twin bands of free material lying along the path of the seam on the side of the garment which is next the body, and thus not exposed to the light of day. They are, so to speak, invisible reserves of material, the existence and measure of which are not ascertainable from external observation of the garment in wear.

And this is where the fun is going to begin. For the reversed breeks expose the breeks' reserves—and when you look you see that the bankers have allowed such a generous margin of turnings when constructing their made-to-measure credit-suit for the economic community that you could fashion them into a complete new suit, not to speak of letting them out to make the old one more roomy. Our "Old Lady of Threadneedle Street" is appropriately housed there, for, like the rest of her family, she is a cunning seamstress.

Readers of Douglas's examination by the Committee, reproduced later, will see that the opposition to his "breek-adjustment" proposals tends to take the form of suggesting that the turnings in your suit are the property of the tailor from whom you bought it. And there is no doubt that the bankers are ready to plead alternatively that the invisible reserves of cloth would perish at once if let out or otherwise brought into contact with the sun and rain, the wear and tear of ordinary daily life. Thus the proposals will probably be attacked on both moral and technical grounds.

The "turnings" analogy will be recognised by advanced students as a good one, because under the present loan-policy of the bankers the continuous alternation of loans and repayments between banks and producers would be paralleled if all of us had to return our suits to the tailors at stated intervals to be re-made, and the tailors "took in" extra "turnings" in the course of remaking them. We should get all our material back, but we should get less roomy suits. To apply Douglas's terms, the tailors would not claim the fee simple of the "turnings," but would maintain a lien on the suit in order to maintain their power to take in more "turnings." The lien would, in such a case, be imposed through some enactment prohibiting us from re-making our own suits. Private seam-picking would be equivalent to private (or even Governmental) credit-creation

—or at least an illicit invasion of the prerogatives of the "Central Tailoring Monopoly."

If all the money necessary to liquidate costs is in existence it ought to be discoverable somewhere. So if, as can easily be established, the incurred costs of the property which industry has for sale are greater than the money available for buying it, the incurred costs of the securities which non-industrial financial institutions have for sale ought to be less than the money available for buying them. By incurred costs we mean expended money which, if not recovered, lands some persons or other in the loss of money which was once their own. In the case of financial institutions the losers would be the shareholders. And it may be discovered that the declared value of the assets of those institutions has been arbitrarily written down to such fraction of their nominal cost (or market price) as represents the incurred cost, and therefore the maximum limit of contingent loss, to their shareholders. Is the valuation kept false to look fair? That is the question of which the Douglas Treasure Hunters in New Zealand want to get the answer, and in the seeking of which they appeal for public support.

ARTHUR BRENTON.

Correspondence.

C. H. DOUGLAS,
8, Fig Tree Court,
Temple, E.C.4,
London.

Fifth Floor,
Evening Post Building,
Wellington, C.1, N.Z.
21st February,
1934.

The Secretary,
Government Monetary Committee,
Parliament Buildings,
Wellington.

Dear Sir,

I have to acknowledge receipt of your letter of the 19th instant, and to thank you for the information contained therein.

1. From your letter I gather that you regard the proposition put forward in Paragraph 4 (a) of my letter of the same date as still *sub judice*, to which attitude I cannot, of course, take exception. It will, I feel, sure, commend itself to you that it is necessary to establish the facts of the situation before proceeding at any length to put forward proposals which, to have any value, must be relevant to the facts. I should prefer, therefore, with your permission, to await the publication of your conclusions in regard to the existing Financial System before taking up your time with the consideration of more far-reaching proposals which assume that fundamental defects have been exposed.

2. I am therefore attaching certain Proposals in outline, based upon the working of the monetary system in its present form which for these purposes is assumed (without admitting such to be the case) to be self-liquidating. This involves the assumption that sufficient purchasing power exists at any time to buy the goods which are for sale, at prices which are reasonably remunerative to those concerned in their production and sale. Any observed defects in the industrial, social, and economic systems are, under this hypothesis, due to maldistribution of a sufficient quantity of purchasing power.

3. For the purposes of reference, I would tabulate the major observed defects as follows:—

The Secretary, Government Monetary Committee.

3.—(a) Surplus (unpurchasable) production,
(i.e.) Goods in excess of purchasing power.
(b) Consequent "unemployment."
(i.e.) Surplus productive capacity.
(c) Consequent "poverty."
(i.e.) Lack of purchasing power, accompanied by economic need.
(d) Redundant industrial machinery and plant.
(i.e.) Surplus productive capacity in relation to purchasing power available.
(e) Consequent cut-throat competition to sell,
(i.e.) To exchange goods for purchasing power.
(f) Disappearance of industrial profits,
(Expressed in purchasing power).
(g) Consequent business and industrial depression and failure (bankruptcies, etc.).
(h) Competition for foreign (export) markets to offset failure of home markets,
(i.e.) Pressure to export real values for purchasing power.
(i) Consequent international friction, threatening, and ultimately leading to, War.

It is possibly superfluous to observe that the attached Proposals do not deal comprehensively with these defects, which in my opinion result primarily from a radically defective conception of the proper function and ownership of "financial credit."

4.—I would repeat my desire to render any further assistance to your Committee on the basis of ascertained fact, coupled with a statement of objectives to be attained, and I shall welcome any correspondence addressed to me in London for the purpose of proceeding further along the lines suggested.

5.—I am holding myself at your disposal from 9 a.m. to 1 p.m. on Saturday morning, the 24th instant, here in Wellington, for the purpose of elucidating any points in the attached Proposals on which you desire further information.

I am,
Yours very faithfully,
C. H. DOUGLAS.

C. H. DOUGLAS,
8, Fig Tree Court,
Temple, E.C.4,
London.

Fifth Floor,
Evening Post Building,
Wellington, C.1, N.Z.
21st February,
1934.

PROPOSALS REFERRED TO IN MY LETTER OF EVEN DATE.

i. From the enactment of these proposals no Bank in New Zealand shall distribute a dividend either in or outside New Zealand in respect of operations carried on within the Dominion, of more than six per cent. (6%) per annum on the subscribed capital.

ii. No Bank shall increase its capital in such a manner as to affect the gross amount of dividend distributed in respect to business carried on in New Zealand except with the consent and through the agency of a legal enactment of the Dominion Legislature. Within three months from the enactment of these proposals, every Bank operating in New Zealand shall make an exact return of its assets, specifying in particular all stocks, shares, and debentures purchased by the Bank, the prices paid, and the prices at which such stocks, shares and debentures are held on the books of the Bank for the purpose of the annual balance-sheet.

The same procedure shall be adopted in regard to all real estate, buildings, and all other immovable property, together with furniture, fittings, and appliances in the Banks' ownerships. Such statement shall include a sworn valuation of the current market value of all such assets at the date of the return, such valuation to be made by an independent surveyor or valuer.

iii. Where it is found that the figure at which such assets are held on the books of the Bank for balance-sheet purposes is lower than the market value as obtained by the sworn valuation, an amount equal to such difference shall be transferred to an account to be known as "Suspense Account No. 1." Where the Bank in question operates in other countries than New Zealand, a complete return shall be rendered and a proportionate allowance for external business shall be made.

iv. All profits earned by the Bank from any source over and above the amount necessary to pay a dividend of 6 per cent. shall be transferred to an account to be known as "Suspense Account No. 2."

v. Six months from the enactment of these proposals an amount equal to 50 per cent. of the amount standing to the credit of Suspense Account No. 1 shall be applied to a reduction of the overdrafts debited to the customers

of the Bank, such appropriations being made *pro rata* on the basis of the average overdraft of the Banks' customers for a period of three years preceding the date of the enactment of these proposals, and such appropriation of half the balance of this Account shall be made annually thereafter.

vi. One month after the publication of the annual balance-sheet of any Bank, an amount equal to seventy-five per cent. (75%) of the amount standing to the credit of Suspense Account No. 2 shall be applied to the reduction or reimbursement of interest paid on overdrafts by the Banks' customers, such reduction or reimbursement being made upon the same pro rata basis as that laid down in paragraph v.

vii. A similar procedure to that laid down in the preceding paragraphs shall be applied to the accounts and assets of all Insurance Companies operating in the Dominion, with the exception that the funds required for (Insurance) Suspense Account No. 1 shall be provided by rediscounting the disclosed reserve with the New Zealand Reserve Bank, and that the disposition of the funds so provided shall be as in the following paragraph:

Fifty per cent. (50%) of the amount to the credit of (Insurance) Suspense Account No. 1 shall be applied annually to pay for preference shares or debenture stocks applied for by any natural-born New Zealand subject over twenty-one years of age, to the extent that applications for shares to be paid for by this fund can be met. Such shares shall be allotted pro rata to the applicants without charge, and shall be registered as non-transferable and as not good security for loans. On the death of a holder, or his permanent residence outside the Dominion, such shares shall be cancelled.

viii. (Insurance) Suspense Account No. 2 shall be retained as a Dividend Equalisation Fund to ensure that the dividend on all preference and debenture stocks allotted under the preceding clause shall receive a dividend at the agreed rates. Should this fund increase at a rate exceeding five per cent. (5%) per annum, such excess shall be allotted to a pro-rata increase in the dividend on such shares as have been subscribed for under Clause vii.

ix. These proposals are intended for consideration in the light of the correspondence which precedes and accompanies them.

Examination by Committee.

[Reprinted from the *Christchurch Press*, February 24.]

Members of Committee.

Mr. J. A. Nash (Government, Palmerston) presided, and associated with him were the Hon. W. Downie Stewart (Government, Dunedin West), F. Lye (Government, Waikato), J. N. Massey (Government, Franklin), C. H. Clinkard (Government, Rotorua), H. Holland (Government, Christchurch North), A. J. Murdoch (Government, Marsden), F. Langstone (Labour, Waimarino), F. W. Schramm (Labour, Auckland East), and J. W. Munro (Labour, Dunedin North).

The experts attached to the committee are Mr. B. C. Ashwin and Dr. W. B. Sutch.

The chairman welcomed Major Douglas, and after acknowledging the welcome, Major Douglas spoke briefly in explanation of his submitted statement.

Members of the committee then asked Major Douglas many questions.

Price-Fixing Scheme.

Mr. Holland asked if it would be possible for a man to buys 15s. worth of goods if he had only 10s.

Major Douglas replied that once the scheme was in existence his 10s. would have greater purchasing power. Indirectly the 10s. would increase its purchasing power because the cost of goods would be reduced because the producer had had his overhead expenses decreased by the reduction of his overdraft. If the price of the goods was not reduced a price-fixing scheme would have to be imposed.

Mr. Langstone asked how the wage worker who had no shares would benefit.

Major Douglas said that the worker would apply for a proportion of shares issued out of the suspense account, and they would be allocated on a pro rata basis for nothing.

Distribution of Undisclosed Assets.

Mr. Langstone asked whether the shares issued from the undisclosed reserves would not diminish. If that were so there would be no issue of shares after a certain time.

Major Douglas said it was inevitable that there should be a constant stream of property into the hands of the banks, either by ownership or lien, until the whole of the property in the country was in the hands of the banks. This stream of property formed the basis for the distribution of shares, as it formed the basis of the undisclosed reserves. His aim was to distribute those undisclosed reserves so that the country would get them back again.

Mr. Langstone asked what proportion of the credit in circulation was simply loans by the banks.

Major Douglas said that in his opinion the great bulk of the money which was used by the community originated by way of bank loans in one form or another. The matter was easily proved statistically. The only form of currency which was not loan money was currency which was absolutely legal tender. The amount of currency in Great Britain was roughly £350,000,000, and the bank clearings amounted to £39,000,000,000. These figures were subject to correction.

The Unemployed.

Mr. Schramm: There are 75,000 unemployed in New Zealand. Can you tell the committee in what way those people would reap any immediate material benefit from your scheme?—They would reap this benefit. A large number of business concerns now on the verge of bankruptcy as a direct result of overdrafts and having to pay large sums of interest would be prevented from going into bankruptcy and would be enabled to carry on better, and so provide more employment.

Would you allow the present system of private ownership and control to carry on as at present?—I have very little doubt that putting into operation this particular scheme would disclose the necessity of going further. But, in my opinion, however far you go it does not necessarily involve interference with the existing administration either of banking or business concerns. . . .

Mr. Murdoch: Do you wish to confiscate the reserves of the banks?

Major Douglas: It is not a question of confiscation. There is a Spanish proverb which says that "He who robs the rich earns 100 years' remission." The undisclosed assets are unjustifiable profits.

Mr. Downie Stewart's Questions.

Mr. Downie Stewart asked whether the witness justified his scheme because it robbed the robber.

Major Douglas replied that they would not interfere with the actual property of the banks. However, the banks were so organised that they were placed in possession, whether they had any conscious desire or not, of unjustifiable wealth.

Mr. Stewart asked whether the witness's proposal would not have the effect of dispossessing the shareholders without compensation.

Major Douglas said that he was not dispossessing them of anything they were justly entitled to.

Mr. Stewart: Your suggestion would take half the capital?

Major Douglas said that unless something was done the present banking system could not continue for any considerable length of time. Within three, four, or five years there would be a catastrophe which he was endeavouring to avert. Thus his proposals were designed to save the shareholders.

Mr. Stewart: That is assuming your view of the banking system is correct?

Major Douglas: The whole view is based on my assumption.

Mr. Stewart: You say that the difference between the disclosed and undisclosed profits is the difference between the book and market value of the assets; what if the banks wrote up their assets to the market value?

Major Douglas: Then their dividends would be several hundred per cent.

Mr. Stewart: Oh, no!

Major Douglas: Yes, they would put something in the assets that was not there before.

Mr. Stewart: If at present the value of a building in Lambton quay appears at £1,000, and it is written up to £20,000——

Major Douglas: Then there would be a profit of £19,000 in one year. He added that he did not want to take away the property of the banks as far as the administration was concerned.

Exported Produce.

Mr. Massey: You will admit that approximately 80 per cent. of the dairy produce is sold in the world's market?—Yes.

Under your proposals you say it will tend to increase the price in this country?—Obviously not. . . . The price level in this country is not made up from butter.

It is admitted we export a greater proportion of the primary produce from New Zealand, and we accept the world's price level?—You are not obliged to accept the world's price level.

How would you value the assets of the country? It has been made clear that we export the bulk of the primary produce, and that must have an immediate effect on our valuation.

Major Douglas: That is an extraordinarily involved question, because if you only deal with this business from the purchasing power end and leave the price end alone proposals of this sort are going to affect the price to some extent, and therefore valuations are going to be affected accordingly.

The Banks' Reserves.

Mr. Clinkard: These proposals cover both disclosed and undisclosed profits?

Major Douglas: Oh, yes.

Mr. Clinkard: The banks in New Zealand, like all other concerns, have been run for profit, shares have been issued and transferred from time to time, and these shares have risen in value according to the accumulated reserves?

Major Douglas: Yes.

Mr. Clinkard: Would not your proposals take away the value of the shares unjustifiably?

Major Douglas said that his proposals were designed to monetise these reserves and not take the reserves themselves. The reserves were really being monetised for the benefit of the shareholders themselves.

In reply to Dr. Sutch, Major Douglas said that the question of a world price level was really mixed up in the decision as to whether there was such a thing as world currency.

Would you agree that the strength of a bank or insurance company ultimately depends on its capital or reserves?—What do you mean by strength?

The soundness of an institution, that it does not go into bankruptcy when extra demands are made upon it.—I would say that ultimately the soundness of any institution of that kind depends upon its power of liquid buying.

Under your scheme don't you think that the soundest bank, having established a large reserve, will have to pay the most to the borrowers, and that the bank with a reserve not as large does not pay as much?—I would not agree with that definition at all.

Under this system of the reduction of overdrafts the biggest business will get the biggest concessions?—I am assuming that they have their overdrafts on the basis of the size of their business.

The man who borrows more extravagantly will get the bigger return?—I should say the answer to that is that you can fairly well depend on the average bank not to lend more than it is assured of getting back.

Dr. Sutch asked why banks kept reserves.

Major Douglas: Very largely to conceal their enormous profits.

What is the use of those reserves?—To maintain what you term their financial soundness.

The Banks' Holdings.

Mr. Ashwin: You say that the whole of the property of the Dominion is in the hands of the banks? I cannot see that. The banks have been in operation a long time and have not acquired much yet.

Major Douglas: I don't agree. In Great Britain 90 per cent. is in the hands of the banks.

Mr. Ashwin: You mean that property has been given in security for loans which will be repaid.

Major Douglas: Many of these loans will never be paid back.

He added that the banks did not acquire the fee simple of the property, but preferred to keep a lien on it.

Mr. Ashwin: When a business is successful these loans are paid back.

Major Douglas said that the question of the success of any business depended on how much money it could get from the banks. Business men competed with each other for the monetary purchasing power of the people, and the amount of monetary purchasing power was controlled by the banks.

The chairman thanked Major Douglas for his attendance and the committee adjourned until Tuesday.

Banks and Bonds.

[The following account, extracted from *The New Era* of January 11, shows that the technique of the War-Loan ramps of 1914-18 is still being judiciously practised by the banks.—ED.].

Listen to this one—it actually happened, and was related to me by the party of the second part.

Mr. Farmer received a letter from his Bank: "Please call in and you will hear something to your advantage."

He called. The following is a verbatim report of the conversation:

Banker: We have a splendid investment for you, Mr. Farmer.

Farmer: You know dang well I can't buy anything, and You've been dunning me long enough for my overdraft, and told me I'd have to produce more and spend less!

B: But this is different. We are proposing for you to buy Govt. Bonds.

F: As I have no money, I can't buy anything.

B: You can buy Bonds because the Bank will lend you the money to pay for them.

F: Cripes, where does the Bank come in on that? There's some catch.

B: No, it's this way. You buy the Bonds, we'll increase your overdraft to pay for them and hold the Bonds as further security, and we collect the interest on the Bonds.

F: Where do I come in?

B: The Bank will charge you 1 per cent. less on that overdraft than the Govt. interest comes to, so you will make 1 per cent. for nothing.

F: And the Bank will make the rest?

B: The Bank must live, and the country must have money. The best way to get it is by borrowing it from its own people.

F: Seems to me it's borrowing from you—it can't be me, as I've got nothing. What becomes of the 1 per cent. profit I make?

B: That will be placed to the credit of your old account and help to reduce it.

F: So the Bank gets it all. However, if I bought enough Bonds I'd get rid of the overdraft and mortgage on my farm. How much is the Loan?

B: £10,000,000. How many Bonds will you take?

F: Well, under the conditions you have explained to me I'll take the blanky lot!

Major Douglas in Alberta.

On April 6 Major Douglas addressed an audience of 1,000 people in the Alberta Legislature. A long interrogation followed which was broadcast over the provincial system. Major Douglas, says a correspondent, entered the Chamber with Mr. J. E. Brownlee, the Premier, and was greeted with hearty applause. He was asked to explain in particular how his proposals could be applied to Alberta.

McQueen on Douglas.

Prof. McQueen (Economics Department of the University of Saskatchewan) has contributed a series of articles to a group of newspapers owned by the Sifton family, and consisting of the *Winnipeg Free Press*, the *Regina Leader-Post*, and the *Saskatoon Daily Star*. We have received cuttings containing the whole series from a correspondent in Canada. In idea, expression and information they add nothing to previous criticisms dealt with in these pages, and are, in fact, based on Mr. Gaitskell's article in Cole's symposium, which article, in turn, borrowed certain matter from Mr. Durbin's *Purchasing Power and Trade Depression*. They are, so to speak, the same mutton, twice re-heated, and now served with onion sauce as a change from the red-currant jelly and the mint sauce which successively flavoured the joint on its previous appearances at table. We have passed the cuttings on to one of our contributors for closer scrutiny in case he finds something in them worth comment, but in the meantime serious students of the central Theorem need not extend their attention beyond the series of references to criticisms which we published in the "Notes" last week (paragraph 1).

The Social Credit Library.

The New Economics Group of New York (55, Fifth Avenue) have just published at 10 cents a 62 pp. booklet entitled *From Debt to Prosperity: An Introduction to the Proposals of Social Credit*, by J. Crate Larkin. It covers the ground adequately, including a commentary (with diagram) on the A + B Theorem. No Social Credit authors are mentioned in the text, but honours of citation in footnotes are distributed chiefly between Douglas, Orage, Hattersley, and Colbourne. Kitson and Soddy are also cited. These names appear also in a bibliography, together with those of Guy Mallon, Will Dyson, C. F. J. Galloway, and P. W. Martin. Neither the name nor the works of the following authors are mentioned: C. G. M., Demant, Gordon Cumming, H. M. M., Powell, Allen Young, and Brenton. Under "Magazines," the *New English Weekly* and *The New Age* are given a line together the two U.S.A. Social-Credit periodicals.

The object of the author is to discuss only the "major principles" of Social Credit; and in doing so he avoids dealing with complicated technicalities. The booklet is, therefore, suitable for general distribution among the uninitiated. In idea and expression it affords no conspicuous help to the advanced student or experienced speaker, although incidentally it may be of interest to both by reason of its occasional references to American politics and economics.

J. G.

NOTICE TO MEETING-PROMOTERS.

Please note that THE NEW AGE goes to Press three days before its publication-date, and that notices should reach 70, High Holborn on Friday mornings, or 20, Rectory-road, Barnes on Saturday mornings, to catch the next issue. Also note that no London reader can get the journal before Tuesday night, and no country reader before Wednesday morning.

Notice.

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

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

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

Spring Flowers.

By B. J. Boothroyd.

At Easter there were winds on the heaths, brothers. By which I mean there were the usual Easter Conferences.

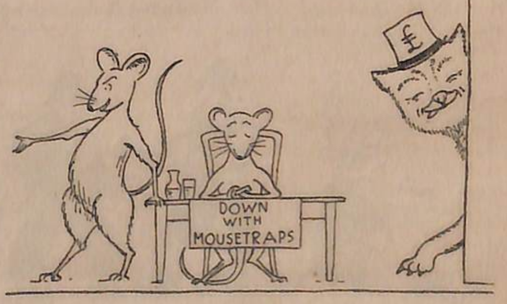
Thousands of Resolutions were passed demanding the improvement of social and economic conditions by bold, revolutionary methods which would do everything except change social and economic conditions.

It has often been asked why these conferences are always held at Easter. That's an easy one. Easter is the time of resurrection; it symbolises renewed life.

Some people, indifferent to the beautiful symbolism of these customs, say they are tired of the same old resolutions cropping up every year, without reference to the rapid changing of circumstances. That is a materialistic way of looking at it. Does one get tired of the first snowdrop, because it is a facsimile of the one that came up in the same place last year? Nay. Is a breakfast haddock stale, because you had one just like it the day before? Again—nay.

Easter is a religious observance. That is why the resolutions are exclusively pious resolutions. It was derived from earlier Pagan beliefs. So are the resolutions.

It will readily be believed, therefore, that the bankers follow these Easter Conferences of Labour and Political organisations with increasing interest as the years go by. They like to be reassured, annually, that if the Winter of discontent comes, Spring is not far behind,



The bankers follow these Conferences with interest.

bringing with it demands for the alteration of everything except banking policy.

I am told that certain prominent bankers are proposing to encourage the Conferences by the issue of loans to party funds. But I don't believe that; for one thing, it isn't necessary.

Mind you, I'm not saying that there should never be any new resolutions at all. I'm not one of your conservatives. I like change. When aspidistras came in I got rid of my wax fruit. And so, if a Trade Union likes to attribute low wages to sunspots instead of profiteering; or if the I.L.P. demands Involution instead of Revolution, or if the teachers replace their demand for the Restoration of the Cuts, for the Restoration of the Stuarts—I shall not object. For any of these alternatives would have a similar effect on the economic system, and in any case they mean much the same thing.

All I ask is that none of the bodies holding their annual Conferences shall start making any demand that would have any real effect on the shortage of public purchasing power. Until they do, I shall continue to welcome these Easter Resolutions as I welcome the other flowers that bloom in the Spring. Chorus: Tra-la-la.

Let us glance at some of the resolutions, that we may be sure that England stands where she did. Waiter, bring me the wine-list. I mean the agenda papers.

Here is the one about the fight against the employers. I like this one best. I always read it after dinner, with the port. It is ripe and fruity; it has body.

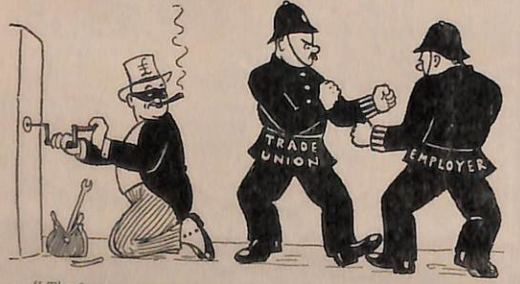
This year it is a good vintage. The President of the N.U.D.A.W. said that "the final test of a Trade Union was whether it was organised to fight and defeat the employers." The Shop Assistants' Union also asked for "one big union," to "maintain and improve wage standards and conditions" against "the policy of the employers."

It is natural that this resolution should be an integral part of Easter observances, for Easter is also the time for celebrating the custom of the "Scape-goat," by which some innocent person or creature was punished for the sins of others. This explains the seasonal regularity with which employers are blamed for labour conditions that are caused by banking policy, and private ownership and profit-making are blamed for the shortage of money maintained by the bankers. As a Past-President of the Folk-Lore League, I should hate to see this resolution dropped.

Some bankers prefer the resolution about "defending the consumer against profiteering." This, too, is a favourite after-dinner resolution, round and mellow, smooth to the tongue.

It is a sound idea—that there would be enough money for consumers if shop-keepers and producers would take less profit. It implies that there is, if we could only find it, just that right percentage of profit which would enable public spending power to meet prices. I believe Labour mathematicians keep trying to work it out, by trigonometry, logarithms, the differential calculus and eating more spinach. I hear that last time they made it come to ninepence a lb., and the time before that to forty-five miles an hour.

The Teachers' Conference, being composed of educated people, naturally addled its Easter eggs more scientifically than most. They demanded the raising of the school-age to fifteen in order to help to avoid blind-



"The final test of a Trade Union is whether it is organised to fight and defeat the employers."

alley jobs and relieve juvenile unemployment, while at the same time admitting that this was also due to mechanisation of industry. One speaker said that they must defend the children (for an extra year) until "industry had re-adjusted itself," and another said that mechanisation must continue to replace man-power, and that democracy must have better education to enjoy its leisure.

Both supported the resolution, leaving us in doubt as to whether we are to "re-adjust" industry by de-mechanising it, or keep children at school for the rest of their lives to relieve unemployment. The main thing is that they didn't suggest any source of income for the children in later life other than the wages they would never earn.

These regular resuscitations of ancient beliefs bind us to the Past. They form a bond with our rude forefathers. I do not know when the first Conference was held. But I can imagine some sunny Easter away back, say, in the Paleolithic Period, when men first gathered together in pioneering fervour, and demanded the stronger unity of cave-men, to guard themselves against the woolly rhinoceros, and thus stop the damage that was really being done by the sabre-toothed tiger.

Bankster Debating-Points.

"Money Cannot Be Regarded As Wealth." (Headline to an article attacking Social Credit in *The Herald* (Australia) of February 3, by Mr. C. H. Tranter, General Manager, Commercial Bank of Australia.)

This is calculated to give the reader the impression that Douglas had confused money with wealth. The truth is that he has always placed heavy emphasis on the distinction. Example: before the Macmillan Committee he retorted on Professor Gregory at one juncture in words to this effect: "You keep hopping from *money* to *things*."

. . .

"Trade Is a System of Barter." (Another headline to the above article.)

Good. Theoretically and ideally the proposition is sound Douglasism. So why flourish the dictum in Douglas's face? But *Trade*, as conducted internationally under financial compulsions, misses this objective. You have only to re-formulate the phrase: "A favourable balance of trade" in terms of barter to see the snag. The country achieving the favourable balance gives goods for nothing to the measure of the balance. Such a transaction is not barter, but charity.

. . .

"When people divide themselves into two irreconcilable camps on the Douglas, or any other, theory, it is safe to conclude that the error—for such there must be on one side or both—is fundamental." (Introduction to above article.)

This passage is calculated to give the impression that Douglas has absent-mindedly stumbled into the position of challenging the fundamental axioms of finance. The truth is that he deliberately and emphatically bases his case on an analysis of these fundamentals. The whole issue raised by him is whether these fundamentals are true or false.

. . .

"Major Douglas, by basing his Social Credit scheme on a fundamental fallacy has got himself . . . on a false trail." (Continuation of above introduction.)

This begs the issue he raises. It virtually suggests that Douglas's fallacy consists in his challenging accepted fundamental axioms, and that it is only necessary to make him realise that he has blundered into such a challenge to force him to confess his mistake!

. . .

". . . the truth is that the unemployed man, whether through his own fault or his misfortune, is unable to buy because he has nothing to sell that anyone else wants." (Extract from above article.)

The "Gregory" fallacy of confusing money with things emerges here. Take an unemployed cotton-operative. According to this analysis he cannot acquire a shirt because his shirt-making services are not wanted by anyone else. This might mean that everybody else is stocked up with shirts! If not it must mean that everybody else has spent his shirt-money. From which one is invited to conclude that the exhaustion of purses and the satisfaction of wants are one and the same thing—that to have no *money* is to need no *things*! The trick turns on the ambiguity of the term "wants."

A. B.

The Films.

"La Robe Rouge." Europa Films Production. Directed by Jean de Marguenat. Academy.

As the Hitler régime has dispersed the talent of the German studios, while Wardour Street continues to ban new Russian pictures, France has become the only country to show first-class films in England. (I lay stress on the word "show," because while I have heard good accounts of recent films made in Czecho-Slovakia and other European countries, the British public has so far had no opportunity of seeing them.) Jean de Marguenat's rendering of the Brieux play is an example of the contemporary French cinema at its best, save for one defect—the editing. This is jerky; the transitions from the outdoor to the indoor scenes and back again, and in general the linking up of the sequences, is too abrupt, and the continuity is in consequence badly damaged. But the acting is so good, and the photography (notably of the Basque country) so excellent, that the faults of the cutting room may be overlooked.

Brieux wrote his play to draw attention to an evil of French criminal procedure—the cross-questioning by examining magistrates of prisoners whose lawyers were not in attendance. That practice has now been abolished (at any rate, it is no longer officially countenanced), but while this reform makes the theme out of date, it does not weaken

its appeal, especially to audiences who are unacquainted with the way in which they order these things in France. As a criticism of and satire on a venal judiciary more concerned with politics and professional advancement than with the innocence or guilt of the prisoner, and who will cheerfully send an innocent man to the guillotine as an aid to promotion, "La Robe Rouge" does not date at all. The Affaire Stavisky alone demonstrates that justice in France can be blind in another than the generally accepted sense.

But do not run away with the idea that "La Robe Rouge" is in any way propaganda. It is just an unusually good film, with a more powerful and vital story than generally finds its way to the screen, and it should on no account be missed.

"La Rue sans Nom." Directed by Pierre Chenal.

Regrettably, this review is by way of being an obituary notice. An enterprising management that had previously introduced "Poil de Carotte" and "Le Petit Roi" to England has, through a change of ownership, been obliged to vacate the Rialto, and at the moment of writing no arrangements have been made for continuing its Continental season elsewhere. Even if it be found impossible to carry on the business at a new stand, it is to be hoped that "La Rue sans Nom" will find another London home, for it is definitely one of the films of the year.

More than that, it is an unusual film in the fullest sense of the word. Comparisons have been made with "Sous les Toits de Paris," but the only likeness is that both pictures concern themselves with the lower strata of French society. "La Rue sans Nom" belongs more to the best German silent school than to that of Clair, whose objectivity verges too much on the superficial. The silent sequences in this picture are among the best, and there is far too much dialogue; the film could have been made without words, or with only about twenty per cent. dialogue.

The casting is perfect as that of the best German talkies of the pre-Hitler era, and the acting is consistently excellent, with the solitary exception of Pola Illery. This charming young woman, round whom the whole plot revolves, is a lay figure, who registers no emotion in any scene. Her previous work suggests that the director could have injected a little more life into the character of Noa.

"Footlight Parade." Warner Brothers Production. Forthcoming Release.

If the whole of this picture had been up to the standard of the three final sequences—Honeymoon Hotel, the Waterfalls, and Shanghai Lil, which I regard as the best production numbers I have seen on the screen or stage—"Footlight Parade" would also have ranked among the films of the year. As it is, despite its characterisation as "a story of back stage life entirely different from anything filmed previously," its theme is just the same old back stage, only a little more hectic. The action is in fact too rapid; to see James Cagney take the telephone receiver off its hook and replace it, and to hear his quick-fire dialogue, becomes almost exhausting to the onlooker.

"Footlight Parade" is good entertainment, but would be better if it were pruned, and it would not be difficult to cut it by at least ten to fifteen minutes. A very capable cast, including Ruby Keeler, Joan Blondell, and Ruth Donnelly, supports Mr. Cagney, and even if you are prejudiced against back stage plays and films, I recommend seeing it for the sake of the last half hour.

Put Your Foot in It Department.

"Alice Brady, who once was a beautiful leading woman, and is now an outstanding character actress."—Universal Pictures Publicity.

What Have You? Department.

"Fraulein Haas . . . is a beautiful specimen of feminine vitality, combining the inherent restraint of the English girl with the flair which is said to invest Continentals with the verve which makes for screen popularity."—British International Publicity.

Mother Love Department.

"Miss O'Neal found that her duties as a wife conflicted somewhat with her most cherished hopes. She likes England but doesn't think the climate is the best in which to start rearing a family, so she keeps a Peke named 'Bing.'"—British International Publicity.

Historical Accuracy Department.

To insure the right atmosphere in a play in which Charles II and Nell Gwynne are to be the leading characters, Herbert Wilcox is reported to be looking for an American actor to play the part of the King. What about Charlie Chaplin as pretty, witty Nellie.

DAVID OCKHAM.

The Theatre.

The Left Theatre.

The Left Theatre movement, an organisation of young actors and producers who aim at breaking with the "West End" tradition and at performing plays that "directly concern the working class and its struggles," was formally inaugurated on Sunday last, when Friedrich Wolf's "Sailors of Cattaro" was presented. This is, I believe, its first production in England, and it is to be seen at Peckham on Sunday next, and at the Stratford Hall on the following Sunday. Other productions contemplated include "We, the People," by Elmer Rice, and Ernst Toller's latest play, "Fire in the Engine Room." André van Gyseghem, of the Embassy, is giving his services as producer, and the Advisory Council includes Ronald Adam (the Embassy manager), Ernst Toller, Victor Gollancz, and John Strachey. Full membership costs only 5s. a year, and all particulars are to be had from the Treasurer, 27, Abbey-gardens, N.W.8.

Macbeth. Produced by Tyrone Guthrie. The Old Vic.

You will have to go far to find a better stock company than that at the Old Vic, which, and not the Memorial Theatre at Stratford-on-Avon, is Shakespeare's true home in his native country. In the present production, Charles Laughton plays the name part and Flora Robson is Lady Macbeth; Banquo, Macduff, Ross and Malcolm are impersonated by Frank Napier, Roger Livesey, Dennis Arundell, and Marius Goring respectively; Ursula Jeans is Lady Macduff; and Athene Seyler appears in a—for her—unusual role, that of the first Weird Sister.

The Drums Begin. By Howard Irving Young. Produced by John Fernald. Embassy.

Ronald Adam has again given London a better play than it deserves, by which I mean that Mr. Young's satire, which has already had a Broadway production, is unlikely to have a tenth of the box office appeal of "Ten Minute Alibi," for instance. Actually, the satire is two-fold—on the crudities, vulgarities, and sordid commercial opportunism of the film trade, and on the futility of peace propaganda in a world filled with nationalist hatreds. But do not imagine that this is a propaganda play in the sense of being all powder and no jam. It is extremely entertaining, the author has both stagecraft and the talent of writing excellent dialogue, the rhythm is admirably maintained and the tension slowly heightened until the final curtain, and tacked on to the main theme is a sub-plot that loses nothing by being a trifle on the melodramatic side.

An American film company is making a war picture in France, which, as the result of chance, is to be called "No More War." A French and a German version are being made, each to appeal to the belligerent patriotism of its own audience. The cast is both French and German. The supers' costumes get mixed up; the actors are furious at having to appear in ex-enemy uniform, and there is nearly a minor international incident. A shell-shocked player bayonets another actor who has to climb into a trench, and is promised a bonus by the producer for the realism he has unwittingly infused into the scene. The leading lady, with whom the French male star falls in love, turns out to have been a German spy during the war. On the completion of the picture, the producer gives a little party to celebrate, and refers to the amity between the players; the curtain goes down on the German actors toasting "Der Tag" and the French players taking up an attitude of defence, leaving only the German and the French star to fraternise. In this instance, patriotism is evidently enough.

The play deserves better than the acting. Joyce Bland, as the only female character of importance, is hopelessly inadequate; hers is a "fat" part that she plays with such reserve as to deprive it of all interest or character. None of the players suggests either a Frenchman or a German, and their attempts to speak with French and German accents are pathetically amateurish. An exception is provided by Hay Petrie, who not only supplies the most admirable comic relief as the film director, Dobinsky, but gets right under the skin of the part. If you had never seen Mr. Petrie before, you would swear he was a Central European Yid. Douglas Seale also contributes an excellent character sketch as the cameraman. Praise is, as usual, due to John Fernald's production and the settings of Bagnall Harris.

VERNON SOMMERFIELD.

"Unemployment Down 70,000" (*Sunday Express*, April 1). Seventy thousand more unemployed now billeted on consumers.

Forthcoming Meetings.

Castle Bromwich.—Meeting in the Victory Hall, Castle Bromwich, on Thursday, April 12th, 1934, at 8 p.m. Address on "Social Credit Remedies," followed by questions and discussion. Speaker, E. W. Harrison, Esq.

Ireland.

Thursday, April 12, at 8 p.m., in the large hall, Tralee, under the auspices of Tralee Vocational Education Committee, a lecture on "National Control of National Credit" will be delivered by T. Kennedy, Hon. Secretary, Financial Freedom Federation of Dublin.

Friday, April 13, at 8 p.m., in the Technical School, Listowel, under the auspices of the Co. Kerry Vocational Education Committee, a lecture on "The Nation's Money" will be delivered by T. Kennedy, Hon. Secretary, Financial Freedom Federation of Dublin.

North-Eastern Area.

Wallsend Co-operative Hall, Carville Road.—A meeting will be held at 7.30 p.m. on April 18. Speaker, the Marquis of Tavistock

Southern Area.

Bournemouth.—At the annual meeting of the League of Nations Union, to be held in the Town Hall, on April 12, at 8 p.m., the Rev. Arthur S. Berey will speak on Douglas Social Credit.

A meeting will be held in the Town Hall, Room 12, on April 18, at which Mr. W. L. Bardsley, Secretary of the Social Credit Secretariat, will speak on the Douglas Proposals.

Glasgow.

On Tuesday, April 17, at 160, Bath-street, at 8 o'clock. Speaker: Mr. W. G. Watt Subject: "Unemployment: Cause and Cure."

GLASGOW GREEN SHIRT HEADQUARTERS.

The Glasgow Green Shirts have seating accommodation for eighty people at 221, Holm Street, Glasgow. Douglasites welcomed. Assistance given to those wishing to do open-air work.

NEW CANADIAN GROUP.

We are advised of the formation of the Province of Quebec Douglas Credit League. Secretary: J. A. de Watteville, 1434, St. Catherine Street West (Room 109), Montreal, Canada, and are asked to announce that the secretary will be glad to hear from readers willing to co-operate in its activities.

BIRMINGHAM DOUGLAS SOCIAL CREDIT GROUP.
"SYMPOSIUM ON SOCIAL CREDIT."

Papers will be read by Messrs. N. R. Temperley, E. H. Bill, J. R. Morton, P. R. Masson, and J. T. Edwards on Wednesday, April 25, 1934, at 6.30 p.m., at Queen's College, Paradise Street, Birmingham.

The Green Shirt Movement for Social Credit.
OPENING OF NEW NATIONAL HEADQUARTERS.

Readers of THE NEW AGE are cordially invited to attend the official opening of the new National Headquarters at **44, Little Britain, E.C.1** (near Post Office Tube) and Aldersgate Street (Met. Railway Stations) on

Saturday, 14th April, 1934, at 5 p.m.

Refreshments.

R.S.V.P. to the General Secretary at the above address.

"Guilty parties in divorce cases, *bankrupts*, and others, are to be rigorously excluded" from the Royal Enclosure at Ascot this year.—*Sunday Express*, April 1. (Our italics.)

"P.C. Parker . . . is to be transferred from Tottenham Court-road station to another station in the division."—*Sunday Express*, April 1.

"Miss Edna Best, with her baby daughter, sails from New York to-day for London. . . . It is probable that Miss Best will take part in a West-End play."—*Sunday Express*, April 1.

LETTERS TO THE EDITOR.

SOCIAL CREDIT HOSPITALITY.

Sir,—Having known, and appreciated, the hospitality of Social Creditors in several districts, we are anxious to prepare a list of those in other districts willing to extend hospitality to Green Shirt members on propaganda work. May I, therefore, be permitted to appeal to any of your readers in London and the Provinces willing to assist to send me the following information: (a) Name and address; (b) Number of Green Shirts that can be accommodated; (c) Whether women members can be accommodated.

Usually accommodation is only required for one night.

FRANK GRIFFITHS, General Secretary.

44, Little Britain, London, E.C.1.

RETIRING CONSUMER-CREDITS.

Sir,—"N. 88" not only fails to follow my argument but does less than justice to yours. With regard to his submission that credits (bank deposits) apparently "free" are in fact owed elsewhere in the same community to banks, I feel sure that if Major Douglas did not give special emphasis to the point it was only because he assumed that, to *his* followers at least, it would be obvious.

It is clear that you contemplated a community in which new production would be financed, not out of savings, but out of *new* credits, and that sums distributed in the production of capital assets, e.g., plant, tools, buildings, etc., would be recalled only as and when required by the inclusion of a proportion of cost of such assets in final retail prices.

In such a community there can be no doubt that the aggregate of prices recovered would be required to satisfy outstanding bank loans and no problem of retirement could exist.

On the other hand it will be apparent that the operators of such a system (employers and employees) would necessarily have *in hand* sums exactly equal to cost prices of the whole product of industry—retail prices, and as I have always understood it the Social Credit argument is that the power to purchase these retail goods should not be allowed to concentrate in the hands of operators only.

To allow of the power being diffused throughout the whole community new money in the form of National Dividends or Price Discount would be issued and distributed.

But my contention is that the retailer is entitled to recover and required to repay to the banks a sum not exceeding his distributions by way of costs, and therefore owing to the bank.

Consequently when he recovers not only his costs but also the distributions of National Dividends *he must return such National Dividends to the National Credit Office*.

I endeavoured to establish this point in my article on Dual Credit Distribution.

Speaking as one whose training has taught him to look for an exact squaring, I am satisfied that practical difficulties would arise in the keep of retailers' bank accounts, e.g., in differentiating between Producer and Consumer Credits. Moreover to my way of thinking any system of Dual Credit Distribution must, like the present financial system, fail to provide for Profits and Bank Interest.

A much simpler method would appear to be first to determine the total of Retail Prices to be recovered; allow the National Credit Office to prepare credits to that amount; set aside the sums necessary to satisfy payments to producers and distributors as wages, salaries, and dividends, and issue the balance as National Dividend.

The *total* of retail prices recovered would then belong to the National Credit office.

But I must apologise for occupying so much of your valuable space, and as it is my intention to "state a case" to Major Douglas upon his return I shall not again encroach on that space.

Yours faithfully,

ACCOUNTANT.

"DUAL CREDIT DISTRIBUTION."

Sir,—In his letter under the above heading in your issue of March 28, "Accountant" complains that his statements on this subject have been construed as implying that the Douglas principles are incapable of application, which, whatever, not his intention. It would seem, however, that, whatever his intention, his suggestion that some special form of mechanism for consumer credit cancellation is necessary is evidence of his belief that the Douglas Proposals are not complete in this respect. In this all convinced advocates of the Douglas Proposals must profoundly disagree with him.

The Douglas analysis demonstrates a deficiency in the purchasing power in the hands of consumers, and the Proposals provide for this to be made good, no more and no less.

Assuming a deficiency of 20 per cent., as shown in the

Editorial illustration referred to by "Accountant," then the amount of consumer credit to be issued through discount and dividend would be 20 per cent., i.e., sufficient to make good the deficiency, and provided the calculations have been correct, no special machinery for cancellation is needed.

Cancellation will take place as goods are bought for consumption. This is the natural and "right" method of cancelling credit which has been issued to facilitate the purchase of consumable goods. Taxation as a device for retiring credit is unnecessary unless there has been an over-issue, which, as has been explained, is not the intention.

The purchase price, less the retailer's profit, will either be used by the retailer to pay the wholesaler's or manufacturer's bill, or, if he bought the goods for cash, to restore his capital. If we assume the former process to take place as being the more probable, then when the manufacturer is repaid, the money, less his profit, will be cancelled either by (a) repayment of a bank loan or (b) restoring his working capital to its former level, i.e., meeting all costs incurred in the production of the goods in question.

In "Accountant's" "X + Y" illustration he seems to regard all money received by manufacturers in excess of their bank loans for production as profit, whereas in practice surely a large part of "Y" would be absorbed in restoring capital to its former level.

At the present time, those firms which succeed in maintaining their original capital (i.e., could sell out and repay their shareholders without loss) only do so either at the expense of other firms or as a result of an increase of debt somewhere in the system, e.g., slum clearance schemes, which will doubtless save many firms from bankruptcy.

"Accountant" states that the law prohibits firms living on capital, whereas it would seem that, in fact, it is forced to acquiesce to this procedure, in order to keep the system going. Hundreds of firms have written down their capital in the last two years, which means, in effect, that they have reduced it by living on it.—Yours faithfully,

"A. T. 64."

SOCIAL CREDIT PROPAGANDA.

Sir,—I am much in agreement with the general trend of your remarks suggested by my letter in your last week's issue, and I admit the obvious desirability of awaiting the return of Major Douglas for further discussion of propaganda policy. But as you seem to suggest that such policy should be guided by the success or otherwise of a certain line of action in the Dominions, I feel sure that you will allow me, having spent twenty years of my life in New Zealand, to put in here something of a caveat against coming, on such ground, to any too hasty a conclusion.

In the first place, New Zealand has a population of less than one-fifth of that of London, on an area larger than that of Great Britain, with about half the people in some thirteen mostly quite small towns.

Politics there, as everywhere, are not always above reproach, and the best available man is by no means always chosen by the electorate, but everything about the member is pretty well known to everyone in his district, and I should say he is much more amenable than here to direct popular pressure.

There are some score of daily and weekly papers, much more important and more read in their localities than here, and I should say considerably more independent. The dissemination of a new idea is therefore neither very difficult nor very expensive.

But the point on which I would more particularly lay stress is the character of the people, which differs very widely from that of the masses with whom we have to do here.

In the first place, N.Z. has, if only by reason of its very distance, been populated by the more adventurous and perhaps even the more intelligent English and Scotch. People of all classes, from all districts, of all occupations and all stations of life in the Old Country, have been so rubbed together that inherited prejudices have been very largely worn off, leaving natural intelligence unhampered. Consequently, New Zealanders are, on the average, intelligent, well-informed, and open-minded to an extent hardly realised in this country, and they look on themselves as free men, which few here can.

That small farmers there enter readily and successfully into schemes of co-operative dairy work and suchlike is an example of the difference in character produced.

This difference Major Douglas, judging from his speeches, has fully realised. A new idea is greeted by the British with jeers and fears, and only, when proved successful beyond all doubt, with cheers; whereas the New Zealander jumps at it with glee and forthwith tries it out.

So you will see that, to me, at any rate, even direct Parliamentary success there seems by no means utterly impossible. The few thousand people in N.Z. will very soon at least know and may act, whereas our millions are yet entirely in the dark, and will have somehow to be informed, notwithstanding the most powerful opposition.

With regard to the Australians, though I cannot speak with any very wide experience, yet much that I have said above would doubtless hold good in their case, and it can safely be said that if there is now remaining anywhere "down under" a superstitious respect for a moribund and mouldy authority, financial or other, it will not be found among the genuine Australian people.

PHILIP T. KENWAY.

THE "SYDNEY-BULLETIN" EXHIBIT.

Sir,—To a Naval Officer, "Exhibits from the Sydney Bulletin," on page 245 of your issue of March 22, 1934, is of peculiar interest.

The writer, who is obviously an exponent of the soundest type of Australian finance, reintroduces a very old and valued friend in time of need, known in the Army as "The Naval Officer's method of discussion." It is :—

A......a bald assertion,
B......flat contradiction, followed by
C......personal abuse.

He states :—

A......" Douglas as a destructive critic of present-day money systems is on safe enough ground; and it is on this point that he collects most of his followers."

My own experience is that it is the constructive ability of Douglas that appeals most strongly to his followers, or would-be followers, and even to some of his enemies. It is easy to see, however, that destructive criticism should appeal to the writer on the same grounds that destruction of Australian wool appeals to sound exponents of finance.

B......" The A + B theorem is the keystone of the Douglas structure, and that is the main reason why it crashes. In the interchange of purchasing power, as a result of ordinary business dealings, the natural law of 'nothing for nothing' applies. It is not because there is insufficient purchasing power generally that we have slumps. It is because purchasing power becomes badly distributed and sterilised after booms, with their attendant excessive profits and costs, etc., etc."

A flat contradiction of the A + B theorem is comprehensible, orthodox, and quite to be expected from a man of sound financial mind. But why bolster it up with the "law of nothing for nothing," insufficient purchasing power generally (a surprising admission), and an unnatural and pernicious "something for nothing" lure.

With three "nothings" it is refreshing to arrive at a "something," albeit unnatural and pernicious. I must confess that the natural law of "nothing for nothing" is new to me, and am wondering if it can be an extension of the law of Relativity. It must be, as he says, a great encouragement finding people anxious to get to the root of the evils of our money system; "our" is distinctly a *bon mot*; but he may rest assured that Major Douglas would be the first man to acknowledge and follow any person producing a scheme mathematically and morally sounder than his own.

Hatry, Kreuger, Lowenstein, Stavisky, and the ubiquitous Mr. Insull, judged by the millions they handled, enjoyed the confidence of banks and Governments all over the world, and for that reason must have been considered the soundest of the sound in the very highest financial circles; but in their case the public whose credit they traded on were given no inkling of impending crashes—in Kreuger's case the news of his death was successfully "withheld"—I think this is the *mot juste*—for over twenty-four hours by the Press, in the interests of sound finance, of course.

VINCENT M. COOPER,
Commander, Royal Navy.

COVENTRY SOCIAL-CREDIT LIBRARY.

Sir,—We are attempting to form a circulating library of Douglas Social-Credit Literature, on the same lines as the old Fabian book boxes. Gifts of surplus literature from readers of THE NEW AGE would be greatly appreciated.

Parcels, if any, may be sent to 51, Cross Cheaping, Coventry, the meeting place of the group.

W. B. BRUGES,
Hon. Sec, Coventry D.S.C. Association.

"POVERTY IN PLENTY" IN "THE TIMES."

Sir,—The leading article, "Money and Gold," in *The Times* of April 4, contains one passage which I consider deserves criticism.

The passage in question reads as follows: "It is open to question whether an investigation by Parliament would carry the matter much farther than it was carried by the labours of the Macmillan Commission."

Apart from the fact that the Macmillan inquiry into Finance and Industry was carried out by a committee and *not* by a Royal Commission (i.e., it could not compel witnesses to attend), the relevancy of its labours to the present proposal for a Parliamentary investigation can be gathered from p. 240 of its Report, where, in the reservation signed by Sir Thomas Allen and Mr. Bevin, it is pointed out that "the Committee decided to examine monetary policy only on the basis of the gold standard, and therefore no alternative to the gold standard was examined or discussed."

This report was published in June, 1931; three months later Great Britain left the gold standard, it is to be devoutly hoped for ever.

C. G. M.

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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