

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2232] NEW SERIES Vol. LVII. No. 8. THURSDAY, JUNE 20, 1935. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

## CONTENTS.

	PAGE	PAGE
NOTES OF THE WEEK . . . . .	57	
Rating empty premises. Waterloo Bridge and the Road Fund. The function of junior Ministers. The oversubscription of the Manchester Corporation Loan. The Manx Budget—surplus due to bad weather! Ireland and the Privy Council—treaty-abrogation legal. The Mendelssohns and the Aryan certificate of assay. The passing of Mr. Justice Avory. The Glasgow City Council and the Bank of England—dictatorship of terms for loan. Glasgow and London as rival ports for Dominion produce—backstairs propaganda decrying Glasgow.		
THE POINT OF THE PEN. XXXVI. By R. Laugier		60
THE SOCIAL CREDIT PRESS . . . . .		61
<i>The Fortnightly Digest</i> —new Social-Credit journal in New Zealand.		
SURPLUS PURCHASING POWER. By John Grimm		62
SECOND-HAND SELLING. By A. B. . . . .		62
IN GERMANY NOW. (Communication.) . . . .		63
Nazi technique of agitation.		
CORRESPONDENCE . . . . .		63
Robert J. Scrutton, L. W., G. F. L.		

## NOTES OF THE WEEK.

### Rating of Empty Premises.

The London County Council's move to get powers to rate empty premises is commented upon in *The Times* of June 11. The writer agrees that the Council's appeal to "justice" in this matter is good in parts like the curate's egg, but questions the ultimate revenue-producing value of the proposal. It would hold up new building enterprises; further, it would force owners of existing empty properties to let them on reduced terms, thus lowering the value of comparable occupied properties, and ultimately reducing their assessment values. It would "make the speculative builder hesitate to start large enterprises, and so decrease the rate of building and put a check upon prosperity." (*Sic.* Our italics.) He sums the position up in the dictum: "The proposal must be shown to be not merely just but also financially prudent." This is true enough under the existing system; for if a financially imprudent policy is embarked on upstairs the bankers see to it that injustices result from it downstairs. Apart from that, the principle of rating empty premises is the same as would be the principle of taxing gluts—wheat, cotton, coffee, and so on. There must be acres and acres of empty office accommodation in London (even in Regent Street alone, so it was stated in the newspapers not long ago). If it be sound policy to finance the burning of coffee and the ploughing-in of cotton, why not just as sound to apply the "Leopold Harris" remedy to redundant offices?

### Waterloo Bridge on the Rates.

The House of Commons refused, the other day, to grant the L.C.C. powers to borrow the cost of rebuilding Waterloo Bridge. As a consequence the cost will have to be paid off by London ratepayers during the next five years. This partly accounts for the L.C.C.'s search for new sources of rate-revenue (as instanced in their projected raid on empty premises). The House's adverse decision is attributed to the machinations of the Conservatives whose motive was (so the Labour politicians

allege) to "larn" the ratepayers to return Toads on the Council. It may be so; but the dominant factor in the event is the fact that the Government left the issue to the free vote of the House. This constituted a "passing of the buck" to the Conservatives. Moreover, the Government had announced, before the voting took place, that it would not make any grant to the L.C.C. out of the Road Fund. This decision, which the House was not allowed the opportunity of debating (much less voting upon) was the originating cause of the L.C.C.'s defeat.

### The Road Fund.

A writer recently pointed out in a newspaper that since the Road Fund was inaugurated the National Government has raided it for general purposes to the sum of about £60,000,000. Writing as representing the interests of the motoring public he adduced this information to make the point that the diversion of all this money from road-maintenance, road-widening, and road-building purposes to which purposes it was originally hypothecated had been a large factor in accentuating the problem of road-casualties and necessitating the expensive remedy of signals, speed-limits, and so forth. The argument is no doubt over-driven, but it serves to point the important lesson that in matters of finance the House proposes but the Treasury disposes. And the Treasury's refusal to finance the Waterloo Bridge scheme out of the Fund casts a vivid light on the anomaly.

### Junior Ministers.

"New Junior Ministers." This headline in the *News-Chronicle* (June 11) has reference to appointments being completed under the new Baldwin Administration. The reason why it is noticed here is that it recalls a remark made in a leading article in *The Times* soon after the election of the National Government. The writer said that from that time forward Departmental responsibilities would fall more to the Junior Ministers; and that the reason was because the over-riding function of the Senior Ministers—i.e., the Cabinet—would be that of restoring, consolidating and maintaining the country's credit. This

is as true to-day as it was four years ago, in spite of the inspired boasting of the Government's publicity agencies about returning (or is it returned?) prosperity. And it explains what otherwise would seem an absurdity, namely the apparently indiscriminate fashion in which Ministers are allotted Departments. Thus, Lord Halifax goes to the War Office. Come on: say it again slowly, and think it out slowly:—"Lord Halifax goes to the War Office." Do we sleep?—do we dream?—or is visions about? We remember that Anatole France's priest (in *La Rotisserie de la Reine Pedauque*) enjoined the old lady who thought war was wicked not to indulge such a thought because war was the will of our Lord, the proof being, as he said, that among the many appellations by which our Lord was described in Holy Writ was that of Field Marshal! From this angle of view there is no incongruity in the association of a son of the Church with the war-machine, but to feel convinced as to the suitability of the appointment one has to employ rather exaggerated selectiveness in Biblical exegesis. But when one comes to look at it realistically there is nothing to bother about; for every member of the Cabinet is as much a Minister for other Departments as he is for his own. One might appropriately describe Lord Halifax as Minister of Economy and Retrenchment at the War Office—a description which assigns him a sacred function in a profane environment, and one which enables his admirers to reflect that a rose by any other name will smell as sweet. It is his Junior who stinks of militarism. And so with other Ministers. They are all Treasury Yes-Men.

#### Over-Subscription in Excelsis.

The Manchester Corporation, who asked for a £4,000,000 loan, received applications amounting to over £130,000,000, or thirty-three times what they required. (*Evening Standard*, June 11.) Which only shows you how clever you are if you understand whether this is a sign of prosperity or adversity. For it is a knotty point to settle. To the man-in-the-street it might suggest that there is plenty of reserve taxable capacity about. But to the more sophisticated observer it might suggest that the re-housing boom is yielding plenty of profit seeking re-investment. Of course it need not suggest either, because oversubscription is a common device among private would-be investors, and is an occasional policy among bankers. The little man applies for more than he can take up so as to stand a chance of getting what he wants; and the big financier often applies for more than he intends to take up in order to mark his approval of the purpose for which subscriptions are invited. One cannot help commiserating with the poor London County Council who are debarred from raising their paltry little million odd out of this huge reservoir of £126 millions—if it exists.

#### Providence and Prosperity.

The Manx Budget shows a surplus of £8,000—and with Income Tax at 8d. in the £. How's it done? Well, according to a report in the *Evening Standard* (June 11) one of the contributing factors to this healthy state of affairs is—what would you think?—it is "savings on public works held up by bad weather."

God moves in a mysterious way  
He wonders to perform,  
He plants His footsteps on the sea,  
And rides upon the storm.

#### Ireland and the Statute of Westminster.

On June 6 the Judicial Committee of the Privy Council advised His Majesty

"that the Statute of Westminster gave to the Irish Free State a power by which they could abrogate the treaty, and that as a matter of law, they had availed themselves of the power."

At the time when Mr. de Valera got at loggerheads with the British Government about the treaty and the oath of allegiance we said that the banking community in this country were entirely indifferent to these issues, but were implacable in their hostility to the President's holding up of the Land Annuities. The Judicial Committee's judgment exactly reflects that situation. They emphatically uphold his right to denounce the treaty and put an end to the Free State's allegiance to the King. Having done this they "desire to add" that they "express no opinion" as to any "contractual obligation" under which, regard being had to the terms of the treaty, the Irish Free State lies. They have no need to, for it is well understood that Mr. Montagu Norman and Sir George May are able to handle the "obligation" problem in their own way just the same under any interpretation of Constitutional law. It is not improbable that the judgment will turn out to be a sprat which catches the mackerel. For Mr. de Valera is now able, without loss of prestige, to come to terms with the City. For what his supporters love is the fuss and formality of a victory rather than its reality. What's the use of trailing coats before bankers, who don't wear uniforms, display medals, ride horses, or use weapons—except pens and ink?

#### Race-Naturalisation.

Franz von Mendelssohn and his brother Paul, the two senior partners of the famous Berlin banking house, have died within the last five weeks. According to "The Londoner's Diary" (*Evening Standard*, June 14), both were "of Jewish origin," but not "practising Jews." They were "accepted at the German Court in pre-War days." Lastly, "they were given the Aryan hall-mark by the Nazi régime." Lest this last item should make any honest Brown Shirt turn pale, let us hasten to point out that a hall-mark, by itself, is not a guarantee of definite quality except in respect of the lesser metal, silver. In respect of gold—the Aryan metal, so to speak—a range of qualities are given the hall-mark, e.g., 18-carat, 15-carat, or 9-carat. Pure and undefiled gold is better than all these; namely, 24-carat: but it is suggestive that whether the Mint authorities would stamp it as of that quality (we won't be certain of the rule) there is no demand for them to do so; and the reason is that gold of that purity is too soft to be fabricated into durable articles. You could cut shavings off it with a penknife quite easily—almost like cutting lead. So, having regard to the mixed types of people who get invited to Buckingham Palace and other stately residences where gold plate is occasionally put on the banquet table you will gather that the old proverb about the slip twixt the cup and the lip might easily be enacted by enthusiastic souvenir-hunters by the process of taking sly snicks off soup-spoons. Of course, a pure 24-carat Aryan wouldn't do such a thing, no, never. He might cut in his initials, like lovers do on the trunk of the tree, but he would assuredly leave the chips on the table if only as a tip to the waiters. But, as we have tried to explain, there be Aryans and Aryans. And when you come to consider the usual intermediate hall-marked qualities, you have

to remember that carat-indices are as much a certification and measure of the presence of base-metal alloy as they are of the precious-metal constituent. This being so, we hope that "The Londoner," whoever he is, does not mean anything disrespectful to the Mendelssohn dynasty or ancestry when he suggests that the social assay-figure of the value of Jew mounts the higher as he ceases to be a "practising" Jew. It may mislead people into thinking that the normal practice of the Jew is not of the kind which the proverb assures us makes perfect,

#### The Passing of Avory.

By the death of Mr. Justice Avory the country has lost the nearest human analogue to the calculating machine that could be conceived. Beginning his career as a Treasury lawyer, his perceptive and co-ordinating faculties became variously quickened or dormant in regard to the "merits" of legal issues, in their relation to the axioms of "sound finance." In course of time, his judgments were arrived at with the same automaticity as that with which the accounting-machine in the bank weighs the right and wrong sides of customers' accounts and tolls a bell at an unlicensed overdraft. "I could not wish to have been tried by a fairer judge," was Browne's tribute to him after his conviction for murder. And that is true in the sense that whatever the relevancy and cogency of the evidence to be sifted, the mesh of his mind remained constant in pattern and size. Evidence was processed under his jurisdiction like mechanically screened mineral fed to a magnetic separator. There is said to be an alleged discovery under discussion in scientific circles that it is possible for students to be crammed with subjects of study during their sleep: they depress a switch, and some talking-machine softly and insistently knocks at their ear-drums and gives them extension-lectures in dreamland. If knowledge can be unconsciously acquired perhaps it might be unconsciously imparted; and it is not an outrageous fancy to imagine such a man as Avory deciding cases in his sleep. So far as memorising formulæ is concerned, something like this duality of mental processes is familiar, as in the case of, say, the reciting of the Lord's Prayer, as will be admitted by many churchgoers who have caught themselves in retrospect having said it all through while thinking of something else. Jokes have been made about judges falling asleep during trials; and although no judge would willingly admit the impeachment, no one could prove that his doing so need necessarily impair his efficiency, while, on the other hand, it would manifestly perfect his impartiality! You sometimes hear a pianist say: "I cannot play this piece if I think of what I'm playing," and in a parallel sense one can conceive of the trained fingers of the legal mind finding the notes of the law without the consent of the will. Avory's characteristic detachment in court is suggestive of this faculty; and if only it had been the fact that a grasp of sound financial science had formed the foundation of his training, he would have fulfilled the spirit of the law as perfectly as he applied the letter. As it was, the wider influence on the side of false social values. And this is manifested most strikingly by a comparison between his demeanour in the trial of Browne and the cold-blooded shooting of the innocent P.C. Gutteridge was infinitely more wicked than any act of de-

fensive financial conjuring in the money market; yet Avory was stirred to use the hysterical adjective "appalling" to describe Hatry's offence, whereas he was master enough of his emotions to leave the assessment of Browne's crime to the judgment of the public. No disrespect to him: it was the inevitable outcome of his early training under the Treasury's educational system. And to round off the significance of this episode it should be recalled that whereas poor Mrs. Gutteridge's compensation was of the dimensions which a cabdriver would inspect with insulting intentness in the face of his "fare," the Treasury engineered handsome subsidies all round to recompense the financial houses which had been victimised by Hatry's illicit inflation of municipal securities. The sanctity of solvency has superseded the sanctity of life in the modern scale of social values, and the spirit has departed in which the words were once spoken: *Not a sparrow falleth to the ground but your heavenly Father knoweth it*: the hairs on the living head have become lines in a lethal ledger, numbered, not by our Maker, but by a machine.

#### The Glasgow Loan.

The Glasgow City Council have good reason to feel aggrieved at the treatment accorded to them by the Bank of England; and much of the sympathetic comment in the newspapers is worth the printing—for once. It is profitable, for instance, that the public should be reminded that while the Bank has no legal authority to hold up financial policies framed by representative governing bodies, it has the actual power to do so. But the moral drawn by the Press is perverse and futile as usual. It is put no higher, in the case of *The Daily Herald*, than that the City should not be free to profiteer at the expense of public authorities. The regulation of interest-rates is used as a means of discriminating between would-be borrowers, not of fleeing them. When the Bank quotes a high rate of interest, that is tantamount to saying: "We would prefer not to lend"—in other words: "We are not looking for your interest payments."

It would be more to the point if the critics of the Bank were to concentrate on the fact that whoever has the power to marshal the queue of applicants for loan-accommodation (whether public bodies or commercial enterprises) has the power to decide economic and political policy. The fact of this marshalling-power has been usefully illustrated in Press reports by the disclosure of the Bank's threat to deny the Glasgow City Council the facilities (a) of underwriting, and (b) of Stock-Exchange quotations. In such an event the risk of issue would fall on the ratepayers, and that risk would be heightened by the knowledge on the part of potential subscribers that obstructions were to be placed in the way of their selling their holdings, and that, for the same reason, the borrowing-powers attaching to these holdings would be comparatively low. This episode throws a useful sidelight on the bankers' doctrine that the credit of the Government depends upon "public confidence"—a doctrine which insinuates that a disturbance of public confidence is the natural and direct consequence of a naturally unsound policy. Clearly, in the present case, it need be no such thing. Here the lack of confidence is shown to be the result of contrived interference irrespective of the natural merits of the proposed policy, much less the opinion of the ratepayers who desire to see it carried out.

So far a strong case would appear to be made out for the "public control of credit," or the "nationalisation of the banking-system" and remedies of that sort; and it may be taken for granted that the Socialists will agitate them strenuously. But unless and until the basic principles of orthodox finance are radically changed there will remain a real necessity for the regulation of borrowing on the rotation or priority system. There must still be a queue; and if positions in the queue are no longer to be decided, as at present, by differentiations between interest-rates, they will still have to be decided by some other discriminatory device. Whatever that device might be, the practical effect would be the same: some borrowers would have to be told that they couldn't be accommodated until later (or perhaps not at all). So the sole chance of improvement in the situation would depend upon whether the "Public Discriminators" (e.g., a Socialist Government) had a more efficient principle of co-ordination to work upon than have the "Private Discriminators"—a most unlikely contingency, as any acute observer of Socialist technical qualifications and political mentality, will agree. The general conclusion of all this is that so long as the basic axioms of orthodox financial technique are granted (or given the benefit of the doubt) the banking community can prove their right to run the system by an appeal to expediency. Nobody can improve on their methods of making their own principles work to the fullest extent of their inherent potential efficiency; and painful indeed as the results are, mere meddling with their methods would only intensify the pain.

#### Glasgow As An Import Centre.

However, this is not to say that Glasgow shouldn't chew the rag over its rebuff. The more that is said to keep the bankers in the centre of the limelight the better for everybody in the audience, no matter whether a clique of their own appointment rise in the stalls to hand them bouquets or a mob of their enemies rise in the gallery to pelt them with good, bad, or curates' eggs. For there is no knowing when, between their bowing and side-stepping, they won't tear their breeks drop their pocket-books or fall into the orchestra—or, in other words when they won't meet some dialectical disaster in public controversy which will take us all another step towards the end we want to reach. In this context it may be noted that another matter is agitating Glasgow, besides the one under discussion; it has to do with the competition between that city and London considered as ports for the landing of Dominion produce. *The Scotsman* of June 5 publishes a long report in which it appears that certain anonymous people have been decrying Glasgow to Australian exporters as being an unsafe destination for goods intended for sale in this country. The Clyde Navigation Trustees make the allegation against these people, and are considering steps to refute their propaganda, which is spreading the idea in Australia that goods entrusted to Glasgow traders would realise much less than if entrusted to London, and that to avoid loss the goods would ultimately have to come to London in any case. What grounds may exist for these statements we are not aware. If none, as the Trustees declare, it would be interesting to know who the authors of the propaganda are. But supposing such grounds existed they would provide the Bank of England with an argument in favour of its disinclination to make new borrowing easy for Glasgow. New loans, the Bank might urge, ought to go first to the more efficient

centres as possessing the better security for the service of the loans. In doing so it would be upholding that principle of financial discrimination which we have just been pointing out as necessary within the ambit of orthodox technique. Students of Social Credit will realise the close relationship between the economical handling of goods and the prompt retirements of bank-credits. The less economical an enterprise the less business and the less revenue it will secure.

But there is another hypothesis. It is quite possible to conceive of London banking interests discriminating against Glasgow for quasi-political reasons. They may intend that the port of London shall be (supposing that it is not at present) the most economical centre for overseas exporters. And the recent opening of the new road to the docks is an indication compatible with such an intention. If that were so the City would have an additional reason for preventing the Glasgow Council from effecting a saving in interest (which was its intention in deciding to borrow). We do not offer this as a probable explanation, because the margin of saving contemplated was comparatively small; but we mention it because there could be cases where the interest-burden on the rates of a shipping centre might be sufficient to turn the scales between the economic or uneconomic working of its enterprises. If, however, the Clyde Trustees are correct in their implicit claim that Glasgow is already as good a centre as London, in spite of the present interest-burden on the rates, then Glasgow's success in lowering the burden would make it a better centre. From this point of view it is not unreasonable to speculate whether both the matters of agrievement now agitating Glasgow have not a common origin in the parlours of the London banks and are not two related aspects of a single high policy.

### The Point of the Pen

By R. Laugier.

XXXVI.—PIANISTS.

Discreetly, I arrived three-quarters of an hour before the recital ended, and thus heard only the four best pupils, and the instructress. On the programme were names of forty-four pupils who had performed: the concert hall was nearly filled by an audience obviously composed of friends and relations of the performers. There was in the hall that "social" atmosphere of nods, whisperings, and smiles of recognition, so helpful to the interpretation of Bach and Beethoven.

I was glad I had missed forty of the pupils, though I have no doubt they were good. The instructress—who had won the usual medals and so on—was a fine player, and, from intrinsic evidence of the programme, I should imagine she had been a pupil of Monsieur Emile Sauer. She played with distinction. Of the four pupils I had heard, all possessed virtuosity, and two gave beautiful renderings.

Most of these pupils are girls. Some of them, no doubt, were "taking up the piano" as a drawing-room accomplishment: it would enhance their value in the marriage-market, and they might even continue to play, after marriage, for a year or two, since they were French, and France is the home of dilettanti, which means that industrialism has not quite killed French culture. In the apartment beneath mine is a youngish married woman who plays beautifully; overhead a retired engineer performs ex-

tremely well: but few married women find that they can "keep up their practice," even if their husbands desire it; and so the gramophone and wireless come into their own. In any case, it is not very satisfactory to play in an amateurish fashion when one once knew the joys of fine technique.

As I sat there, in the little hall, at the wrong end of the Avenue Wagram, I reflected upon the future of these young pianists, and upon the past and present of their instructress. The instructress was at this moment giving a brilliant rendering of the *Valse Caprice*, by Fauré, and I tried to picture her career. She had never meant to be a teacher; she had intended to be a solo instrumentalist with Paris, Munich, London, and New York at her feet. In youth she had won medals and scholarships; she had been a favourite pupil of some great master (was it Sauer?), and he had predicted wonderful things for her, and written letters to *chers confrères* introducing and recommending his brilliant pupil. She was a handsome woman, of about forty-five: she had been a pretty girl, and that would help with the critics. [I am not being cynical, merely frank.]

So this young lady with the intense dark eyes and strong, clever hands, would set out to conquer. Money would be found for recitals, and friends would buy tickets. At first all would be well. The young lady would have only two or three selected pupils, and she would practice six, eight, ten hours a day. Recitals would be successful—almost. At least she would lose only a thousand or two thousand francs. And, as the agent had promised, an engagement or two would result from these recitals. There would be a concerto, and encore pieces, played in some Paris *salle*; an engagement in the provinces: fee, five hundred francs, and the artist pays her fare and expenses. There would be excellent reviews: "Mademoiselle X. rendered with feeling and distinction the *Second Impromptu* of Schubert. . . ." "She has great promise. . . ." And so on. The reviews would be printed in a small booklet, and circulated in the right quarters.

And then, gradually, things would become less brilliant. Losses on recitals would be heavy, and engagements few. Polite friends would excuse themselves from buying concert tickets; orchestral conductors would have found new, promising soloists; agents would demand more for recitals, and the money would not be obtainable. So activities as a solo instrumentalist fade, and the list of pupils swells. Also the pupils are no longer particularly selected. Some of the intensity dies in the dark eyes of our instructress; she learns how to smile, in a "social" manner, upon the parents of stupid pupils.

Is it a tragedy that artistic hopes should be defeated? Is it a tragedy that, in a world of mechanical amusements and mechanical reproductions, colleges and academies should teach hundreds of brilliant pupils annually, whilst knowing well, that only one in five hundred will ever succeed as an artistic interpreter of beautiful music? Well, it is an age that lives by waste, even as nature lives by waste; for in a barbaric age we return to nature, flinging away our clothes, food, homes, and art. We kill a dozen young men to make a competent airman. Why not break the hearts of a thousand musicians? We shall never prevent genius being born.

#### NOTICE.

All communications requiring the Editor's attention should be addressed directly to him as follows:  
Mr. Arthur Branton, 20, Rectory Road, Barnes, S.W.13.

## The Social Credit Press

"THE FORTNIGHTLY DIGEST."

*The Fortnightly Digest* is the title of a new Social Credit journal which has appeared in New Zealand. It is a 16 pp. sixpenny journal (13s. per annum) and is published on alternate Tuesdays at the address: Box 567, Dunedin, Cr. Contributions are invited, especially from new writers (payment by arrangement). A quick glance at the contents of the first number, which has just reached us, shows it to be a valuable extension of Social-Credit journalism. The matter is well assorted and arranged, and the general standard of the writing is to be commended for its clarity and directness. The promoters of this journal justly describe it as "A Review and Analysis of Affairs," and clearly indicate its policy in the words: "Advocating the adoption of the Progress of the Present to the Sound Tradition of the past by adoption of the Douglas Economic Mechanism." The internal politics of the Social Credit Movement receive attention and are surveyed in a broad and tolerant spirit. Under the title "Organisations Supporting Douglas" an article on "The Social Credit Movement" (No. 1 of a projected series) gives a historical outline of the development of the Movement since the earliest days when the late A. R. Orage and his circle of friends and collaborators met "regularly in a cafe in London, to discuss the new technical principles of adjustment." The author, H. C. Whernside, combines tact with frankness in his evaluation of the policies which are being projected or experimented with in this country and in Australasia. Another item in this number is a reprint of the article "Door to Door Selling" by "Nameless," which appeared in *THE NEW AGE* not long ago. On the technical side a serial "Commentary on Report of Monetary Committee, 1934" begins. The editorial matter comes under the heading: "Current Digest," and takes the form of what we should call "Notes of the Week"—covering affairs in all parts of the world. We notice, and rather like, the expression "Buying Ability" which the editor seems to have adopted deliberately in place of the expression "purchasing power." In various places he speaks of the *cancellation*, or the *deficiency*, or the *saving* or the *investment*, of "Buying Ability"; and the effect of this, in the contexts is bound to be healthy, for it presents the truth about a technical subject in common words which cannot be conjured with. We quote, for example, the first paragraph of the Statement on the front page:

"Whereas the protagonists of the established economic mechanism maintain that of the Buying Ability issued in the processes of production sufficient is available to buy the whole of the goods produced, but submit that it may be badly distributed, C. H. Douglas maintains that there is a chronic shortage of Buying Ability. . . ."  
We shall look forward with expectancy to future issues and hope to be able to report good news of the progress of the new venture as times goes on.

## The New Age Trust, 1935.

All readers are invited to contribute information describing experiences with the Law relating to conscientious objection, in respect of divine service; education; vaccination and military service, etc. An indication of the best books or pamphlets on the subject will also be acceptable.

Applicants for shares are hereby notified that acknowledgments with certificates, etc., will be issued in due course. There is no immediate hurry; but persons desiring to be in the Trust should not delay making application for particulars to:—

Mr. James Golder,  
63, Kidbrook Park Rd.,  
Blackheath, S.E.3.

## Surplus Purchasing Power.

By John Grimm.

Fears have sometimes been expressed by supporters of Social Credit that the relative size of the National Dividend usually contemplated (say, one-third or one-quarter of conventional price) will cause a glut of consumer-income which, if it be not absorbed by special taxation, will clog the working of the scheme. These fears seem to be based on the expectation that the collective Dividend will progressively increase in size. And this expectation seems to be derived from the fact that, as machine-production develops, the Dividend must progressively supersede the wage.

The answer has been made that it does not matter how fast the dividend expands, because, if (as must be assumed) its amount at any time is calculated according to Production-Consumption cost-ratio that amount will exactly fill up what would otherwise be a deficit in the accounts of industry.

But leaving this aside, and assuming, for the sake of argument that the relative size of the Dividend may create a problem, something remains to be said concerning the calculation that there must be spectacular increases in its actual gross amount. And it is this: that there is no logical foundation for the conclusion that because the Dividend supersedes the wage therefore there must be a steep rise in the curve of the sums distributed period by period after Social Credit comes into operation. The reason is because the initial instalment of the Dividend (either in cash or by way of discount) will at once begin to cause a relative diminution in conventional price.

To illustrate this, take some token figures representing the position of industry at the time when statistical data are collected preparatory to the declaration of the first Dividend.

Let industry's total production costs be £1,200, and the costs of goods sold to consumers be £800. Let its capacity to produce be 1,600 articles per period, and its actual deliveries in the chosen period be 800 articles. Let its fixed charges (on account of capital debt) allocable to the articles delivered, be £500. On these figures the collective conventional cost of the 800 articles, namely, £800, will consist of £500 fixed charges, plus £300 variable charges. The price per article will be £1.

Now assume that the Dividend is distributed in full (on the basis of the 1,200 : 800 ratio) and that in the ensuing period industry is able to bring production up from 800 articles to 1,600 articles. The conventional cost of the 1,600 articles might be £1,100 (£500 fixed charges plus, say, £600 variable charges) or about 14s. each. Now the only variable, direct charges possible to industry as a whole, are wages (including salaries and dividends). Hence whereas in the pre-Social-Credit period £300 of income faced £800 conventional cost, now £600 of income would face £1,100 conventional cost. This £600 is arbitrary and hypothetical. In practice under machine-production the extra wage-cost of the extra production would be a fraction of this figure, say, an extra £100. In that case the conventional cost of the 1,600 articles would be £900 (£500 plus £400) or about 11s. each.

As to industry's total production costs, whereas in the earlier period they are put at £1,200 as against £800 worth disposed of, there is no necessity to assume that the figure is proportionally increased in the next period

—that will depend on developmental policy—expansion of capacity and so on. It is permissible here to assume that no such development takes place, and that industry is content for the time being to work its plant at full capacity.

Now it will be quickly observed that if in the first Social-Credit period consumers are given a Dividend of £500 to supplement their incomes of £300 so that they can buy 800 articles costing £800, and if during that period 1,600 articles are put on the market costing £900, consumers will be £100 short, but on the other hand they will have bought 8-9ths of the production, or, say, 1,400 articles. So far, they are satisfied. Industry, for the moment, is holding the balance, but that is of no consequence because the next Dividend declaration will be so calculated as to make it saleable.

The point at which we are arriving is this; that when, as in this illustration, industry expands its energy on consumable output instead of on self-expansion, it narrows the margin of cost which needs to be met by the National Dividend. In other words the question of whether the Dividend must progressively rise in actual amount depends upon whether there is progressive expansion of productive capacity. So, in a credit area where the needs of the population would be met by the distribution of the above token quantity of 1,600 articles, the falling conventional costs of the hypothetical industry would save the necessity for a progressively increasing Dividend.

## Second-Hand Selling.

Both in orthodox and in Social Credit theory the collective cost of consumable goods is a charge against collective income which have been distributed in the course of their manufacture.

Disregarding the question whether collective income is equal to (orthodox) or less than (Social Credit) the cost, both theories subscribe to the proposition that income used to buy consumable goods is (as it ought to be) cancelled. Hence there can be no dispute about the fact that if consumers spend all their income in the consumption market no money remains in that market immediately after the completion of the sale. Therefore, whatever may have been the collective selling price before the transfer of the goods, the collective re-selling (i.e., second-hand) price immediately afterwards is nil.

The parties to the transaction can be considered as a Producers' Corporation and a Consumers' Corporation. If the price recovered by the P.C. is called  $x$  this presupposes that the P.C. has paid out money to the value of  $x$  into the till of the C.C. But when the C.C. acquires the goods and parts with the money to the P.C. it does not need to put them through a further process of manufacture (the goods are "finished" already) so it does not—as the P.C. did—raise money and distribute it. Hence it cannot recover any price. It could only do so by getting the P.C. to buy back the goods, or some of them; but the whole of the money designated  $x$  is earmarked for cancellation, and—as is agreed in principle—properly so earmarked.

In practice it is possible to conceive circumstances in which the P.C.'s bankers might permit it to re-employ some of its  $x$  revenue to re-purchase goods from the C.C. They might approve on the condition that the re-purchase price was lower than the cost of making new stock. That condition fulfilled it is possible to imagine

## LETTERS TO THE EDITOR.

### THE PROSPERITY CAMPAIGN EMPIRE PETITION.

Sir,—May I draw attention to the concluding paragraphs in the article by Mr. John Hargrave which appeared in "The New Age," June 13, under the title "The Economic Charter of the British People."

The action policy of the Prosperity Campaign is, in so far as the article is concerned, in complete agreement with the writer. To quote his own words, we adopted our particular form of policy "because the idea of the Charter as a political instrument, drawn up, agitated for, presented to the King and/or Parliament, and finally incorporated as part of 'the law of the land,' is something essentially English."

We also agree that a Petition, in the usual meaning of the term, is a very different instrument from a Charter, and that the former is usually a cap-in-hand affair. We wish to point out that our Charter of Economic Freedom and Security for all British Subjects already exists, and was in fact first published on May 1, 1933, after our first public announcement in April, 1932, and activities which followed to build up the necessary organisation to support it.

The Empire Petition does not ask for favours, but represents the British peoples exercising their inalienable right to arraign any other British subject in a court of justice. The King's Petitioners demand that those responsible for the present financial policy shall be examined before a Judicial Committee on the charge of operating the financial system and using national and Empire credit for private purposes detrimental to the well-being of the British peoples. A somewhat similar demand has lately been made to the Finance Minister of France. It has already been pointed out that the confession of Mr. Keynes and Mr. Montagu Norman before the Macmillan Committee would, before a court of justice, be equivalent to a confession of treason against the State, by advising His Majesty's Ministers to support a policy of deflation to serve private financial interests, with knowledge that the policy would injure the nation. This is but one of the charges we intend to press, supported by a mountain of evidence.

The Petition is addressed to the King because he is the head of British Justice and the only such representative of the British Empire as a whole. The Petition could be addressed to no other. We ask no favours because the people possess the right to bring legal proceedings against any British subject. It is the duty of the King to command the formation of a properly constituted Judicial Committee in order that British justice be carried out. We are convinced that the King will welcome his duty and the opportunity to carry out his pledge of service to his people. Because every British subject has the right to hear his own case in a court of justice, we demand that the examination take place publicly and be broadcast throughout the British Empire. Right or wrong, the more audacious the demand for publicity, the greater will be the public support. To deny our right to a public judicial inquiry would be to deny the very foundation of British justice.

We state that the purpose of an economic and financial system is the distribution of the produce of industry and the ready interchange of goods and services as and when required to meet the common good. Before a Judicial Commission our charge that the financial system has failed in this purpose could only produce a verdict in our favour. The public would quickly realise that almost every organisation, outside of orthodox economics and finance, had been brought into existence because of the failure of finance in carrying out its true purpose, and would provide witnesses against finance.

The purpose of the Empire Petition is twofold:—  
1. To obtain a united front of all organisations for a mass ballot throughout the British Empire to demand the formation of a Judicial Commission and public enquiry, and  
2. To present a Charter backed by the demand of British peoples throughout the world.  
The provision for the presentation of the Charter is made in paragraph 5 of the Empire Petition.

the P.C. taking all the goods back from the C.C., stopping new production altogether for a space of time, and therefore ceasing to pay further money to the C.C. during that period on account of new production. Taking token figures, the P.C. might buy back stock originally sold at £1,000 for £200, thereby netting £800 without delivering any goods—a proposition to make its bankers' mouths water. The P.C.'s costs and the C.C.'s income would both be scaled down to the level of £200, and could cancel out when the next marketing-period arrived, but the P.C. would not necessarily deliver all the stock for that amount; why should it if it could get the £200 for, say, one quarter the stock?

Of course it would take people of absurd mentality to enter into such arrangements with the knowledge which the managements of these hypothetical Corporations would be bound to possess regarding the wider consequences of what they were doing; but in practice, where managements are subdivided in a multitude of activities, and outlooks are limited, this sort of mentality predominates, and does not appear to be absurd. To any single manufacturer it appears (and often is) a feasible thing to buy in his own products at some price or other which shows him a "saving" or a "profit." And there are not a few cases where manufacturers do this sort of thing on the sly at their back-doors. Plenty others offer to allow their customers something for their old (e.g.) cars or typewriters off the price of new ones.

Hereabouts alert readers will begin to sniff the immortal A + B Theorem in the offing. And it is there all right. However much one may dispute about whether B expenditure becomes income or changes into A expenditure along the line of productive processes, there is no disputing the fact that the expenditure of the consumer on new goods at the shop is wholly B expenditure which cannot again function as income within the credit-cycle relating to those goods.

A. B.

## In Germany Now

[From a letter, dated June 10, 1935, received by a correspondent from a friend in Germany who prefers to remain anonymous.—Ed.]

"With interest I read your account of the British Fascists and of the manner in which they and their activities are regarded by your public. The situation is just the same as it was here five years ago. Your Fascists have succeeded in gaining the attention of the rest of the majority, whether for or against. Economic disorder and distress are likely to increase further in the near future and your Fascists will make more efforts to retain the attention of the people, this way or that way. Finally, when general despair and un-counselled embarrassment have become great the public, as opportunists, will risk agreement with the Fascists, who till then have continually held the attention of the suffering masses.

"Mark it well and keep in mind this prophecy. Probably I shall be right.

"The Fascists everywhere speculate à la baisse. Also in Germany they were continually being reproached for not having a precise programme for the solution of the real economic problem.

"The Nazis completely ignored that. They simply shouted their slogans, persistently and energetically, to the suggestible masses. They acted on the principle that success morally justifies the means. This principle first was established by the Jesuits and since then it has been, and still is, used by many organisations that aim at the suppression of men. And the peoples sleep a hypnotic sleep and are weakened by these methods."

The Charter, supported by our provisional manifesto, will be found in paragraphs 5 and 6, page 23 of the pamphlet, "Prosperity Campaign," published at the beginning of the year 1933. In the following year a second and third pamphlet was published, the latter bearing the full title, "Charter of Economic Freedom and Security for all British Subjects," and explaining our demand in full detail.

In January of the present year the provisional manifesto was redrafted by our legal advisers, with provision for the presentation of the Charter and the collection of signatures to enable the people on their individual right to challenge financial representatives in a court of justice, and demand by mass pressure monetary readjustment through the witnesses bearing their Charter.

Mr. Hargrave advises that the Charter must be as brief as possible. Again we are in agreement. Our Charter is a simple demand for monetary adjustment which shall include the three basic Social Credit Principles. This Charter, which does not differ fundamentally from the Charter of the Green Shirt Movement, is our ultimatum to a financial system which has failed in its true purpose. At the Judicial Commission the Green Shirt Movement, either as a supporting organisation or as a separate body, will have equal opportunity to present their own Charter.

ROBERT J. SCRUTTON.

National Organising Secretary, Prosperity Campaign.

#### SECOND-HAND SALES.

Sir,—I note that you want to escape answering my criticism in June 13 issue by starting me on another hare. I am afraid I cannot do this for (1) I see no restatement of the A + B Theorem in June 6. (2) The sentence which I quoted has been current for so many years that it should have carried to the reader what I intended, viz., that the attempt to cut the cycles up leads to confused thinking, and the more so if the restatement has revealed the mistake.

If you refer me to your answer to R.S.S. in June 13 I would say that in it you have again done the same thing. For there are no stop and go signals on the cycles, and it is impossible (in the actual world) for £5 to get out of its cycle, for what is "present" for one manufacturer is "past" for another, and future for another. In fact, they "odds it till it comes even," as the countryfolk say.

L. W.

[In so far as we are able to understand the essential point of a question we try to answer it (or publish answers to it) in a form which we hope will assist the questioner. Our difficulty is that it is rarely possible to gather from a question whether the questioner accepts the main conclusions of the Social Credit Analysis. In the absence of such guidance we cannot avoid the risk of giving unsatisfactory answers. And, in any case, limitations of space practically rule out the possibility of any answer being conclusive. Also, there is the language difficulty—the problem of conveying meanings from one mind to another through the bottle-neck of ambiguous vocabularies. Perhaps the Social Credit advocate will have to take up the study of Basic English, which we notice is being boomed in "The Times." A writer in that journal (June 12) discussing this subject, quotes a passage from an official diplomatic document as an example of the "neglect of precision" on the part of the author; and makes the following comment on it:

"It is not English; and although the original may conceal in its jargon some meaning which those who understand that jargon might guess, language of that kind can never become a means of direct communication, etc. . . ."

Talking of the starting up of hares, we must point out that R. S. S.'s original question simply concerned the implications of second-hand selling, whereas L. W.'s intervention challenges the validity of the A + B Theorem. These two hares may be blood-relations, but it's a bit rough on the dog to set him coursing them both at the same time. Ed.]

Sir,—This question seems to be causing a spot of bother. Essentially, it is rather similar to that of the doctor or other person who requires payment for services and not goods. From the retailer's point of view, the question is, Is the

available purchasing-power, scattered about among all sorts of potential buyers, sufficient to buy his goods at the prices he must charge?

A has received some wages, representing an industrial cost, and bought goods, liquidating, we will say, an equal industrial cost. B has received wages which he retains, there being a corresponding unliquidated cost. B buys A's goods at a second-hand price. Now A and B have, together, enough money to liquidate the outstanding cost mentioned above, if they both spend their money, but, in order that this state of things shall obtain, the money-value of the second-hand goods must remain in existence until the transfer is effected. In other words, some of B's money is retarded in its flow from B to the retailer, being diverted through A. Frankly, I am myself doubtful whether the importance of this particular time-lag is very great, although it has some secondary features which affect the question.

The splitting-up of money between two consumers probably means that, out of a given batch of wages, two persons skim something off for savings. Further, the sales-pressure exercisable by a manufacturer of new goods is greater than can be brought to bear on the disposal of second-hand goods and, there being a general deficiency of money, the latter commonly change hands at unwarrantably low prices.

As regards the "one therefore all" argument, I do not agree that it is axiomatic. It requires much thought, which L. W. might profitably apply to it. To assist him, may I suggest that "flow" means "movement from point to point"—a consideration which will be found relevant to his difficulties over the "A + B" Theorem.

As for the "example" of R. S. S.—well, really! Paragraph 5 says, "He spends this £1,000, which is his profit, and thus distributes £1,000 again."

If he spends it all on second-hand goods, or his doctor, or his domestic staff, or in some similar way, and each of the recipients spends all that he receives on new consumable goods, then R. S. S. may be right—but I leave it to him to gauge the probability. Surely, though, at this time of day correspondents of "The New Age" should not need telling that money spent on consumable goods is *not* thereby distributed for further spending. Yours faithfully,

G. F. L.

#### Forthcoming Meetings.

##### London Social Credit Club.

Blewcoat Room, Caxton-street, S.W.

June 21, 7.45 p.m.—"New Economics, or Myths about Money," by Reginald Kenney, Esq., of Manchester.

June 28, 7.45 p.m.—"A New View of Social Credit," by M. W. Gordon Cumming, Esq., author of "Introduction to Social Credit" and "Money in Industry."

Friday nights, 6-11 p.m.—Social Credit Literature Stall and Library. Hon. Secretary: Dr. J. C. B. Mitchell, 2, Bromley Common, Kent

##### The New Age Club.

[Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 305, High Holborn, W.C. (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.]

#### SUBSCRIPTION RATES.

The Subscription Rates for "The New Age," to any address in Great Britain or abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

**ACADEMY CINEMA, Oxford Street.**  
GER. 2981.  
**YVONNE PRINTEMPS**  
in her first film  
**"LA DAME AUX CAMELIAS" (A)**  
with PIERRE FRESNAY.

Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C., England (Telephone: Chancery 8470), and printed for him by THE ARCADE PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4, Hogshead (Telephone: Central 3701).