THE

NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Lord Hewart on Avory.

Lord Hewart, in an article contributed to the *News of the World* last Sunday week on the death of Avory, said that the general impression that he was a severe judge was ill-founded. It arose, he thought, from the fact that it fell to Avory's lot to try cases in respect of crimes which *demanded* severe sentences, whatever might be thought of their *heinousness in an ethical sense.* This would be a good reply if the casting of the lot could be shown to have been wholly a matter of chance, like the drawings in the Irish Sweep. But in view of what has been recorded in these pages regarding the bankers' domination of financial influence in the making and interpretation of the law there is the strongest presumption that such influence extends to the appointment of particular judges to try particular cases, especially those in which financial policy is involved.

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The present financial system is progressively creating or intensifying temptations to people to adopt illegal means of escaping from its noxious consequences. Crimes tend to take new and ingenious forms, and to be committed more frequently by first-offenders of a higher social status and with previous clean records. This imperils the prestige of the legal system designed to protect the financial system. The proper remedy is of course to stop the creation of the temptation at the source by adopting the Social-Credit principles of finance. If not, there is no alternative before the upholders of the present principles but to sharpen the severity of punishments. Supreme care must be taken that justice is not inflated by mercy: jurisprudence must exemplify the deflationist principle. Hence a Treasury-trained counsel like Avory was predestined to become the judge par excellence which he is now acclaimed to be. It was antecedently inevitable that he should set his face more and more implacably against "sentiment," the doctrine of the "unwritten law," and other appeals to ethical criteria of heinousness, and should adjudicate on the effects of temptation without reference to the causes of it. McCardie was different. He was an inflationary judge: he was born out of due season, couldn't support the conditions, and departed from this life. And Lord Hewart himself, by writing his book *The New Despotism,* showed himself to incline in that direction, as was illustrated by his comments on "Excessive Prescription" in which he said in so many words that the right of a patient (however poor) to the best treatment was as much a merit on one side of a case as was a Departmental rule limiting the cost of treatment on the other side. That was to say, the crime of excessive prescription fell partly under the ethical measure of heinousness. But neither McCardie nor he probed deeply enough to discover a sound basis on which the law could be administered justly and strictly, and yet compatibly with the canons of conscience.

Finance and Inquests.

Some years ago, the then Coroner for Reading made the protest: "We are not here to hold investigations on behalf of insurance companies." He was objecting to the new practice of legal representatives of these companies attending inquests to elicit information from witnesses which had less relevance to the physical causes of deaths than to their financial consequences! A timely and necessary protest. It will be noted, by the way, that investigations into the causes of fires are called "inquests," and while the term is etymologically appropriate, it still carries in the public mind the connotation of death. To the insurance community accidental fires are indistinguishable from natural deaths—provided that claims arise out of them; so it is perfectly understandable why inquiries into either should be designated by the same word.

Now, last week another coroner made another protest. Mr. Bentley Purchase, at St. Pancras, objected to the intrusion of C.I.D. officers into the functional territory of coroner's officers. It appears that a few weeks ago an order was made by the C.I.D. that its officers were to make inquiries into all sudden deaths to ascertain if there were any suspicious circumstances about them. Det.-Inspector H. Greenberg told Mr. Purchase this. and thereby invoked the retort from the coroner: " What do you think we are here for? " followed by the comment that this was either a reflection on the competence of his officers or else a case of two functionaries unnecessarily doing the same job.

Crime Creation.

One is bound to presume that behind this order is the idea in the mind of the authorities that there is an increasing risk of murders or suicides escaping the vigilance of the coroner's officer. Nor need it be ill-founded. The present financial system, as suggested earlier, heightens the risk, and in two ways: it is creating new temptations for illicit money-making by restricting opportunities for honest money-making; and it is excluding from these opportunities types of higher intelligence than ever before who are able to use more ingenuity and skill in the commission and concealment of crime. Mr. Neville Chamberlain artlessly assured a Socialist M.P. in the House last week that the Revenue Authorities were constantly improving their technique for trapping tax-dodgers, being quite alive to the fact, he added, that with income-tax at such a high rate as it is, the premium on the dodging heightened the temptation to try it. Naturally, everybody in the House missed the moral of this admission. The temptation that drives one man to cook his tax-returns proceeds from the same cause as that which drives another to take his own life—a shortage of purchasing power. The financial system sets a premium on all crimes out of which money can be made. Hence the advocate of Social Credit, being able to show that this shortage is technically unnecessary, is able to affirm that its persistence is morally indefensible.

It is all very well for moralists to ask whether an adequate living won't make people lazy or extravagant, but they had much better ask what the lack of an adequate living is doing to them. The risk of a thousand persons " making pigs of themselves " weighs nothing in the balance against the risk of one person making a murderer of himself to gain an inheritance, and particularly so, since, as we say, the types now being outlawed from that realm of " honest endeavour," the organised production-system, are becoming more and more competent at being a law to themselves.

Synthetic Gold Bullion.

A striking example of this was recorded in th, papers last week. Someone on the Continent has been planting " simulation gold " as the real article—not in the form of fabricated things sold to ordinary consumers, but in the form of ingots sold to bullion-brokers or lodged with banks as security for loans. This seemingly incredible victimisation is explained by the statement that the alloy manufactured for the purpose exhibits all the visible essential properties of gold, and that nobody troubled to assay the stuff because, although the possibility of its manufacture was known as a scientific fact, nobody dreamed of it as a commercial proposition. Thus even the bullion experts were caught napping. The very size of the bar proved the authenticity of its substance! And it is pleasant to reflect that for once an advance in applied science secured advances from the bankers. The astute and resourceful gentleman who thought this out deserves a niche in the future Social-Credit temple of fame alongside the redoubtable M. Marang, who, it will be remembered, bought stock in the Bank of Portugal with " simulation " Bank-of-Portugal notes. Not a large niche of course—rather a little one just about the size of the Penguin's soul in Anatole France's story, which would be appropriate, because anyone who exploits the tricks and deceits of the bankers to their embarrassment and discomfiture is helping to discredit their system, and in a deep sense is receiving baptism into the New Economic Order as a humble founder thereof. He may not be aware of it—but neither were the Penguins: they received their souls by accident through making pious noises in the hearing of the blind priest.

The Insurance of Deposits in the U.S.A.

Bankers should not lose their tempers. When they do they are apt to use threats; and when they do that they often spit out more than they've chewed. A Mr. J. M. Nichols, president of the First National Bank of Englewood, Ill., is upset by the Washington Administration's Insurance of Deposits Act, and tells them off about it good and proper. It is otherwise referred to as the Permanent Deposit Insurance plan in a report before us (*Financial Times*, June 22). Under it all National Banks are apparently required to qualify and pay premiums under pain of being taken over by a receiver otherwise. The irate Mr. Nichols was a recipient of an official notification to this effect, and his reply contained the following strong language:

" When you definitely state your plan it will not take us long to determine our course, but your bulldozing and dark-room tactics will accomplish nothing in our case.

" I wouldn't trust a single one of you any further than I could throw a bull by its tail.

" If there is to be an annual premium such as is mentioned in the proposed Banking Bill, we shall probably pay it merely as a bribe to get rid of you, and most certainly not because we think your insurance idea worth the paper on which it is written.

" On the other hand, if you are able to put over your Government Insurance Plan on July 1, and extend it to some future date—which I suspect you will—we still have the option of paying off our depositors or dropping our Federal Reserve membership and applying for a State Charter.

" In anticipation of such a move we have already written our Federal Reserve Stock down to 10 cents., which is possibly more than we shall ever be able to realise on it.

" If you think you have an inch of ground to stand on, cut out the shadow boxing and get this case before the United States Supreme Court.

" I'll wager it will pluck your F.D.I.A. so close that, in comparison to its nudity, Hugh Johnson's de-feathered ' Blue Eagle ' will look as if it were all dressed up in a raccoon coat."

There's for you, ain't it? We rather take to Mr. Nichols, for he reassures us that there still exist in the world bankers who are men of like passions to ourselves, and from whom we need not stand back at worship-distance. His outburst is illuminating up to a point, but the implications of the legislation to which he objects are not described by him sufficiently clearly to show whether this is a case of a straight issue between the Government and all banks or between the Government and the Federal Reserve Board on the one side and the rest of the banks on the other.

Side-Tracking Legislation.

Taking his threats at their face value, they illustrate what is known already to students of banking political practice, namely that representative Governments, even with the strongest and freshest mandates from the people, can be embarrassed if not frustrated in the administration of the laws they pass by the action of the bankers if they unite to oppose them. As was seen in Australia, united bankers do not need to stop the enactment of legislation: they can bring it into disrepute afterwards by creating disturbing market phenomena; and they can do this by methods which are not forbidden by law. In New South Wales they engineered a run on the State Savings Bank, and they financed secessionist or partition agitations which would have had the effect of removing the best developed areas of the State from the jurisdiction of Mr. Lang's Government, and left him, as we said at the time, with a cabbage patch to govern. They even assisted Mr. Lang's legislation by getting the N. S. W. Administrative Council to pass a measure from the lower House dissolving the Council. But as there were no legalised means whereby they themselves could restore the power of veto to the Council, they got the High Court to declare the passing of the measure invalid.

Deposits and Politics.

So if Mr. Nichols' threatened reprisals have behind them the support and projected co-operation of other banks, there seems no reason why the Australian precedents could not be followed fairly closely. But the crucial point has to do with the unspoken attitude of the Federal Reserve Board and the New York banking institutions, which can be designated Wall Street. Wall Street has to consider the international implications of domestic financial legislation to a far greater extent than we suppose bankers of Mr. Nichols' status and function have to do. It is possible that Permanent Deposit Insurance might suit Wall Street. The premiums payable by banks would be an addition to the cost of handling deposits, and would tend to lower the rate of interest paid on them or to reduce dividends to shareholders. The external tendency would be either to discourage depositors and cause them to transfer their money elsewhere, or to depress the value of the banks' stocks in sympathy with the lower dividends (or perhaps with the reduction in reserves). Probably the practical outcome of the change would be the conversion of the deposits into industrial securities—which would be good business for the Stock Exchange and Wall Street.

Taking a line from London we know that permanent or fixed deposits are disfavoured as " idle balances " by City opinion; and tentative hints at taxing them have been published in the Press here on occasions. Moreover, certain " City Editors " sometimes criticise the Joint Stock Banks for not separately recording the amounts of deposits on current account and time account respectively—a criticism in which we fancy the Bank of England concurs, especially since already the foreign short-term commitments of all British banks and other financial houses are communicated to the Bank—which is an application of the principle. Another point arises: if permanent deposits were to be taxed in this country the banks would necessarily have to distinguish them and declare their amount. The same holds true of insurance where the amount of premium would be pro-rata to the amount of permanent deposits. Knowledge is power to the central banker whether in Threadneedle Street or Wall Street, and from this point of view any legislation which enforces frankness in deposit-records throughout the banking system would be acceptable to him on that account alone.

From the look of things the U.S. Government appear still to be nursing the notion that idle deposits are the cause of the obstruction to consumption-buying, and that if depositors can be got to push their balances into production more readily selling will become more brisk.

Bankers for Bureaucrats.

We might offer them the fiscal consideration that permanent deposits are one index of taxable capacity in the comparative, qualitative sense that since taxes are payable in money the fellow whose wealth is in the form of money is the best fellow to call on in time of sudden emergency. For President Roosevelt is importing fiscal doctrine from London wholesale, as witness his latest manifesto in which he foreshadows heavy raids on inheritances and steeper gradations of taxation on "excessive " incomes, all with the familiar and plausible object of breaking down disparities in wealth. According to the Washington Correspondent of *The Times* (June 21) the opinions of the President's supporters are crystallising into the formula that " taxation should be made the chief instrument " of his reconstruction plans, one argument being that thus he avoids the risk that he might " enormously enlarge bureaucracy," and another being that he narrows the scope for " recourse to legal tribunals "—two beautiful pleas (if they knew it) for the head bankers to run the whole show. They will provide with pleasure a ten-thousand-kilowatt " adviser " in place of ten thousand 1-kilowatt officials; and everybody will be pleased. As the Correspondent sapiently remarks:

" The questions raised, some say, are full of dynamite, but to politicians they are fuller of votes, and the political and economical philosophy which underlies them is of little moment."

Of so little moment, indeed, that there need not be any, and probably isn't—which is all to the good, for the bankers can get their way on the " expediency " ticket without being challenged on grounds of principle. Meanwhile—

John Brown's breakfast lies underneath the ground,
But his soul goes marching on,

singing praises to the pie in the sky—and my! what a pie—that he'll buy by and by.

The Montagu Norman Correspondence.

In reply to several correspondents, Mr. Montagu Norman's admission of the practical identity of the Bank of England with the Treasury was made privately before a Committee of M.P.s. The evidence is second-hand. The correspondence published by the Green Shirt Movement strengthens the presumption that this evidence was true because if the Bank were merely the servant of the Treasury or an instrument of the political Government there would seem to be no adequate reason for Mr. Norman to have refrained from saying so when asked what the relations were. In this context the warning issued to Mr. Lloyd George by the *Financial Times* may be adduced: it implicitly affirmed the power of the Bank to regulate the provision of ways-and-means advances to the Treasury, and thereby the power of dictating policy to the Government, by the apparently legal device of a financial blockade.

The Green Shirt Movement, however, do not emphasise this aspect of the correspondence, but rather the Bank's authentic statement that Major Douglas's principles have been officially examined and pigeon-holed. True, this does not add anything to the knowledge possessed by the " Old Contemptibles " of the Social Credit campaign, but it saves a good deal of argument in recruiting newcomers, and silencing hecklers who say that either the bankers don't know about Social Credit, or that if they do they have found it worthless. The correspondence has now established that they *do know*, and that they *prefer not to pronounce on its soundness*.

The "World-Price" and Agriculture.

By Arthur Brenton.

In an article entitled "The True Cost of Living," published some time ago in these pages it was pointed out that producers were progressively degrading the quality of consumable goods as one method of attempting to scale down prices to the spending capacity of consumers. The lowered prices reflected less nourishment or less durability. Confining attention to food, the measure of its quality is ultimately a matter of the suitability of particular articles for particular consumers. Just as one law for the lion and the lamb is tyranny, so is one diet for all sorts and conditions of men. An article may be as "good" as you like in its own class, but if that class is unsuitable for a particular type of consumer, the article is "bad," and the better it is in the first sense the worse it may be in the second. If we were all compelled to take doses of prussic acid we should like it to be of the "lowest quality" in the sense that we should prefer it to be enormously diluted; whereas the hedgehog, who can take it neat without harm, might have a preference for the "higher quality." This illustration, though extreme, is relevant to the proposition, for it simply underlines the proverb that one man's meat is another man's poison.

Under this wider concept of quality the best general definition of the "best" food is probably summed up in the word *freshest*, especially if the connotation of the word is thought of as excluding synthetic substitutes for what can be obtained from nature. It obviously excludes preserved foods, tinned or otherwise, or cooked or otherwise. Further, there are grounds for accepting the theory that people in any given area are best suited by the food grown in that area. Of course a cabbage grown across the road can be obtained in a fresher condition than one grown a hundred miles away: but the proposition rests on the deeper consideration that man and his food respond to the common conditions of localised natural environment, and somehow or other acquire affinities for each other. The theory may be regarded as speculative, but might possibly be supported evidentially if records could be obtained of the life histories of "oldest inhabitants," for it is often stated of such people that "they have never been further than a few miles out of their village," which means (if the village is in an agricultural area) that they have never eaten "foreign" food, but have grown up on what grew around them.

Under this concept of freshness and suitability (admittedly ideal) it will be noted that there can be such a thing as an unhealthy distribution of the population in a country just as there is an inequitable distribution of incomes, opportunities and liberties. Students of Social Credit will recognise that there is a common cause of these twin phenomena which will cease to operate when the financial system is founded on sound technical principles.

It is not of course suggested that diet should be limited in scope irrespective of fancy; and fancy requires for its indulgence the assembling of foods from all quarters of the world according to the natural conditions favourable to their production. The suggestion is that where there is scope for choice, and fancy is "neutral" the food grown near at home is preferable to that grown far away, particularly as regards the basic necessities of life. And to the extent to which this holds true it constitutes an indictment against any economic system which imposes constraints on the choice of the consumer as to what he shall eat or where it shall come from.

There is a horrible financial term in vogue to-day, namely the "World Price." It is associated with what the Money Monopoly regards as an axiomatic principle of sound economy. The principle is that a community should not grow any class of food which can be grown *more cheaply* by some other community. Anybody might suppose that there was such a thing as a "World Quality" corresponding to the "World Price," and that the nearer the price of anything came to the "World Price" the higher was its value in terms of nourishment and enjoyment. The absurdity of such a conclusion will be apparent when it is remembered that the comparative cheapness of production in any given area reflects the comparative ratio of the quantity produced to the part consumed in that area. Take wheat for example. Why is wheat "cheaper" when grown in the United States than when grown in England? The ultimate physical reason is that the wheat-growing community in the United States consume a lower proportion of the quantity grown than do the wheat-growing community in England. Take any token figure, and say that of every 100 bushels produced the American producers consume 50 bushels whereas the English producers consume 80, there is obviously no relation between the comparative sizes of the surpluses and their comparative qualities. To say that because the English surplus is proportionately less than the American, therefore English wheat is less suitable for English consumption is to talk nonsense. The reply can be made that nobody propounds such a theory. True; but it is inherent in the financial doctrine that the "World Price" is a sort of divining rod which tells you unerringly the best sources of supply.

Against this background it will be opportune to quote a passage from the latest report of the "National Survey of Potential Product Capacity," a body which works under the supervision of the National Recovery Association in the United States.

> "Ample food . . . was produced in 1929 to satisfy the nutrition needs of the people. Since the buying power of 16 million non-farm families (59 per cent. of the total of all families) was under 2,000 dollars, these families were unable, obviously, to enjoy the more expensive foods. Consequently, the national diet contained an excessive consumption of starch and sugar and a deficient consumption of fruits, vegetables and meat. These 16 million families no doubt had to defer their purchases until a percentage of the available food had reached the 'requisite degree of obsolescence and physical decay' to warrant price-reduction."

This recalls an episode in the United States a few years ago when someone poisoned some meat to kill rats, and subsequently threw what was left on a refuse heap, with the consequence that some poor down-and-out who visited the heap to find a meal lost his life.

The writer of the above paragraph misrepresents the cause of the lowering of prices because he conveys the impression that producers hold back good products until they go bad in order to provide themselves with a conscientious reason for cutting prices. This is not so: they try to sell all the products at the highest prices they can as soon as possible, but as they can only sell a part at the top prices they have to dispose of the rest on the Dutch-auction system irrespective of whether the products go bad or not. Any price is better than no price, so the producer first sells all that he can at his own price and then the rest at the customer's price, which depends, of course, on how much money the customer can afford to pay. That the products go bad in the meantime is an accidental circumstance so far as the sellers' calculations are concerned.

The writer adds this commentary:

> "Food to a total of 30,692 million dollars . . . only 3,000 million dollars more than was produced . . . would have provided every citizen with a 'liberal diet.'"

In the context of this article a "liberal diet" means not only larger meals but a better assorted dietary. In fact the meals need not be larger at all, as will be seen from his criticism that poor people eat too much starch and sugar and too little vegetable matter. So it is to readjust the balance of their diet that they need to have more buying power.

And the moral of what has been happening in the United States applies to what happens in the world as a whole, for almost anything man can want can be grown within its borders. The American price of starch and sugar foods is the compulsion factor in setting people to eat them, just as the "World Price" compels people in one country to eat the products of another, irrespective of the consideration that the home-grown products might be more suitable (for the reasons already discussed).

It should be noted that if the bankers' dream came true, and the whole world became one free-trade credit area under a single political direction—all obstacles to the international exchanges of goods having been swept away—this "World Price" compulsion would do its dire mischief at one-hundred-per-cent. efficiency. The poorer classes would be kept on the starch-standard—and synthetic starch at that! Fields would be ploughed into laboratories and harvests gathered in compressed tablets flyblown with vitamins and other rare excresences of speculative pseudo-science.

The bankers are able, of course, to prove that obstacles placed in the way of international trade-exchanges—such as tariffs, quotas or currency-manipulation—are double-edged weapons of defence, and that any attempt to dodge the law of the "World Price" will only get nations into the same sort of trouble another way. For instance, if Britain stopped importing wheat at the "World Price" and grew wheat at a figure above the "World Price," the immediate benefit would be cancelled out by secondary consequences. These consequences, however, would not be natural; and, as students of Social Credit know, they need not arise. It is possible to provide any community with buying power equivalent to all its home production, no matter what its absolute financial cost, or what its relative financial cost in comparison with costs elsewhere. Social Credit would snap the fetters of the "World Price" for good and all, and World Peace would be given unto us, not as the banker giveth, but as the Architect of the Universe designed it for us.

Notice.

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The Point of the Pen.

By R. Laugier.

No. XXXVII.—THE TOMB OF THE UNKNOWN AUTHOR.

Some seven or eight years ago I wrote (out of a considerable experience) showing that the gentlemen who were then editing newspaper serials were killing this form of literary work. The feuilleton is now dead, but I derive no satisfaction from being a true prophet; rather am I made most damnably depressed. The thing was obvious. Those responsible should have seen what they were doing; they *would* have seen what they were doing but for the commercial system which has resulted in a decay of editors.

To the great public the appeal of the feuilleton is perennial. From the author's point of view the serial is technically difficult, and literary history shows that distinguished artists may use this form with great effect: also serialisation of his work permits the young writer to "earn whilst he learns"; and he may pick up money as he writes his story, without awaiting the hazards of book publication. In other words the feuilleton is most useful to authorship.

Now the death of the serial is not due to lack of writers; on the contrary, there are, to-day, more competent writers of fiction than ever before. And there are more readers of fiction, and more readers of newspapers. The feuilleton was killed by editorial blundering, and not because serial writers could not write, or serial readers would not read.

The success of the feuilleton—which often raised circulations and kept them raised—was effected by writers who had made no reputation, and whose names were unknown to the public. (Serial readers do not note authors' names). The newspaper serial was killed by going out for names. Some editor of perverted genius saw that he might avoid work by serialising the stories of well-known novelists. When a book was just about to be published serial rights could be picked up cheaply, especially when the names were those of novelists who had never thought of newspaper serialisation, for the very good reason that their work did not lend itself to a process of cutting into instalments of 2,500 and 1,200 words: cut like this the novelist's work was practically unreadable; and, in any case, he had not written his story for serial readers who require thrills and a "curtain" at the instalment end.

I don't think I need labour my point, or spend much time in showing what happened. The editor who first bought Names for serialisation was immediately followed by all his colleagues. Serial readers found themselves offered work they had never read, and never intended to read. If they wanted the novelist's work they could get it from the libraries for twopence, but they did not want it. Seven years ago there were thousands of readers who cut out serial instalments from Monday to Saturday, and indulged in the debauch of reading the lot on Sunday afternoon. These people are not catered for to-day. The serial writer was sacked, and either took to another form of art or went back to the grocery trade. As for the fiction editors they ceased to edit. They merely bought Names. They used far less critical judgment than does one of Mr. Selfridge's buyers when he orders a new line of spring waterproofs.

Of course, the editors have their excuse for the death of the feuilleton, as they have for the burial of magazines. The age is rich in excuses behind which mediocrity may conceal its clumsiness. There is so much competition, the competition of women's periodicals, twopenny novels, films, wireless, and out-of-doors life in daylight saving time. The truth, however, is, as I have stated: the newspaper serial was killed by rejecting the skilled work of serial writers, and demanding Names. The magazines are killed by discouraging, to the point of death, the short story writer; by commissioning stories by Names, and paying high prices for them, without reading them; by a cheap purchase of American stories which are "anglicised" in the office; and, in fact, by avoiding the real work of editorship, which is to search for writers of talent, and select the best work available.

I have spoken of the commercial system which is responsible for this kind of thing. It works in this way: it selects for editors and literary advisers the kind of mediocrity who is neither a good business-man nor an artist. A good business-man will not be a fiction editor, to-day; he will be an advertising manager at five or ten times the editorial salary. An artist, or even a competent hack will not accept an editor's post; the artist will loathe the work, and the competent hack can make more money outside. So we have editors who are failures as business-men, artists, or even competent hacks. They betray their employers, with whom they seldom have close contact, and they betray artists. It is not so much a lack of intelligence as a lack of courage which causes this betrayal by editors. The same apathy which makes them funk the struggle of free-lance writing, makes them start away from original or virile work. They buy Names because, in the case of failure, they can shelter behind the big reputation and its customary success. If they buy new work by unknown writers, and it fails, editors have to explain to their directors. When Names fail, as they often do, no explanation is demanded, however foolish the editorial policy.

Some readers (if I have any) may consider that I am making a fuss about trivial matters, and that newspaper serials and magazine stories are of no literary importance. This is not the case. Not only have some of our finest authors written for the serial market, but, because there are no standards, a "magazine story" may be anything from a real gem to utter tripe: little masterpieces are hidden away in cheap and obscure periodicals where critics would never think of looking for them, and where these stories will be buried, and never see book form, unless their authors "make a name."

It is no light thing that literary artists have no markets, or that they must offer their work to men like the modern editors. Unlike the "worker" the artist does not object to being exploited; the artist is killed by ignorant indifference and neglect. And, to-day, there are many authors of talent who feel like rats caught in a trap; their ability to write is the last thing in the world to be considered; their survival becomes a matter of pure chance, and a more and more desperate gamble. As in other walks of life—in this age of competition plus nepotism—there are a few big fish in the pool, and the pool is ever shrinking.

The conditions that I have described, conditions which killed the feuilleton and the short-story magazine, now prevail in every branch of literary work. Dramatic work is gambled with, the producers being out for a "smash hit" or nothing. Even novels are a desperate gamble. The author's work is either "pushed" or not, and if it is not boomed it might as well not be published. One look at the "criticism" in the Sunday newspapers will show what is happening to the novel.

Well, what is the remedy for all this? The editors, professional readers, and literary advisers are hopeless; and since most of them have been entrenched for years in their positions, they are not likely to change. But a word of warning might be uttered for the benefit of those who employ these literary advisers, the business-men who put up the money for the evulgation of art in its various forms. These men say that they have no time to read MSS. A man who is going to spend a million dollars on a film, or three thousand pounds on a play has no time to read scripts. Assuming, for argument's sake that this is true, then the entrepreneur *must* find the time to make a careful selection of his literary advisers. If he does not do so he will be ruined, however wealthy he may be when he starts.

At a lunch given to celebrate the triumphant success of Mr. Sherriff's *Journey's End*—note occasion, author, and play—managers were solemnly warned against buying the work of unknown authors. There speaks the idiot professional reader, and his type will ruin anything or anybody. Notoriously the play-going public are like the serial-reading public, they neither know nor care about Names. The public doesn't know who wrote *Charlie's Aunt*, or *Ten Minutes' Alibi*, or *The Wind And The Rain*. They don't know who did the film version of *Cavalcade;* and in the last few years they have rejected Shaw, Maugham, and Priestley, and flocked to see young and unknown writers like Tony Armstrong and Merton Hodge. The great public, in fact, always will act like this, and regardless of reputations, critical paraphernalia, and tradesmen's dogma, will take what pleases them and refuse the rest. Since the public do not know what they want, no one knows what they want—but it will always be quite different to what the "expert" literary adviser imagined.

So the business-man entrepreneur should sack his editors, readers, and literary advisers—especially those who claim long experience in newspaper offices, etc. Only mediocrity appeals to experience, and in the arts experience goes for little. Let the entrepreneur look for quality of mind, not length of experience. Millions of pounds are being thrown away upon films based on trashy stories. Thousands are lost producing talented artists in entirely unsuitable parts. Fine plays are bought for their possible "film value," and gambled with in theatres that have no cheap seats for the big public. The Theatre is destroying itself by imitating the films, instead of getting as far away from them as possible, as painters did when the camera arrived.

All this decay and ruin is due to stupidity and not to the other various causes assigned. Business men want to exploit artists, and artists wish to be exploited, and can be exploited cheaply when they are young and struggling: but, hard as it may seem, the entrepreneur must adopt the canons of artists in dealing with art. There *is* a difference between selling art and selling soap. The public do not buy famous brands of soap solely because they know the manufacturers' names: the public *have* to buy these soaps because there are no others on the market. There are always new artists on the market, and the wise entrepreneur will either find this new talent himself, or employ as advisers people who can discover talent—that is those who themselves possess talent. The public have to buy soap and will purchase advertised commodities; but they are not compelled to go to the theatre, or the films; they need not read novels or newspapers; and they need not listen to broadcasting. There is a difference between forcing upon the public a staple article, and persuading them to be amused by a work of art: only artists perform this last achievement. The exploitation of art by business methods is failing, whilst the artists who could save the situation are frustrated and despised.

Diplomacy, Old and New.

The art of diplomacy is the art of being a humbug without detection. This applies both to international and domestic diplomacy. The domestic diplomat attains ripeness on the Treasury Bench, but is to be found green in all sections of political activity right down to the Rural Council or Trade Union Lodge.

There is necessity for domestic diplomacy, and it arises from the fact that government is carried on without reference to the will of the electors. There is the same necessity for international diplomacy because many matters are settled thereby without reference to the wills of Parliaments, or even of constitutionally appointed Executives (Cabinets, Directorates, etc., etc.).

The necessity is heightened by the fact that international problems are an extension of domestic problems, so that any arrangement made to settle one class of problem automatically settles (usually *un*-settles!) the other class. This consequential inter-mergence characterises all the major problems confronting Governments.

So, to ensure the efficient exercise of international diplomacy there must be an efficient exercise of domestic diplomacy. And since the main obstacle to the exercise of the first is publicity, so it is to the second. It is obvious that if, say, British foreign diplomacy were explained to the British people, foreign peoples would hear the explanation. And it is no less true that if British domestic diplomacy were explained to the British people, foreign diplomats would learn more than it suited British international diplomats for them to know. In either of these events there would be nothing left for the diplomat, as such, to do. His scope for bluffing his foreign opposite number or deceiving his own countrymen would have been narrowed down to nothing.

But the greatest of all reasons for secrecy in diplomacy is one which has become apparent only since the war. And that reason is the fact that the ultimate fruits of successful national diplomacy are in the gift of International Finance. Whereas in earlier times national diplomats were, so to speak, plenipotentiaries, each free to bargain on the basis of the economic and military forces in the control of his Government—to acquire, maybe new territory for strategic or commercial purposes, and to get the acquisition formally confirmed by international "agreement," and whereas his success in doing this was a real success to his countrymen (for this was undoubtedly so in those times when the world contained "backward" areas open for capitalist "development") —to-day the position is entirely altered. There is practically no scope for successes of the above character; and even if there were, such successes would precipitate a deadlock through which the victors might easily suffer more than the vanquished. Whereas the old diplomat functioned in a world of expanding capital development, and could rely on the necessary finance if he acquired the necessary physical resources, the new diplomat has to function in a world of contracting distributive power caused by this expansion, and one in which the acquisition of physical resources is more a liability than an asset to his countrymen. Whereas there was money forthcoming to expand productive capacity, there is no money forthcoming to translate it into consumable output. Consumption, being a by-product of expansion, tends to diminish as expansion is arrested, and to cease altogether when expansion ceases.

The new diplomats have to fulfil the unenviable function of dealing with this problem, with the added difficulty that they must settle their disputes without letting their countrymen get an inkling of the real, i.e., the financial, causes of the problem.

H. R.

Consumer Credit and Inflation.

When the Social Credit system is in operation the discount-dividend will be distributed on a day-to-day basis keeping pace with the shopping activities of the consumer: and the money-dividend will be distributed on a weekly basis keeping pace with the flow of wages, etc. (mostly weekly) from industry to the consumer. So it is approximately correct to say of the combined Dividend that the amount of consumption-credit put into the hands of shopkeepers and shoppers will not exceed, at any time, the margin by which the collective price value of a week's supply of goods exceeds the collective weekly earned incomes (wages, salaries, etc.) currently available to buy such goods. Thus, expressing the weekly collective price value as £10, and the shopper's wages, etc., as £6, the shopkeeper might receive £2 as compensation for discounting price to £8, while the shopper received £2 to make his income up to the £8. The combined Dividend issued would not exceed £4 during the week, half of it would not come into the shopper's hands at all, and the other half would be diminished by expenditure from the moment of its receipt by the shopper, and would have returned to the shopkeeper by the end of the week.

Now, if this £4 be multiplied by fifty-two to give an annual figure, it may serve as a convenient record of what has been bought and sold during a year, but it is no more a measure of new credit cumulatively added to circulation than are the banks' clearing-figures.

If we choose for any reason to say that the combined Dividend amounts to £208 in a year, then on the basis of the above figures we must also say that the conventional price value of goods sold has been £520 in the year, and the wages, etc., distributed £312. Or, if objection is raised to this arbitrary subdivision of the £520, we are bound to say that the conventional price value of goods sold has exceeded wages, etc., by the amount of the combined Dividend. We can only maintain the contrary by impugning the accuracy of the Social Credit calculus or its applicability to its purpose of equating prices and incomes so as to clear stocks out of the shops at the same rate as they are put in.

Again, if this token £208 of Dividend is of "astronomical proportions" in respect of a year's trading in the consumption market, that is the same as saying that £4 is of the same proportions in respect of a week's trading. Hence there is no object in using the multiplied figure unless it is for the purpose of making our flesh creep. In fact it is not reasonable to do so from a practical point of view, because if the £208 is ridiculously in excess of requirements, that ridiculous excess would become manifest when the earliest instalments of £4 were issued, and the experiment would be abandoned long before anything like £208 could be distributed.

We can now return to the weekly figures. The essential point lies in this question: Can industry put into the shops week by week goods of a price-value of £10? (Price-value here is assumed to be conventional cost.) If this is possible and is done, then, to clear all the goods, a combined Dividend of £4 must be issued week by week. That Dividend measures costs incurred by industry that are irrecoverable out of earned incomes alone. The next question follows: Can industry incur costs exceeding earned incomes by £4 on the basis of £10 conventional cost? Lastly comes the question: Is it possible for industry to acquire a glut of money as a consequence of recovering the conventional cost of its consumable output week by week, having regard to the fact that wages, etc., plus the Dividend come into the consumption market by weekly instalments exactly equivalent to the weekly conventional cost? A. B.

A Coupon-Dividend.

A THEORETICAL EXERCISE.

By John Grimm.

The principle on which production is financed to-day would not be changed if, instead of investors' buying securities with their spare income, the banks took their place and bought the lot. Investors are only middlemen in the bank loan-and-repayment process.

The bank might lend industry, say, £1,000 on a short-term basis. At the end of the term industry would repay such money as had been spent with it, say, £200. It would then create securities valued at £800, representing its undistributed assets. The bank would buy the securities—i.e., it would accept them in lieu of monetary repayment. The bank's accounts would then show assets (investments) balanced by liabilities (deposits) in the sum of £800. These depositors—ex-investors, so to call them—would have no use for their money except for consumption, or hoarding in the form of idle balances. Assuming that they had already consumed all they wished to, then they would be taxable entities to the capacity of £800. Supposing the Government taxed them to that amount. There would be a Budget surplus of £800 (for it is assumed that the Budget would be balanced apart from this special levy on idle balances). Since Budget surpluses are devoted to the redemption of debt, the Government would buy the securities from the bank. In other words the securities would become the property of the community generally. The £800 of money would have disappeared (by cancellation). Industry would hold unfinished goods to that "value," but for which it would not require to recover as price more than the *new* cost of finishing them off in the next period (if that were physically possible).

Supposing the community were to receive the securities in the form of National Dividend Bonds with coupons attached they could buy the finished goods with these coupons plus just so much money as covered the new (finishing) cost. And they would do so; for the community's interest as investors is not to turn their securities into money, but to exchange them for real wealth. If, for form's sake, industry were to price the goods at £900 (£800, plus a new finishing cost of, say, £100) that would be immaterial so long as the £800 of coupons were valid tender for purchases along with the £100 cash income. The bank would get and cancel the £100, and industry itself would stick the coupons on spike-files, or pass them in to the Government for destruction.

LETTERS TO THE EDITOR.

THE PROSPERITY CAMPAIGN EMPIRE PETITION.

Sir,—I was interested to read the letter from Mr. R. J. Scrutton referring to my article, "The Economic Charter of the British People."

Speaking of the Charter of the Prosperity Campaign, Mr. Scrutton writes: "This Charter . . . does not differ fundamentally from the Charter of the Green Shirt Movement." We ought, perhaps, to make it clear that the Green Shirt Movement has not, so far, published nor promulgated a Charter of any kind.

The history of political mass pressure (including the petitioning of the King in Parliament, and the presentation of a Charter) shows that the result has frequently been the opposite of that desired and expected by the masses, and that again and again they have imagined they have won a victory for their cause, when, as a matter of fact, the victory has been won by the enemy.

For example, the Reform Bill of 1832 finally disposed of the last vestige of any real political authority of the King, and transferred the effective governmental control to Finance operating behind the smoke-screen of Parliament.

A Charter and/or Petition, even when backed by mass pressure, is not a mechanism which, in itself, guarantees that you will get what you set out to get. History shows clearly that something more is necessary.

Nevertheless, Green Shirts welcome every effort that helps to generate a nation-wide demand for the National Dividend and the Price Adjustment, while, at the same time, keeping to their own line of action towards this end, as laid down in the Resolutions passed by Green Shirt National Assembly.

JOHN HARGRAVE.

Green Shirt Headquarters, London.

SECOND-HAND SELLING.

Sir,—G. F. L. has made two errors. He has not read my last letter with the care needed for criticism, and he has not followed the correspondence from the beginning, or has forgotten it.

I stated that the example appeared to be valid in the absence of any hoarding. The object of the example was to show that, contrary to the belief of most "social creditors," saving and investment does not as a mathematical certainty produce two costs of which only one can be met.

R. S. S.

Forthcoming Meetings.

London Social Credit Club.

Blewcoat Room, Caxton-street, S.W.

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.]

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