

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### The Tithe War.

Some years ago we pointed out that a flourishing agriculture was not only a condition of economic prosperity but also of military security. At that time it was not necessary to argue the point, because the German submarine campaign was still alive in the memory of the public. Farmers and farm-labourers had been indistinguishable, as regards the import of their functions, from officers and men in the Navy. A new field under corn was a new battleship in commission. Ploughs on the land and patrols on the sea were one and the same thing as regarded the national objective of ensuring the provision of food for the population. Our farming forces were an integral part of our fighting forces.

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Against this background it will be seen that there is a clear parallel between the present crisis concerning tithe-levies at Castle Headingham and Ringshall and the earlier crisis concerning wage-cuts at Invergordon. The closeness of the parallel can be shown as follows. In the first place you have the spectacle of two groupings in the community who, by common consent, have been traditionally the most law-abiding, taking the law into their own hands. In the second place, for reasons already given, the disaffection of these two groups is a potential menace to our military security. In the third place, the reactions of the constituted authority immediately concerned with the problem of dealing with this disaffection have been marked with a startling common characteristic which might almost be called condonation. Thus, when naval officers came chasing up to Whitehall from Invergordon it was not for the purpose of reporting the insurrectionary sailors for disciplinary treatment, but for that of making representations on their behalf. Similarly Judge Clements, by calling a halt in the issue of distraint warrants in the area (Kent) under his jurisdiction was in effect making representations on behalf of the insurrectionary farmers. When he said, in so many words: "What is the use of my issuing these warrants when you can't execute them?" he was, in a strictly logical sense, tempering the wind

of judicial procedure to the shorn insurrectionary farmers, and implicitly invoking the fact of resistance to the administration of the law as a reason for modifying, if not suspending, its administration. Naturally, when the Governors of Queen Anne's Bounty, who had sought the warrant in question, appealed to the High Court, they got judgment in their favour; but even in that Court they discreetly based their case on the ground, not that they intended to distraint, but that they wanted to "keep alive" their legal right to distraint. Further, Lord Hewart, in giving judgment, expressed the Court's sympathy with Judge Clements. And it is morally certain that the undisclosed attitude of the Lords of the Admiralty towards the officers and towards the men in the Invergordon affair was much the same as the attitude of the High Court towards Judge Clements and towards the farmers. At any rate it is on record that the Government's formal declaration on Invergordon was: "We will overlook this lapse, but it must not happen again."

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Why this irresolution on the part of the constituted authority in both these cases? This leads to the fourth and last item in the parallel, which is this: that both insurrections were entirely disconnected from conscious political motivation, and were a direct spontaneous reaction to a financial—i.e., a non-political—ramp. At Chatham, Portsmouth and Devonport it was the sneaking of the "baby's shilling" which exploded the magazine; and at Castle Headingham, Ringshall and other villages it is the sneaking of the "widow's crops" which is beating ploughshares into swords. No Communist had anything to do with the Invergordon affair; and, significantly enough, no Fascist is being allowed to have anything to do with the Ringshall affair. Happily, both for the sailors and the farmers, they acted before any political busybodies and posturists got wind of what was to happen, and thus steered clear of political complications which would have enabled the banking community to mix the issues and cast odium upon the aggrieved insurrectionists.

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We can here take leave of the sailors, and concern ourselves with the farmers. It is to be hoped that they will show the same sagacity as was manifest in their

declining the help of Fascists at Ringshall by also declining the help of popular newspapers and journalists. This is not so simple a matter. It is easy enough for the farmers to recognise and assess the embarrassment which would be caused to them by the kind of lawless help which the Fascists undertook to provide; but some knowledge of the fundamental financial issues underlying the farmers' crusade is necessary before they can appreciate the embarrassments latent in the more "respectable" support and advice which are now being offered them.

The egregious A. A. B. in the *Evening Standard* (August 8) and the ineffable Hannen Swaffer in *John Bull* (August 12) have both made the discovery that something has got to be done about the tithes! A. A. B. declares that the Government must intervene. That means, of course, that Mr. Montagu Norman must frame up a new settlement, which will mean in practice settling on a new frame-up. Swaffer admonishes the Archbishop of Canterbury, warning him that farmers are talking of the "creeping hand of the Church," and exhorting him to recognise that, as he says, "there is something, your Grace, which is higher even than the Law." Quite so; but not a word is said as to what that something is and what the Archbishop is to do with it, or by it, or under it, or through it. "A strike, Mawruss, a strike, a strike!" shouted the frenzied Abe Potash to his partner when the staff had walked out. "Well, and how shall we help the strike?" "You must do something."—"Do what?" "objects Mawruss. "Anything so you do something—anything—anything—go and wash your face." And, for all Swaffer has to suggest, Dr. Lang might go and do likewise. However, it is clear, even on the evidence of A. A. B.'s article, that the Archbishop is powerless to do anything except use his influence to induce tithe-owners and tithe-payers to agree on a settlement devised by the Government.

A. A. B., on the other hand, has a remedy all pat: namely that "the State might well be asked to advance a loan to help the farmers to buy out the tithe-owners at a reasonable number of years' purchase to be decided after inquiry by the tithe arbitration tribunal." That would suit the bankers nicely. They are already hawking loans round through agencies such as building and insurance societies in connection with the de-housing and re-housing of slum-dwellers and other classes of rent-payers. In that way they are—to adapt A. A. B.'s phrase—helping the tenants to buy out the landlords at a reasonable number of years' purchase as has been decided by themselves in conclave with their agents. The effect of this can be put into the form of a slogan: "One man one house: one house one mortgage." To own the house; but from the bankers' point of view the house is just an excuse to mortgage the man. The man, instead of being responsible, as heretofore, to his fellow man as in the case of a private landlord, is now under a direct contractual obligation to discharge debt to an impersonal and distant authority against whose exactions he is without any means of redress, and—what is of deeper importance—is deprived of moral justification for any act of resistance, at least so far as he can see.

This consequence would follow a Tithe Loan in exactly the same way. At the present moment the creditors of the farmers in respect of tithes are, as A. A. B. points out, "distant corporations" who have invested money in tithe-ownership, and colleges at Oxford and Cambridge. Only occasionally, he says, is the impropiator a Duke or large landowner. It will be seen that while this private or quasi-private character of ownership persists the farmers can reconcile their resistance with moral law, and in fact are proclaiming such justification. But if the State steps in and, by advancing a loan, transmutes private tithe charges into public land-annuities

the farmers will be deprived of moral justification, as they see it, for resisting payment; for, firstly, they will, as they see it, have received the money which they are now called upon to pay; and secondly, their avoidance of payment will involve a loss to the Exchequer which must therefore, as they see it, fall upon their fellow-tax-payers. Again, apart from the question of their consciences, public opinion would no longer contemplate their default in annuity payments with the benevolent neutrality with which at present it watches the tithe-war. For example, Hannen Swaffer approvingly quotes Lady Evelyn Balfour as having declared that: "Tithes are a racket on the Chicago scale." She would not be able to say that with any effect about annuity payments because the reply could be made that the payment had been fixed by an impartial authority, agreed to by both the interested parties, and were an obligation arising out of a public loan. There could be no "racket" in asking borrowers to pay what they had borrowed (or interest on it); and even if there were, then the racketeers would be the whole community whose taxation was, as she would see it, being lightened at the farmers' expense.

There is another snag in A. A. B.'s remedy. It is not related to his diagnosis of the disease. The farmers' grievance, he says, has been aggravated (a) by the transference of tithe-ownership from "squires" and country gentlemen living in the district to "distant corporations"; and (b) by the consequences of the commutation of the original payments in kind to payments in money. That being so it would appear that the remedy should embody the reversal of these processes, instead of which A. A. B. would leave the commutation as it is while merging the "distant" corporations into one great corporation at a farther distance still.

The farmers should be able to see this with the naked eye, but they, and more particularly their leaders, need longer vision if they are not to be let down. The tithe-dispute is a purely financial problem, and unless the leaders of the farmers get to understand something of the inner politics and technique of bankers and banks, they will miss seeing the pitfalls in settlements likely to be offered them. Lady Evelyn Balfour, it will be noticed, places emphasis on the weight, not on the nature, of the "racket" she speaks of. She says that it is on the Chicago "scale." But something more is wanted than a reduction in the scale. Immediate relief may be more than negated by the new obligations which the Government impose as the condition of relief. Why is relief being advocated by the Press? Because the farmers have helped themselves to it. They have been offered it because they have got it. And why have they got it? Because they do not possess the money due to the tithe-owners. Theoretically, the property they possess can be turned into money by the process of distraint and sale by public auction or private tender. But this would only be practical in particular cases where the neighbours of the defaulting farmer were able to buy and absorb his stock and implements. Since, however, they are all in default together, the property would have to be a general sale of farming property to outside purchasers. The sale being forced, the price obtainable would slump, with the result that so much of the property would have to be disposed of that the farming community would be disabled from continuing their activities. There would be a general eviction from the land of those who best knew how to work the land. The new purchasers would have the choice of working themselves, in an inefficient manner, or else of hiring the evicted farming community to work it for them. In the first alternative farming would pay even worse than before, because of technical inefficiency; and in the second the cost of paying the farmers a living wage would eat the profit, if any.

From these and other considerations which readily come to mind it will be seen that the present

sistance of the farmers to legal process of enforced recovery does not so much create a dilemma for the authorities as make manifest a dilemma already existing. Juridical and political experts are well aware of it; and for that reason it is morally certain that even if every defaulting farmer had been willing to submit to distraint the actual exercise of the powers of distraint would not have proceeded further than it has, in fact, done in the teeth of resistance. The resistant farmers, by flouting the Government as a legal authority, have at least delayed the exposure of its incompetence as a financial and economic authority. Thus the farmers have done the Government a good turn; which is one reason why the puppet Press is presenting what is, strictly speaking, lawlessness on their part as a "moral crusade." What is true of the Government is true also of the bankers who dominate the Government—with the fundamental reservation that whereas the fate of British agriculture is the concern of an Administration elected by, and responsible to, the British people, it is not the concern of a self-constituted financial autocracy responsible only to its fellow-autocracies in other countries.

The immediate practical point that emerges is that any settlement now to be proposed to the farmers will not be a favour granted to them, and therefore should not be made conditional on their entering on new commitments. A sharp distinction must be drawn between agreements voluntarily made between two parties on the basis of facts within the knowledge of both, and agreements planted by one party who knows all the facts on another who doesn't. To apply this to the proposed loan-settlement, who on earth among the farmers is able to say what is a "fair" price at which to "pay out" the tithe-owners? Is it a price that he ought to pay; or a price that he can pay? Again, is there any assurance that an annual payment for the loan-service which is tolerable this year will not be intolerable next year? A. A. B. himself admits the difficulty arising from the Commutation Acts, namely, that of "calculating the amount of money due in modern conditions." The key words here are "money" and "modern conditions." From them hangs a long story of the insidious confiscatory legislation directed against land-ownership at the instance of the money-monopolists in their conquest of political power. It cannot all be told here, but some of it can. Before commutation was enacted the services of the money profession were not required. Tithes were then payable in terms of products which the tithe-payer grew. The interests of both ran parallel, and depended on the physical return which Nature gave on skill and labour. If the farmer raised an extra ton of potatoes he thereby raised his taxable capacity by just so much; and raised it by ten times the amount which the tithe-owner would require him to pay. The tax, here, was 224 lbs. in the ton—a vastly different proposition (and in the deepest sense a contrary proposition) from "two shillings in the pound." The only thing that the farmer had to fear was a failure in the harvest of so great dimensions as to reduce the nine-tenths retained by him below the level of bare subsistence. But even so, he could approach his creditor with every prospect of lenient treatment, if only on the sordid ground that a starving farmer is a poor tithe-raiser. In no case otherwise was there anything to make tithes burdensome—no such situation, for example, as one exposed by a farmer the other day who said that his tithe-charges came very near to the price of his farm.

Another feature of the pre-commutation period was that the tithe-owner was originally able and content to use the proceeds of the tithes in the form in which he received them. But the creeping hand of the Money Trust (not the Church, Mr. Swaffer!) had already been drafting legislation "commuting," as they called it, all services to the Crown into payments of money—beginning with military services under the feudal system, and afterwards extending to monetary charges on inher-

ances such as estate duties. So it gradually came about that the tithe-owner, affluent as he often was in terms of real wealth, found himself obliged to get hold of money from somewhere. The consequence was that he and the farmer had to sell their produce to the towns, where the Money Trust were issuing money to finance the industrial revolution. Being obliged to sell, they were obliged to accept the price that the industrial population could pay, and this price was ultimately governed by what the Money Trust decided ought to be paid.

The truth and significance of this cannot be properly appreciated by anybody who does not understand fundamental facts about money—what it is, where it comes from, and how it is put into circulation and taken out. If the leaders of the resistant farmers hope to contribute to a satisfactory permanent settlement they will be obliged to undertake that study, for if not, they are bound to be tricked into an agreement which will indirectly nullify the benefits directly held out as an inducement to procure their signatures. The essential relevant facts are these:—

1. The bankers (regarded collectively) are not merely the minders of money but makers of money in the literal sense of manufacturing it.
2. The cost of manufacture is practically nothing—merely the cost of paper and ink.
3. The bankers decide, without consulting anybody but themselves, when to manufacture money, how much of it, and on what conditions to let it out into circulation.
4. Their main condition for letting it out is that they shall take it back when they like.
5. Their method of letting it out is to lend it to somebody, and their method of taking it back is to compel that somebody to repay the loan on demand.
6. The manufacturing of the money takes place at the moment of lending, and is an integral part of the process of lending. In the words of the Chairman of the Midland Bank, bank-loans "create deposits"—another way of saying that bank-loans involve the manufacture of money. Conversely, repayments of these loans involve the destruction of the manufactured money.
7. All the money which the banks are minding at any time, that is, "deposits," is money of their own manufacture out on loan, and recallable at their will. The depositors are of course not necessarily or usually the same people as those who have borrowed the money, and cannot be called upon to repay it, but viewing depositors and borrowers as a whole community, it will be seen that the bankers hold a First Mortgage on every conceivable economic transaction into which money enters. They have the legal power, and are in exclusive control of the technical means, of promoting any enterprises that they approve, and of destroying any that they disapprove.

These facts the Tithe-payers' Association and other representatives of the farmers' interests can verify for themselves if they will take the trouble to do so; and we cannot rate their intelligence so low as to think that they can miss seeing how directly this situation affects the problem with which they are faced. For example, the Tithe-loan contemplated by A. A. B., though formally to be advanced by the Government, will first be advanced to the Government by the banks; for the Government has no spare money to pay out the tithe-owners with, and at the present level of general taxation the taxpayers cannot be levied on to foot the bill. So the banks will manufacture the money, and this money will enter into circulation in addition to the sum already in circulation. It will not come out of anybody's pocket or banking account—on the contrary the community as a whole will have the handling of more money than before. The taxable capacity of the whole community in terms of money would be greater by the same sum as the banks had lent to the Government to buy out the tithe-owners, and therefore by the same sum as the

farmers were legally liable to repay to the Government. Let us represent this extra sum of manufactured money by the token figure of £100. The farmers would owe £100 to the Government and the tithe-owners would have £100 in their possession. Now, if we arbitrarily assume that the extra £100 remained in circulation, then theoretically the farmers could collect it from the tithe-owners (or from other people to whom it had been transferred) as extra revenue from the sale of farm produce, thus expanding their taxable capacity by the same sum (£100) as they were liable to repay the Government. Alternatively, and more practically, if they collected only £5 per annum in this manner they would be able to pay five per cent. interest on the capital debt of £100.

In general technical terms, if the farming interests considered as sellers get an adequate share of the benefit of inflation accompanying the expansion of circulating credit caused by the bankers' loan they could afford to enter into an agreement to repay a sum equal to the loan spread over a longer or shorter period according to the size of their share.

But the assumption from which this conclusion is reached is untenable, and the practical implication of this is that the farmers' leaders should refuse to be party to any loan-settlement, however "fair" as between themselves and the tithe-owners. We will bet that among the notabilities who are offering friendly mediation to the heads of the Tithepayers' Association is at least one gentleman in the proverbial striped trousers of the banking profession, the object of whose policy is to buy a perpetual mortgage on every farmer at the price of granting him temporary relief from a burden which, in any case, the farmer cannot bear, and which the powers of the law are unable to make him bear. Look at the position. The farmer owes the tithe-owner, say, £7. He can only pay, say, £3. Along comes the banker and says: "Now let us reason together. The tithe-owner ought to come down a bit. If I get him to call the charge £5 and buy him out on that basis, will you enter into an agreement to pay £5 to the Government?" The proper answer to such a proposition can be formulated in the terms of a music-hall song: "Archibald, Certainly Not!" And it would still be the proper answer even if the proposed buying-out were on the £3 basis; for, as the farmer can realise for himself, there is nothing in this settlement which guarantees that his capacity to pay even £3 this year will not have been reduced a year hence. And we are ready to show that any loan-settlement of this sort will contribute to such a reduction rather than obviate it. No; the farmers' answer should be: "Here is our position—You will deal with it as you think fit whether we assent or not—We decline to risk incurring odium by signing agreements which we may not be able to fulfil."

Tithe-default on the countryside corresponds in principle to debt-default in any country. And on the problem of the latter form of default Lord Bradbury has said, in a correspondence with the Hon. R. H. Brand (see THE NEW AGE of August 10, p. 174)

"We are also in agreement that the writing down of debts to the amount necessary to restore the solvency of the debtor is beneficial in the long run to the creditor as well as the debtor, since it is clearly better to be owed a smaller debt which can and will be paid than a larger one which cannot and will not."

This applies with the same force to the tithe-problem; and on its logic the farmers may point out that their refusal to pay the full tithe-charge (because they could not) or to submit to legal processes (because that would destroy their last chance of regaining solvency) will be beneficial in the long run to the tithe-owners. They can proceed a step further and point out that, on the same reasoning, the stabilising of future payments on tithe account at any fixed figure infringes

the "Bradbury" principle of relativity in the matter of payments and capacity to pay. Recognition of the principle would not be abused in practice; for the farmers are not prone to conceal their resources, and in any case the Inland Revenue spy system makes such concealment impossible. The proper immediate course is to write down the tithe-charges unconditionally, and eventually to merge them with general taxation. It is of no use debiting one section of the community with a fixed collective tax, nor even with a fixed proportion of a general collective tax, when the capacity to pay is constantly ebbing and flowing as between the many sections which make up the community of taxpayers. This would be true even in a closed economic area where the farmers' interests enjoyed the monopoly of the home market, but to lump a fixed tithe-charge on British farmers while leaving them exposed to the competition of Argentina, Denmark and the Dominions is a combination of political injustice and fiscal frivolity. Logically the farmers could demand a tariff on imports from those countries as a condition of agreeing to pay tithe-charges. They could point out that since these imports benefited the industrial interests at the expense of the tithe-payers, these interests should look after the tithe-owners themselves.

An investigation into the character of tithe-ownership should be one of the tasks of the Tithepayers' Association. Though the poor clergy are paraded as beneficiaries on the one hand as an argument for tithe-charges, on the other hand references are made to the Church, University colleges, commercial corporations, and so on, in a tone which suggests that they can afford to scale down their demands. We could see some use in this if we thought that the idea behind it was to ascertain in what proportions the total proceeds of tithe-charges were divided between payments to persons of Social Credit know, there is a fundamental distinction between the significances of the two categories, and it may be put in the form of the statement that whereas a reduction in the first entails hardship to persons, a reduction in the second largely entails merely the disarrangement of accounts. It would be interesting to see those accounts and if dissected as above indicated they would show that the personal benefits derived from tithe-charges were a mere fraction of the personal hardships involved in paying them. It might turn out that of every pound worth of personal well-being that the farmer renounced in meeting the charge, probably not more than two shillings' worth would accrue to anybody else. The balance of eighteen shillings would largely represent replacements of past expenditure, that is to say, repayments of bank-loans. A little reflection on our above seven points about money should make this credible to the non-technical reader even if it fails to command full conviction. On the proportionate figures assumed here there would be taking place a reduction in the amount of money in circulation equal to the token amount of the tithe-payment. So if we apply this to the token figures assumed just now as representing a Tithe-loan of £100, and interest on the loan, namely £5, the payment of that interest by the farmers would involve the repayment of the principal at the rate of (90 per cent. of £5, equals) £4 10s. per annum. In that case the loan would be secretly recovered in twenty-two years, and the farmers, demanding their continued payment in perpetuity of the £5 per annum.

Nor is that all. The progressive reduction in the amount of money in circulation caused by the loan repayments would make the burden of the interest progressively heavier. Or if, as would probably be the case in practice, the farmers had to pay sinking-fund charges as well as interest the progression would be steeper. It is true that under this arrangement the debt would be in process of public extinction, but since money would disappear from circulation at a correspondingly faster

rate the consequent and increasing handicaps on trade set up by this deflationary operation would cancel out the benefit.

In considering the general implications of this admittedly simplified and particular case it is important to remember the financial background constituted by our seven points. They establish the fact that at any given time the community consists of two parts, one which can be designated Borrowers and the other Depositors. The money manufactured by the banks comes out to the Borrowers who pay it to the Depositors as the purchase price of goods and services. The obligation of the Borrowers to return their loans to the banks on demand necessitates for its fulfilment their getting back the money from the Depositors. And since the banks' policy is to get the money back as quickly as possible they are equally interested in getting the Depositors to part again with their money. The banks cannot directly compel the Depositors to do this—it is their "own" money, and they may spend it or not as they choose. Nevertheless, if they do not spend it—and all of it—there will be default on the Borrowers' part. That is why the bankers deprecate the holding of "idle balances" (i.e., deposits which have not been transferred back to the Borrowers) and advocate the putting of the idle money to "useful" or "productive" employment (i.e., passing it to the Borrowers for repayment and retirement from circulation—really, putting the money out of employment!). Normally, of course, the Depositors do pass their money back in the process of buying consumable goods from the Borrowers and/or investing in their properties. The bankers can assist the latter mode of transfer by cutting down the interest they allow on deposits. But they also have powers of indirect compulsion which they exercise through the Government. Taxation, and legislation involving compulsory insurance are the chief means of sponging up money which might otherwise be "idle." In theory (if such a thing could be imagined) if the Depositors put all their money on deposit and declined to buy or invest, the bankers could "lend" the Government money to buy the Borrowers' but under some scheme of "nationalisation." This would be a bogus loan: no money would be manufactured or issued: all that would happen would be that the Borrowers would be let off repaying the original loan, which would now be debited to the community as a legal obligation enforceable at law. It would take the form of a levy on the Depositors for the whole amount, because (ex hypothesi) they would have all the money, and the Borrowers nothing. Thus the banks would get back on the public swings what they couldn't get back on the private roundabouts.

This extreme hypothetical case serves to illustrate the significance of any new financial responsibility assumed by the Government. The loan envisaged by A.A.B. would have the effect of forcing the whole community to underwrite the farmers' revised liability. If, therefore, the farmers agree on any figure at all as representing that liability they will lay themselves open to the charge of letting the taxpayers down if they hereafter fail to pay that figure. Their attitude should be that they are willing to pay what they can in future years just as they have done this year, and that, whether willing or not, the Government can make them pay what they can pay, and cannot make them pay what they can't. Since the future earnings of the farmers are problematical the levy on those earnings should be variable.

To come to wider issues; Church finance, of which the tithe-revenue is a part, is under centralised control; and this control is exercised conformably with the same principles and policy of the bankers as affect the conduct of commercial enterprises. No distinction is drawn between spiritual or secular institutions: the first must "pay its way" just as the others. What Mr. Swaffer

calls the creeping hand of the Church is really a creeping glove with the banker's hand inside it. If the glove gets charred by the embers of rural resentment the banker is ready to discard it, for he has other gloves. A black cat's-paw will claw the chestnut as well as a white one. When Mr. Swaffer hints in his article at the disendowment of the Church he is envisaging a contingency which the bankers are ready to welcome at any time. The only function of a spiritual authority that they have any use for is that of exhorting people to submit to the laws of the secular State. What they want taught is a pre-Christian system of morality—just the "Ten Commandments of the Old Financial Testament." For that purpose the B.B.C., the Press and the Cinema are sufficient. To them the cost of maintaining the Established Church is duplicated and, therefore, "wasteful" expenditure. In these circumstances true Churchmen will be as well advised to resist, or at least repudiate responsibility for, the suggested State-loan settlement as are the tithe-payers; for it is obvious that its adoption will afford the secular authority, as representing taxpayers of all religions or none, a new excuse to impose economies, retrenchment, and rationalisation on the Church, and ultimately even to disestablish and disendow the Church. And if the farmers think that the savings effected by any of these operations would revert to themselves they are mistaken, just as farmers in the Irish Free State have discovered in respect of the Land Annuities which Mr. de Valera retrieved from the "creeping hand" of "rapacious" England! No, the bankers' charge for delivering oppressed people is the whole sum that the oppressor got out of them.

Lastly, the bankers are internationally organised; which means that the fate of British agriculture is subject to decisions arrived at by bankers representing overseas as well as British agricultural interests. For example, what Mr. Montagu Norman does is partly governed by what Mr. Pierpont Morgan wants done. Now the decline, and even the extinction, of British agriculture, is to the advantage of American (among other) farmers. Further, since British agricultural depression amounts, as we have shown, to British military disarmament, it suits Mr. Pierpont Morgan considered as representing the United States Government, and, much more significantly, it suits all the Central Bankers, considered as representing the World Banking Monopoly, because their common policy is to procure World Disarmament before the armed world wakes up to the root cause of its troubles.

#### SHAW ON DOUGLAS.

[Reprinted from *The New Economics* (Australia) June 23, 1933.]

Is there any record of G. Bernard Shaw having expressed an opinion on Major Douglas's Proposals?

The following is a copy of a letter he wrote in 1925:—

10, Adelphi-terrace,  
W.C.2.

To —,

Oakland, California, U.S.A.

Dear Sir,—I do not recommend Major Douglas's scheme. It seems to me that, like most practical business men, he imagines that credit is a substance, and that it can be eaten and drunk, worn, and built into houses. The truth is that when a bank gives you credit what it really gives you is the solid commodities represented by the current balances, and deposits of its clients. If a bank has a thousand clients, each of whom makes it a practice never to allow his current balance to fall below, say, a hundred dollars, then that bank has a hundred thousand dollars to play with, and it lends these goods to men to trade with. Of course, the profit to the banker is enormous if he is a good judge of a safe borrower. The moral is that banking should be naturalised. (Error (!) in original.) No scheme that proceeds on the illusion that what a banker lends is a sort of hot air called credit has the slightest chance of success.—Faithfully (Signed) G. Bernard Shaw.

### The "Time-Lag."

By John Hargrave.

What has been called the "time-lag" remains for many people the stumbling-block in understanding the Social Credit Analysis. The following chart may be useful in making the matter clear.

We frequently hear people say, "Yes, but in time all 'B' Costs come through as purchasing-power." That, of course, is quite impossible. "A" Costs are becoming "B" Costs, but "B" Costs never become "A"—purchasing-power. "B" Costs are spent "A" Costs. If we use the word *spent* in the sense of spent energy, we shall not be wrong. "B" Costs are debt, not purchasing-power.

Again, we often hear that "'B' Costs have been paid out as 'A' Costs (wages, etc.) by Industry, at some time or other." Therefore, it is argued, A + B are available as purchasing-power; and as total costs are exactly A + B, it follows that there is no shortage of purchasing-power due to methods of costing. The keywords in this contention are "have been paid out." "B" Costs have been paid out, and have been spent.

For a proper understanding of the "time-lag," it is necessary to have a clear grasp of two main conceptions of Time:—

1. The Horizontal Over-All Time Period, which includes Past, Present, and Future, and is therefore the whole of Time—Eternity. Human beings can be said to live in Eternity, but they

cannot function at the "moment" of Eternity; they cannot operate back-and-forth in the Past-and-Future of the Time-Flow. They can only function at—

2. The Vertical Moment of Time—any given moment—now: at the Present Moment. It is said, "There is no time like the present"; it should read: "There is no time (in which it is possible to do anything) but the present."

In very many cases it is the failure to understand these two Time concepts that creates the difficulty in understanding the "time-lag."

When people say, "In the long run all Costs must be purchasing-power . . ." they forget that "the long run" is Eternity. It is quite true that in Eternity all costs (A + B) are purchasing-power. Obviously, they must be. But they are only available as purchasing-power to Gods, Angels, Archangels, Spirits, Demons, and other Timeless Beings. That is of little help to mortals on earth, who, unfortunately, can only use the purchasing-power available to them at any given moment.

If the chart, below, is read horizontally, it will be seen that the total A + B "purchasing-power" is equal to the total A + B Costs. But you cannot spend yesterday's, to-day's, and to-morrow's purchasing-power now—at this moment. What is true of this moment of Time is true of every moment.

If the chart is read vertically, it will be seen that at any given moment there is only a portion of A + B Costs available as purchasing-power.

#### A SIMPLE "TIME-LAG" CHART.

Showing how "B" Costs have all appeared as "A" Costs "at Some Time or Other."

Horizontal Over-All Time Period (Sometimes called the "Long Run.")  
← from the Beginning to the End of the Costing Process →

Modern Multi-Stage Production	Vertical Moments of Time. (i.e. "Any Given Moment.")							Total A + B Cost—Total Price.	
	1		2		3		4		
	B	A + B	A + B	A + B	A + B	A + B	A		
Factory No. 1	1	1	...	...	...	...	...	2	
" " 2	...	...	2	2	...	...	...	4	
" " 3	...	...	...	...	4	...	...	8	
" " 4	...	...	...	...	...	8	...	16	
" " 5	...	...	...	...	...	...	16	32	
" " 6	...	...	...	...	...	...	32	64	
(A) Available Purchasing-Power	...	1	...	2	...	4	...	8	
(B) Spent Purchasing-Power	1	...	2	...	4	...	8	...	
Price at each Moment of Time	2	4	8	16	32	64			

In the columns showing Available Purchasing-power and Spent Purchasing-power it will be noted that "B" Costs are always lagging behind "A" Costs. This is the "time-lag."

### De-Naturing Education.

[Reprinted from *The New Economics* (Australia) June 23, 1933.]

Is it true that the plates and unsold copies of the American edition of "Economic Democracy" were destroyed? Yes. The following letter has been quoted by Major Douglas in this connection.

Dear Sir,—We have your inquiry of November 21 in regard to the sales of "Economic Democracy," by Major

C. H. Douglas. You have received no reports of sales from us for the reason that the work is out of print. We destroyed the plates in November, 1921, and at the same time destroyed the remainder of the stock. The sales of the work had practically ceased before that time.

Faithfully yours,  
HARCOURT, BRACE AND CO.  
383, Madison-avenue, New York,  
December 3, 1924.

### The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.  
I.

We note, from letters received, that our remarks about the "Aryan" myth in last week's *NEW AGE* have aroused a good deal of interest. What seems to suit the psychology of the Nazi does not suit the ordinary Britisher. It is clear from the literature—especially the poetry—of the British people that our strongest emotional reaction is that which responds to earth stimuli. For the most part the British are an "earth" people. Anything that is racy of the soil, anything that is of the earth earthy, calls forth a quite peculiar emotional response. We have called it Regional Patriotism. It has to do with the lie of the land itself: with the cliffs, fens, tors, wolds, fells, streams, woods, and fields; with the standing stones, single-slab "clapper" bridges, green roads, and old straight trackways; with the long barrows, round barrows, and hilltop "camps"; with chalk, clay, flint. . . . It has to do with places and things, and the names of them. This is so in spite of (partly because of?) industrialisation. We do not take easily to abstract ideas. The words "Aryan" or "Nordic" cannot be used as an *open sesame*. They stir nothing within us—mean next to nothing. But say Fenny Stratford, or Kettlewell, or Hinton-in-the-Hedges—and at once we know where we are; and, by knowing where, we know who and what we are. For us, Earth Magic is the only magic that works. It is the spirit of the place—the god of the place—that holds us. No matter how we may try to fly like fairy, we always come down to earth.

Our literature is drenched in earth-lore. At its best it is as plain and cold and hard as Stonehenge. At its worst it is Mother Nature slop. Good or bad it is always there. It is something of which, in the ordinary way, we are rather shy. We may even go so far as to deny it—to jeer or sneer at it. "A lot of old tumbled-down stones struck in a circle? I can't get up any enthusiasm for that sort of thing . . . folklore and all that bunk. Hopeless stuff . . . leaves me cold." But you suggest clearing those old stones away and see what happens!

We have despoiled our country and we go on despoiling it; but we are more than half ashamed of the beastly slum into which we are turning. In a dim, wordless sort of way we know there is no need to make an industrialised dustbin of every green field, to fell every tree for timber, to ruin every coastline with bungalows and tea-shacks and petrol pumps. We hate it when we have done it. And some few know that Social Credit would, by breaking the spell of money-numbers, allow us to plan and build, not "Jerusalem," but a dwelling-place fit for men and women—

"In England's green and pleasant land." Blood is thicker than water, but earth is thicker than both. The Green Shirt Movement is an "earth" movement dealing with the Place, with the People, and with Things. We know the danger of bringing into the mind these earth-deep feelings. We know how easily they can be turned into a quite idiotic cult by the type of mentality that goes all Holy Grail on Glastonbury Tor. Very soon we should hear that English earth was "sacred soil." We remember two young German students belonging to one of the Youth Movements who came over to this country a few years after the War. They came to a camp. The other campers often went about barefoot, but the two young Germans refused to touch English soil with their bare feet lest its "rhythm" or "vibration," or something, should pollute them. There are English people with notions just as odd. We know of one good woman who always refuses to eat blackberry jam because, she says, "the Crown of Thorns was made of brambles."

We steer clear of all such mystical claptrap, but, owing to the weakening and deadening influence of what is called "modern life" (in particular the pernicious flood of broken lilt, crooning, and word-nonsense

poured out daily by the radio, the cinema, and the Press) we are forced to bring into mass consciousness feelings that have been overlaid, swamped, and stifled. When the emotions are out of gear it is only the mind that can set them right—a "change of head" must take place before there can be a "change of heart." Therefore, we bring to mind, and remind the British people of, those earth-contacts and place-associations that run counter to the abstract phrases, the idealisms, and the perverted internationalism of the Bankers' Combine.

When we say that the Credit Monopoly depends upon the acceptance of certain "magical runes" that run a-widdershins, we shall not be accused of any mystical nonsense. It is not only necessary to counter this financial "rune-spell" by the theoretical logic of Social Credit teaching, but also to reawaken those earthroots of the emotions that bring forth mother-wit or common sense, so that the mind is open and able to accept that teaching without being twisted and tangled by the glam of Numbers that has been laid across Things. Today we mistake Numbers for Things, and are actually willing to accept cancelled numbers (debt) instead of things.

We shall not recover from this enchantment until we get back to earth in such a way as to see Things as Things made to be used, and Numbers as Numbers of Things ready for use.

II.

The first open-air meeting was held in the village of Stillington, not far from Stockton, on July 30. Our report says that this meeting was "a big success; we got a G.S. group going in the village. We have arranged to have another meeting in Stillington on August 11." These meetings are being carried out by the Stockton Green Shirts.

From Keighley we hear that: "Meetings are held regularly and interest in Social Credit is growing daily. . . . Plans are ready for hard fighting in the propaganda field, beginning with the combined onslaught of Keighley and Leeds on Bradford during the week-end, August 12-13. A debate was recently held between the Keighley I.L.P. and the Green Shirts. An intelligence officer has been appointed whose duties are the collection of newspaper references to the movement, remarks of persons in the crowd at street meetings, and the giving of a monthly account of the public reaction to Social Credit propaganda."

There is now a full Section of ten Green Shirts in Keighley, and six Associate Helpers.

Widnes reports several meetings, including: "Open-air meeting at the cricket field, 8.20-11.30 p.m., on July 24. Audience about 200. Many questions from members of local Labour Party, mainly polite, but obstructionist. Three recruits."

Following an article on the Green Shirt Movement in a local North London newspaper, the Hendon Adult School has asked for a speaker to address its members.

We have received a number of slogans from which we pick the following as the best sent in so far:—

"The consumer employs the producer."

A Section Leader from the North writes:—  
". . . What we need here is consolidation, conviction, a good dose of the superiority complex; and I cannot think of anything better than some of the Green Shirt songs heard at the National Assembly Camp this year. Think of the Army days, and think of the spirit we got by singing a lot of what we may now think rather rubbishy songs. I can't say how important I consider that Green Shirt Song Book that is being prepared by H.Q., for holding the men together and for recruiting. I don't want to press for it—no doubt it requires time to get it into shape—but I would like to say how much we are looking forward to it."

Recently a party of Green Shirts were passing through a village when they spotted an inn called The Green Man. "Come on," said the Leader, "we must call in at The Green Man—have a drink—and do a bit of tongue-wag propaganda in the Tap Room."

In they went. A chorus of countrymen's voices greeted them:—"The Men in Green—the Green Men—here come the Green Men!—you've picked the right pub, mates, 'aven't you?—What are you? You hain't they Farce-ists, are you?"

—Social Credit, eh? What be Social Credit?—Dividends for All, is it? . . . Ar, that's right, that is—we can grow the stuff—all farmin' it is round these parts . . . but when you tak' stuff to market a-Saturday—ach! you might as well save yourself the trouble. . . . Ah, but you want to listen what these Green Men be a-saying—that's just what they be saying—people can't buy if they 'avent't the doings in their pockets . . . common sense, that is . . ."

So the message of Social Credit was taken by the Green Men into The Green Man.

H. T. W.

## Soup and Science.

By Old and Crusted.

"Some people (said he), have a foolish way of not minding, or pretending not to mind, what they eat. For my part, I mind my belly very studiously, and very carefully; for I look upon it, that he who does not mind his belly will hardly mind anything else." (Dr. Johnson.)

—in that country (Erewhon) if a man falls into ill-health, or catches any disorder, or fails bodily in any way before he is seventy years old, he is tried before a jury of his countrymen, and if convicted is held up to public scorn and sentenced more or less severely as the case may be. (Samuel Butler.)

Every victim of involuntary dyspepsia, that is to say about 75 per cent. of the world's population, will rejoice at the establishment of a "School of Dietetics,"\* but whether the victims of indigestion will receive speedy relief from their eructations and rumblings is very doubtful: for this praiseworthy undertaking, like many another laudable social experiment, is working under financial conditions which must limit, if not cripple, its philanthropic activities. Of which, more anon.

According to the attractive brochure issued by the London School, the "Institute of Dietetics" has been founded for certain specific purposes. Amongst these are:—

- To advise the general public on institutional or individual diets.
- Analyse and report on foodstuffs (no mention of beer or wine, which is a grave omission).
- Conduct propaganda on the benefits of sound nutrition.

"A" and "B" will pass. Most foodstuffs need analysis—including their price. Institutional diets are liable to be stodgy and depressing, and there are doubtless thousands of individuals who would benefit by frank advice from a qualified dietician; that is if the patient were able to follow the prescribed régime. Unfortunately, in a world that is keyed down to penury by the orthodox economy imposed by the professors of the School's opposite number, the London School of Economics, the only cure for dyspepsia available to the average victim is—starvation.

As for "C," here lurks a double danger. Not only does it open the door to the crank and faddist, but, what is worse, it offers a limitless prospect of profit to the unscrupulous advertiser, with his flaunting poster and insidious circular. Take soup as an example. Now soup, scientifically prepared, by diploma'd dames and damsels, from fresh meat, shell-fish and vegetables: St. Germain, cream of green peas; Bisque d'Ecrevisse as we used to get it at Noël Peters in pre-war days; Scotch broth, extract of Highland mutton, and the products of the kale-yard: English country-house gravy-soup flavoured with Amontillado, these be great aids to digestion and gifts to thank God for—but, synthetic soup at 1d. per packet, "as advertised"—no thank you!—the only fit name for it is "potage financier."

To put it brutally, what is the use of broadcasting good advice on sound nutrition to folk who have neither the cash to purchase the best materials in adequate

quantity nor the time and opportunity to put them to right use? You may preach on proteins and sing of carbohydrates until you are weary o' Seers of Chemies Street, but until you know the secret of providing a half-crown lunch for ninepence, the hungry typist who has just that sum to spend on her lunch will still hesitate between hot dog and ice-cream with two Swiss buns. Therefore, if the course of study mapped out for intending students is to attain maximum value it must, perforce, include the question of purchasing-power and how to increase it. In other words, "scientific dietetics" cannot hope for healthy progeny until it is fertilised by Social Credit. Perhaps the General Secretary will bring this vital suggestion before the notice of the founder and president, "J. Neil Leitch, M.D., M.R.C.P. (Lond.), D.P.H., D.T.M. and H. (Eng.)." When Dr. Leitch adds S.C. to his other honours the prospects of the School will be infinitely brighter. And think how the task of the medical profession would be lightened by the solution of the financial problem! Every doctor knows that worry is a prolific cause of dyspepsia, and there is no worry worse than financial worry. Given the peace of mind which economic security will make possible then we can all (including the charwoman) sit down and do justice to that model meal "which is both appetising and correct in regard to fats, proteins, calories, etc."—but the "etc." must include a pint of ale or a stoup of wine if it is to fill the bill—and that suggests the one point on which it seems likely that the dieticians will go wrong:—

The London School of Dietetics has its own tuck shop at 20, Chemies Street where it provides "well-balanced and adequate Menus for all tastes and purses." May be, but there is no mention of that essential concomitant of a well-balanced meal which requires no mastication and which when used with discretion and understanding converts what is otherwise a monotonous process of stoking into something approaching a sacrament. On this point the Council should consult a certain François Rabelais who would tell them that

"the intention of the founder of this microcosm is, to have a soul therein to be entertained, which is lodged there, as a guest with its host, that it may live there for awhile. Life consisteth in blood; blood is the seat of the soul; therefore the chiefest work of the microcosm is, to be making blood continually. . . . The stuff and matter convenient, which nature giveth to be turned into blood, is bread and wine. All kind of nourishing victuals is understood to be comprehended in these two, and from hence in the Gothic tongue is called companage."

Can it be that the "School of Dietetics" lacked companage? Do the profusely belettered ladies and gentlemen of the Council realise that there is no such thing as a well-balanced menu without the support of a tankard of beer or a flask of wine? A menu lacking these is as the Royal Arms without the Lion and the Unicorn—a mere emblazoned shield despoiled of half its meaning.

To sum up. If this brave adventure is to be crowned with success two things are essential. Firstly, a true appreciation of the important part played by finance in every sphere of human activity and not least in the domain of dietetics. "The perfect meal at the just price" should be the slogan of the School.

Secondly, there must be the frankest admission that wine and beer—not alcohol, which is a vile misnomer—are as essential to the perfect diet as, say, Southdown mutton and red-current jelly.

And who, prithee, would dare to "entertain the soul" with orangeade or Ovaltine?

Finally, just one suggestion for the consideration of the "qualified dieticians" of the School. If there must be special diets for particular vocations why not one for bankers? How would this serve:—

Bread and water. The bread stale and the water brackish: salt as the tears of their victims.

## Music.

Rudolf Freixa, Winter Gardens, Sidmouth, August 10th.

Having been marooned through no fault of my own in this very characteristic British seaside resort, with its equally characteristic complement of inhabitants and invaders, it was with surprise that I noted the announcement of the above recital and in a spirit of extreme scepticism that I attended it.

I was agreeably disappointed, for Senor Freixa quickly proved himself a violinist of considerable skill and, moreover, a composer of definite promise.

His programme was devoted entirely to his own compositions, the most important of which was a Concerto; this he played capably enough but in a curiously impersonal, detached manner that hardly did it or himself justice.

This, I understand, may in a degree be attributed to indisposition, but, other things being equal, one wonders whether Senor Freixa, even at his best, would display his work to the best advantage, for it is the exception rather than the rule to find a composer's creative and interpretative powers equally developed.

Time and again one finds them missing the most obvious points, and a common failing is that they invariably try or seem to try to get the thing over as rapidly as possible, which latter may perhaps be explained by the fact that having spent a vast amount of time and energy on the actual business of composition, they feel disinclined for the extra labour involved in interpretation, and for the moment are quite frankly tired or bored with their own productions. Speaking offhand, one can think of very few composers who are their own best interpreters, namely, Kreisler, Rachmaninoff, Medtner, Chasins, and Kaikhosru Sorabji, and even these, with the exception of Kreisler, often give an impression of impatience. This is a subject on which one would dearly like to hear Mr. Newman discoursing, for he raised a most interesting point when he once wrote of Godowsky in the *Sunday Times*, "He possesses a remarkable faculty for drawing out of another man's work something that was latent in the work but not formally expressed by the man." He was here speaking of Godowsky's extraordinary and quite unique ability to produce virtually new pieces using another composer's work as the basis of his (very) free transcriptions, paraphrases, concert arrangements, etc., but precisely the same principle applies in the matter of musical interpretation generally.

Senor Freixa's Concerto is in three contrasted movements on the lines of well-known models and contains agreeable ideas fluently expressed, but as yet he can hardly be said to possess a definite style of his own; at present it is both composite and conservative, betraying the influence of Kreisler, Rachmaninoff, Albéniz, and I think Lalo. Nevertheless, these are good company, and one is glad to see that Senor Freixa has so far kept clear of the Stravinsky-Hindemith mass production factory.

Some smaller pieces, notably Three Spanish Dances, "Hommage à Rachmaninoff," and a "Tango" were both charming and effectively written for the violin, and I have no doubt that if the "Tango" were taken up by Kreisler it would prove every whit as popular as the ubiquitous Albéniz specimen.

These were again played in the impersonal manner already mentioned: a highly developed sense of critical detachment is of course essential when considering one's own compositions with a view to publication or when listening to them at the hands of another, but it is emphatically the wrong method of approach when it comes to self-performance.

Unless one plays with the utmost intensity and conviction one cannot possibly hope or expect to arouse a kindred state in one's audience, and it is hoped that Senor Freixa will bear this in mind.

He is clearly a genuine musician, and one awaits hearing the next stage of his development with pleasurable anticipation.

Honourable mention must also be made of Mr. Clifford Brown, who wrestled manfully, if not always entirely successfully, with some difficult and at times un-pianistic accompaniments.

The Concerto was an especially arduous task inasmuch as the writing was largely an orchestral sketch, and Mr. Brown herein acquitted himself very creditably, though a better balance of tone between the instruments would have been secured had the lid of the piano been open and on the short support.

CLINTON GRAY-FISK.

## The Films.

Damaged Lives: Coliseum.

There is perhaps some significance in the fact that a film dealing in outspoken fashion with the results of venereal disease should have been made, not under English or American, but under Canadian auspices. "Damaged Lives," produced in Hollywood by Dr. Gordon Bates, Director General of the Canadian Social Hygiene Council, is to be judged purely as a propaganda picture. Although I have no quarrel with the assertion that it is "probably the sincerest film ever made"—its intention is so essentially different from that of such Russian films as "Storm Over Asia," that comparison in this respect would be futile—the picture, as apart from the illustrated lecture at the end by Dr. Bates, is not the best propaganda. The reasons are that it has been badly and amateurishly produced; the action is maddeningly slow and the dialogue poor; the photography is not good and the lighting is flat; the acting is uninspired; and the characters are uninteresting lay figures. The whole production is so dragging, that not until about an hour after the beginning is venereal disease definitely spoken of, and then the doctor who first uses the phrase shivers a long time on the brink before taking the plunge. Up to this point, at least half could with advantage be cut out of the film, and in the latter portion there is a long silent sequence in which the young wife makes preparations for suicide, that could be cut down to a quarter. On the other hand, the lecture by Dr. Bates, which follows the showing of the film proper, is a model example of the use of the screen for educational purposes.

If I have dealt in some detail with the defects of this picture, it has been in no spirit of niggling criticism, but because those defects illustrate an inherent weakness of propaganda films in general, and of "Damaged Lives" in particular. Public taste may be good, bad, or indifferent—and in regard to the films it is all three, while it is also characterised by really remarkable geographical variations. But whatever its level in any given community, no film has ever made box-office history unless it had the quality of entertaining a very large number of people—which does not necessarily mean you or me, but may very likely mean the majority of our friends, acquaintances, and neighbours. "Damaged Lives" not only fails quite definitely to entertain, but it also fails, save in the hospital sequences, to get its message across without the support of Dr. Gordon Bates's illustrated monologue. And all the ballyhoo and "showmanship" in the world—save on Saturdays and Sundays it is being shown on alternate days to men only and women only—will not put it across without that support.

It is necessary to lay stress on this incompleteness, because there is a danger that the film—which has not been passed by the Censorship, but has been licenced for adult exhibition by the London, Middlesex, and Surrey County Councils—may be sanctioned in other localities only on condition that Dr. Bates's personal contribution is omitted. There is no limit to the vagaries of local film licencing authorities—who may ban a picture even after it has been passed by the Censorship, as happened at Bristol only last week in connection with the "Sign of the Cross"—and it is as true to-day as it was when W. T. Stead wrote of pre-War musical comedy, that it is easier to get official sanction for th

\* The London School of Dietetics." Fourth Edition. Price 1s.

sniggering presentation of adultery than for a serious effort to depict a social problem. This applies even more to the screen than the stage, as is shown by the whole history of film censorship in Great Britain and the United States.

"Damaged Lives" should have the widest possible showing throughout the country, provided that it is presented in its entirety as at the Coliseum. Its public exhibition definitely challenges the twin forces of reactionary Puritanism and hypocrisy (how far the two spring from the same source it is outside my present purpose to discuss) that have for so long conspired to prevent social and economic reform, by conspiring to conceal the existence of such evils as prostitution, venereal disease, bad housing, and profiteering. The extent to which this picture will be publicly shown is therefore a test case. It will be especially interesting to watch the attitude of the Churches, who have hitherto proceeded on the principle that it is better to contract syphilis and to hand it on to one's unborn children, than to educate the community concerning the ravages of venereal disease, or how it can be prevented or cured.

In this connection, I would like to address myself in particular to the Bishop of Croydon. He is one of the numerous prominent clerics who have lately advocated the Sunday opening of film theatres, but who have also attempted to influence, directly or indirectly, the nature of the pictures shown on Sundays. This typical attitude of English compromise, which has received far less attention by the Press than it deserves, is based on the assumption that while a film may be shown without objection on six days of the week, its exhibition on the Sabbath would endow it with undesirable qualities. It would be interesting to have the considered opinion of the Bishop of Croydon, and his fellow clerics of like mind as to whether "Damaged Lives" is suitable for public exhibition, and whether it is suitable for public exhibition in general, but not on Sundays. And if not, why not?

DAVID OCKHAM.

## On Some Remarks Heard at Matlock.

If the spirit of Clio had hovered over the Social Credit Summer School, listening to what was expressed by the members, she would have heard remarks like the following: "We are waiting for a leader. . . ."

And Clio would have answered—The time for leaders in the old sense has gone. A movement that deliberately seeks to control man's destiny, possible for the first time in this century, cannot have one leader—it is too vast and complicated. Even in remote times a great leader was not so singular or absolute as the elementary writers of my records assume. There were others near, as great or greater or almost as great, who did not gain publicity, or become a focus of action. The torchlight of written records has picked out a figure here and there, but the broadspreading sunlight of all achievement would have shown the surroundings. Asoka was understood and appreciated and therefore successful; Akhenaton and Amanullah were before their time, isolated, and therefore failed. Plato had his compeers from whom he gathered strands and wove them into his garment of Truth, Beauty, and Goodness; Paul of Tarsus was not companionless; Joan of Arc expressed the evolving French patriotism; Abraham Lincoln was an embodiment of existing American sentiment. In fact, Clio would say, interpreter is a better word for any period than leader, and it is the only one for your times. Here and there a guide arises to show the scenery—what that peak of achievement means, where that stream of tendency is flowing, for what use those herbs of material benefit may be gathered. But the scenery is already there; he sees it and explains, and points the way.

"When war stresses cease there will be mental stresses and emotional stresses. . . ."

But, says Clio, my records show that intellect and feeling will not satisfy adventurous youth. He needs physical stresses and the high purposes formerly provided by wars. Appreciate these before criticising, and consider what may take their place—contests with Nature to irrigate deserts, repair ravages of earthquakes, floods or storms; explora-

tions like those of Peter Fleming in Brazil; the carrying on of daily labour; mighty engineering feats. William James, a man whom I honour, has shown that the moral equivalent of war is physical.

"Social Credit is merely the application of Christian principles. . . ."

No, no, no! exclaims Clio. Christianity may adopt it, as may Shintoism or Islam or any other religion. They may say it accords with their teaching. But the Social Credit theory is the exposition of a world-wide, time-resisting and immutable law. How can it be fastened to any one religion? It is neutral, like the League of Nations, and all philosophies and religions must have it at their base, but it is not identified with any of them. Without it no religion can fulfil its aspirations, for it secures the liberty and leisure necessary for the cultivation of ideals. A great human purpose formulated by man's intellect, ingenuity, and imagination, now for the first time in my experience achievable at will, calls to all religions to adopt it, and then to inspire towards their own exalted aims.

"The impending breakdown of civilisation. . . ."

Clio smiles as she says—The whole of my story contradicts that. As long as human beings remain on the earth civilisation cannot break down; where two or three are gathered together there it will proceed. The very spirit that has produced it will continue it. Wars may come and go, empires may rise and fall, but civilisation will build on what remains; for the human race goes ever forward, and growth is the great law of the earth.

To the company assembled at Matlock and to others, Clio, looking at her pages of the world, offers these considerations.

E. M. WHITE.

## Questions and Answers.—III.

(Contributed by the Credit Study Group from their correspondence.)

*When money is invested in a business what is the normal advantage the investor expects? I am not quite clear in my mind as to the whole difference between [industrial and personal] investing and [bank] lending. Does the investor never expect the return of his capital but accepts a share in the profits of the business for a certain (or unlimited) period?*

The difference is between risking money, by a person or organisation which is deprived of the use of the money elsewhere by its investment in a given enterprise, and the banks' creation of money for lending, which deprives them of nothing but, on the contrary, constitutes an asset in their books. In genuine investment the investor does not expect the return of his capital until, or unless, the business is wound up. He expects a return upon his capital resulting from the operation of the business. The investor does expect to be able to sell his share to another if for any reason he requires the cash or wishes to use the money elsewhere.

*Who are the "individuals" (under Major Douglas's Social Credit Scheme for Scotland) to be "safeguarded" in respect of their purely financial holdings?*

The provision Douglas makes in the Scottish Scheme for "safeguarding" individuals is in respect of holdings of debentures or national loans upon which those individuals depend for income and in which their investment is genuine in the sense that it deprives them of the money for use elsewhere. This is not the situation in regard to a very large part of the national debt, the money for investment in which was created by, and is held by, the private credit monopolists, to whom it is a "cash" basis of investment credit creation. It is apparent that the bank's "investments" in securities by money of their own creation is quite a different thing from the successive creation and cancellation by them of loans to borrowers.

*I do not understand what you mean by war debt being a claim upon the future labour of the community, etc. If it is still recognised the right of banks to create credit for lending to businesses why do you treat as immoral their creation of credit to lend to Governments?*

The War Debts and their successive Conversion Loans are not and are never intended to be repaid. It is for this reason that they constitute a permanent claim by private persons upon the labour of the community, since only by labour can the money be earned to pay the interest (and stock fund, if any) and such repayments of principal as are met by creation of further debt, again very largely sub-

scribed by creations of money by the banks. The difference between the banks' holdings of these securities and the creation of credit (debt) for loans to industrial enterprises is that the creations for the banks' own subscriptions to State Loans are an investment of theirs, though the money for the investment is "created out of nothing," whilst creations for others' use, especially in industry, are cancelled upon repayment; the bank taking only the interest.

*The apparent circulation and permanence of tangible money is a source of much difficulty to many enquirers. I want to be clearer in my own mind as to the exact inter-relation of tangible money, credit money, and buying power extant and cancelled. I, of course, understand why every time a £1 note changes hands it does not necessarily achieve the consumption of a fresh £1 worth of consumable goods.*

We think the difficulty really arises from unfamiliarity with money in its form as cheques, bills of exchange, etc. The issue of paper currency is limited, as, of course, you are aware, to figures agreed between the Treasury and the Bank of England. There is no limit to credit creation by the banks except such as they impose upon themselves (and the community), and the total has still a theoretical relation to the gold in the Bank of England. Actually, no such relation is practised, and we live under a "managed currency," the basis of which (if it is anything but day-to-day policy) we cannot ascertain. The situation at the moment is, of course, that the banks are gorged with money and cannot get the public to borrow it at any price. £1 only discharges £1 of debt, however often it passes (in note form) from hand to hand. It is (in effect) re-issued at each passing.

*I have never been able to get quite clear on the time-lag! Could you explain it very simply?*

The time-lag is itself an explanation of an objective fact: that persons, industry, and nations are getting deeper and deeper into debt, beyond all hope of repayment. And that they cannot borrow themselves out of debt.

In each successive period prices bear a wide discrepancy between their total and the total money at market for two main reasons: (1) that at every stage the dead weight of accumulated debt charges loads up the costs without distributing equivalent income; and (2) that machines are always increasing the displacement of labour, and that consequently a larger part of prices is required to defray costs incurred in an earlier period. Therefore a smaller and smaller part of the total accountancy costs of final products is available as consumer incomes to meet aggregate prices; and the "lag" cannot be made up. It is cumulative (debt upon debt) as well as increasing period by period.

## LETTERS TO THE EDITOR.

### INDIVIDUAL PSYCHOLOGY.

Sir,—In your issue of August 10 there is a notice of one of our publications, namely No. 9 of the Individual Psychology Pamphlets. You have given it the title of "Remarks on Psychology in Gynaecological Practice." This, however, is the title of the first essay only out of the five which are printed in this number. The title of the whole pamphlet is "Individual Psychology and Psychosomatic Disorders."

We should like to point out, moreover, that you have not merely used one paragraph out of it as a peg on which to hang your Social Credit hat, which we feel in this case you have displayed in a somewhat unbecoming manner.

The C. W. DANIEL COMPANY.

### RETIRING CONSUMER-CREDITS.

Sir,—For weeks now I have waited hopefully for someone to answer this riddle of "retiring consumer-credits." The last attempt, covering two closely printed pages of in and humbly offer the solution which I find entirely not require to be cancelled.

The Douglas proposals stipulate for their success a dynamic industrial system—that is, one in which production, freed from financial restraints, would normally be greater in each period of time than in the one before. The object of the Douglas proposals is to enable the increased production of each period to be bought. The money left

in existence from the last period is all required to provide effective demand for a total of goods equal to that sold last time, while additional new money has to be distributed by means of the Just Price and/or National Dividends to ensure that the increased production of the present period over the last period will be sold.

E. V. H.

[We were "answering fools according to their folly." E. V. H. is answering foolishness according to her own wisdom. There is room for both methods.—ED.]

## Reviews.

**Financiers Who Sport With the World.** 16 Roneo foolscap pages, 9d. (post free). (*Social Credit Standard*, 54, Poole Road, Coventry).

This is a translation of articles by M. Coty, the perfumery king, which appeared in the *Figaro* between February April, 1932. It is of interest in the light of the bankers' inquiries in U.S.A. as showing how the American bankers, Kuhn, Loeb and Company, by machinations extending over twenty-seven years, and including the election of almost all the U.S.A. Presidents, brought about the Russian revolution, and are now responsible for the Five-Year Plan and its financing.

His fear that France is to be the next attacked by this German-Jew organisation is responsible for these articles. While conscious of the French Nationalist outlook, this does not detract from the interest of this account of the financiers' control of the destiny of peoples.

R. L. D.

## Fire!

The Harris Trial lasted about seven weeks, and was financed to the tune of £100,000 by the insurance combine. Sentences were pronounced on Saturday, August 19.

The fire-raising operations of Mr. Leopold Harris have cost the insurance companies a sum equivalent to one farthing per annum per head of the population.

Mr. Justice Humphreys was astounded at the fact that a body of men with such high reputations should have resorted to the crime of fire-raising.

The *Observer* recalls that arson was once punishable by hanging.

A newspaper is canvassing the suggestion that coroners should hold inquests on all fires, whether lives are lost or not. Who is to pay, is not discussed.

Bouquets are being cheaply earned by some of those responsible for establishing the guilt of the fire-raisers. Seeing that Harris had openly declared a vendetta against the insurance companies; that he acted in a professional capacity in regard to fire-claims; that not less than sixteen men were in the secret; that all the best cinder-searchers, listeners and watchers that the money-trust wanted they hired; that one of the criminals stupidly blabbed; and lastly that he turned King's evidence—well, what would Mark Tapley have thought of the "credit" of catching the culprits?

One bouquet is handed to a Mr. Crocker, who is said to have been the man who hanged Fox, and who is described as an agent of the Director of Public Prosecutions (read Bankers' Prosecutions).

An employment idea: Why not hire the unemployed to shadow holders of fire-policies?

## Notice.

The Editor of "The New Age" visits Matlock during the current week. Consequently the size of this journal may have to be reduced to eight pages next week. If so, he will only be getting repayment of the two extra pages devoted to the Birmingham Debate!

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Post free, 1s. the set.

CREDIT RESEARCH LIBRARY, 70, High Holborn,  
W.C.1.

## The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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